



São Paulo, October 23, 2019

Results for the Third Quarter of 2019

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) **announces its results for the third quarter of 2019 (3Q19)** which are presented in Brazilian Reais and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting standards, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010.

All comments presented herein refer to the Company's consolidated results for the **third quarter of 2019 (3Q19)** and comparisons refer to the second quarter of 2019 (2Q19) and the third quarter of 2018 (3Q18). The real/U.S. dollar exchange rate was R\$ 4.1644 on 09/30/2019, R\$3.8322 on 06/30/2019, and R\$3.8748 on 12/31/2018.

Operating and Financial Highlights

- **Adjusted EBITDA of R\$1,567MM**, down by 34% and 4% over 2Q19 and 3Q18, respectively, impacted by the blast furnace #3 maintenance and less favorable price achievements in mining.
- **Mining EBITDA reached R\$1,352MM**, second best in a series, even with the strong volatility in seaborne freight and quality premium.
- **Historical record in iron ore production at 8.654Mton**, following the evolution of dry stacking and filtering operations.
- **Working Capital applied to the business was reduced by R\$ 1,201MM**, highlighting the strong reduction in accounts receivable and inventories, contributing to **cash generation of R\$ 389MM**.
- **Leverage increased 3.81x** due to exchange variation and dividends, partially offset by the second iron ore prepayment operation of USD250MM.

Highlights	3Q18	2Q19	3Q19	Change	
				3Q19 x 3Q18	3Q19 x 2Q19
Steel Sales (thousand t)	1,290	1,161	1,072	(17%)	(8%)
- Domestic Market	912	771	750	(18%)	(3%)
- Foreign Subsidiaries	329	369	307	(7%)	(17%)
- Exports	48	21	15	(69%)	(29%)
Iron Ore Sales (thousand t)	9,288	10,143	9,209	(1%)	(9%)
- Domestic market	1,138	1,139	388	(66%)	(66%)
- Foreign Market	8,150	9,004	8,821	8%	(2%)
Consolidated Results (R\$ million)					
Net Revenue	6,165	6,901	6,006	(3%)	(13%)
Gross Profit	1,866	2,458	1,636	(12%)	(33%)
Adjusted EBITDA ¹	1,627	2,380	1,567	(4%)	(34%)
Adjusted Net Debt ²	27,057	26,641	27,567	2%	4%
Adjusted Cash and Cash Equivalents ²	4,083	3,177	2,981	(27%)	(6%)
Net Debt / Adjusted EBITDA	4.93x	3.65x	3.81x	-1,12 x	0,16 x

¹ Adjusted EBITDA is calculated based on net (loss) profit, plus depreciation and amortization, income tax, net financial result, share of profit (loss) of investees and other operating income (expenses), and includes the proportionate share of EBITDA of the jointly owned subsidiaries MRS Logística and CBSI. It includes the Company's stakes of 100% in CSN Mineração, 37.27% in MRS and 50% in CBSI.

² Adjusted net debt and the adjusted cash and cash equivalents position include the stakes of 100% in CSN Mineração, 37.27% in MRS and 50% in CBSI, excluding Forfaiting and drawee risk operations.

CSN's Consolidated Results

- **Net revenue** in **3Q19** totaled R\$6,006 million, 3% and 13% lower than in 3Q18 and 2Q19, respectively, mainly due to lower sales of steel in the foreign market and less favorable price achievements in mining.
- **Cost of goods sold** totaled R\$4,370 million in **3Q19**, 2% lower than in 2Q19. Costs in the steel segment decreased in comparison to 2Q19 due to the lower sales volume in the foreign market, while mining decreased in cost of goods sold due to the reduction in traded volume in the domestic market.
- **Gross profit** totaled R\$1,636 million in **2Q19**, 33% lower than in 2Q19. Gross margin fell 8.4 p.p. versus 2Q19, reaching 27.2% in 3Q19, mainly due to decrease in revenues explained above.
- In **3Q19**, **General and administrative expenses** totaled R\$137 million and **Selling expenses** totaled R\$430 million, stable with 2Q19.
- **Net other income (expenses)** was an expense of R\$863 million in **3Q19**, mainly to non-cash items, such as the updating of shares at fair value and the recognition of hedge accounting expenses.
- **Net financial result** was an expense of R\$840 million in **3Q19**, higher than the 2Q19, mainly due to the variation in exchange rate with negative effect in results. **Financial expenses (ex-exchange variation)** remained stable when compared to the previous quarter, reaching **R\$672MM**.

Financial Result (R\$ million)	3T18	2Q19	3Q19
Financial Result - IFRS	(423)	(358)	(840)
Financial revenue	336	85	114
Financial expenses	(759)	(443)	(954)
Financial expenses (ex-exchange rate variation)	(671)	(641)	(672)
Result with exchange rate variation	(88)	198	(282)
Monetary and exchange rate variation	(465)	295	(1.329)
Hedge accounting	380	(97)	1.043
Derivative result	(3)	1	(4)

- **Equity in results of affiliated companies** was positive R\$64 million in **3Q19**, versus a positive amount of R\$29 million in 2Q19, mainly due to the improved performance of MRS.

Equity in results of affiliated companies (R\$ million)	3T18	2T19	3Q19	Change			
				3Q19	x	3Q18	3Q19
MRS Logística	61	44	85		39%		93%
CBSI	1	1	3		200%		200%
TLSA	(6)	(3)	(6)		-		100%
Arvedi Metalfer BR	(2)	-	-		-		-
Eliminations	(11)	(12)	(17)		55%		42%
Equity in results of affiliated companies	44	29	64		45%		121%

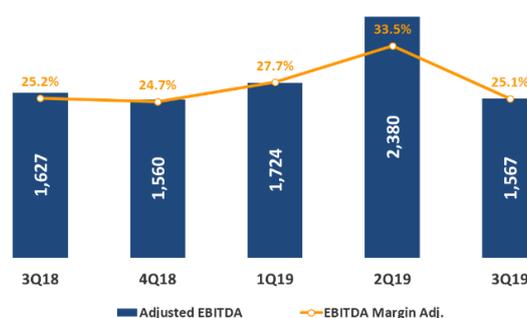
- CSN recorded a net loss of **R\$871 million** in **3Q19**, versus a net profit of R\$1,894 million in 2Q19, mainly due to the exchange variation and the updating of shares at fair value.

Adjusted EBITDA (R\$ million)	3T18	2T19	3Q19	Change	
				3Q19 x 3Q18	3Q19 x 2Q19
Net profit (loss) for the period	752	1,894	(871)	-	-
(-) Depreciation	274	332	352	28%	6%
(+) Income tax and social contribution	238	(1,119)	301	26%	-
(+) Net financial result	423	358	840	99%	135%
EBITDA (CVM Instruction 527)	1,687	1,465	622	(63%)	(58%)
(+) Other operating income (expenses)	(178)	802	863	-	8%
(+) Equity in results of affiliated companies	(44)	(29)	(64)	45%	121%
(-) Proportional EBITDA of jointly owned subsidiaries	162	142	146	(10%)	3%
Adjusted EBITDA¹	1,627	2,380	1,567	(4%)	(34%)

¹ The Company discloses adjusted EBITDA excluding interests in investments and other operating income (expenses) in the belief that these items should not be considered when calculating recurring operating cash flow.

- Adjusted EBITDA reached R\$1,567 million in **3Q19**, versus R\$2,380 million in the second quarter, 34% decrease explained by less favorable price achievements in mining and the blast furnace # 3 maintenance in steel. Adjusted EBITDA margin reached 25%, or 8.4 p.p. lower during the same period.

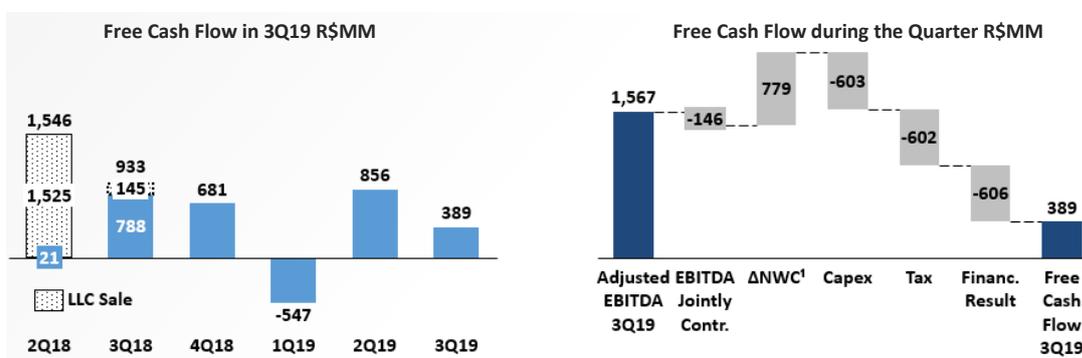
Adjusted EBITDA (R\$ MM) and Adjusted EBITDA Margin¹ (%)



¹ Adjusted EBITDA margin is calculated as the ratio between adjusted EBITDA and adjusted net revenue, considering the stakes of 100% in CSN Mineração, 37.27% in MRS and 50% in CBSI.

Free Cash Flow¹

Free cash flow reached R\$389 MM in **3Q19**, positively influenced by the recovery in working capital, which more than offset Income tax disbursements, which were punctually high due to the previous quarter's record result.

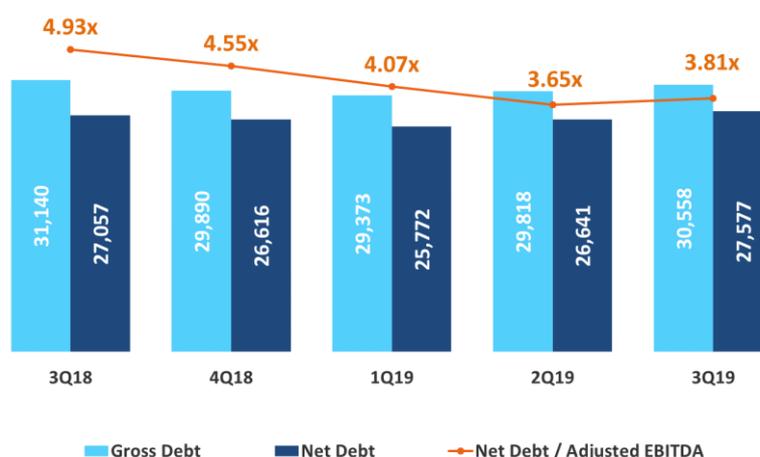


¹ The free cash flow is calculated from adjusted Ebitda less Ebitda of joint ventures, Capex, Income tax, financial result and variation of working capital, excluding the effect of Glencore's advance.

Debt

On 09/30/2019, consolidated net debt reached R\$27,577 million, while net debt/EBITDA, calculated based on LTM adjusted EBITDA, reached 3.81x, or 0.16x higher than in 2Q19. The evolution of leverage in the quarter was affected by the exchange variation and on time by the distribution of dividends in the amount of R\$670 million, being R\$413 million as anticipated dividends at CSN and R\$257 million the portion related to non-controlling shareholders at CSN Mineração.

Debt (R\$MM) and Net Debt/Adjusted EBITDA(x)



Foreign Exchange Exposure

The net FX exposure (excluding the Perpetual Bond) of the consolidated balance sheet on 09/30/2019 was US\$13 million, as shown in the table below. It should be noted that the net foreign exchange exposure includes a liability of US\$1.0 billion in line item "Loans and Financing" related to the Perpetual Bond, which, due to its nature, will not require disbursement to settle the principal amount in the foreseeable future.

The Hedge Accounting adopted by CSN correlates projected export inflows in dollars with part of the scheduled debt payments in the same currency. Therefore, the exchange variation of the dollar-denominated debt is temporarily accounted for under shareholders' equity, being recorded in the income statement when dollar revenues from exports are received.

Foreign Exchange Exposure (in thousands of U.S. dollars)	09/30/2018 IFRS	06/30/2019 IFRS	09/30/2019 IFRS
Cash	316	295	200
Accounts Receivable	359	549	337
Other	6	5	5
Total Assets	681	849	542
Loans and Financing	(4,250)	(4,295)	(4,219)
Trade Payables	(160)	(109)	(110)
Other Payables	(4)	(3)	(3)
Total Liabilities	(4,415)	(4,407)	(4,332)
Natural Foreign Exchange Exposure (Assets - Liabilities)	(3,734)	(3,558)	(3,791)
Cash Flow Hedge Accounting	2,302	1,600	2,737
Swap CDI x Dollar	-	-	67
Net Foreign Exchange Exposure	(1,433)	(1,958)	(987)
Perpetual Bond	1,000	1,000	1,000
Net Foreign Exchange Exposure, excluding Perpetual Bond	(433)	(958)	13

Investments

A total of R\$603 million was invested in **3Q19**, 31% higher than in 2Q19, mainly due to investments related to the scheduled maintenance of blast furnace#3 in the steel segment. In the mining segment, the investments refer to renovation of mine equipment and tailings filtering plants to process 100% of the production without the need to use dams.

Investments (R\$ million)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q18
Steel	65	134	168	271	637	160	212	405
Mining	116	99	116	174	505	118	205	158
Other	43	30	41	61	175	35	43	40
Total Investments - IFRS	223	263	325	507	1,319	313	461	603

Working Capital

To calculate working capital, CSN adjusts its assets and liabilities as shown below:

- Accounts receivable: excludes dividends receivable, advances to employees and other receivables;
- Inventories: includes estimated losses and excludes spare parts;
- Prepaid taxes: composed only of the portion of income tax and social contribution included in recoverable taxes;
- Taxes payable: includes taxes in installments;
- Advances from customers: sub-account of other liabilities recorded under current liabilities; excludes the advance from Glencore and
- Suppliers: Includes Drawee Risk

Accordingly, working capital invested in the business totaled **R\$2,224 million in 3Q19**, or 13 days less in the financial cycle when compared to 2Q19, due to the strong reduction in accounts receivable, the decrease in inventory balance and increase in trade payables as a result of slab purchase operations.

Working Capital (R\$ million)	3Q18	2Q19	3Q19	Change	
				3Q19 x 3Q18	3Q19 X 2Q19
Assets	6,432	8,599	7,510	1,077	(1,089)
Accounts receivable	2,003	3,336	2,410	407	(926)
Inventories	4,054	5,254	5,097	1,043	(156)
Prepaid taxes	376	9	2	(373)	(7)
Liabilities	3,705	5,173	5,285	1,580	112
Trade payables	2,934	3,999	4,197	1,263	199
Payroll and related taxes	315	292	350	34	58
Taxes payable	323	802	506	183	(296)
Advances from customers	133	81	233	100	152
Working Capital	2,727	3,425	2,224	(503)	(1,201)

Average Term (days)	3Q18	2Q19	3Q19	Change	
				3Q19 x 3Q18	3Q19 X 2Q19
Amounts received	25	39	32	7	(7)
Amounts paid	61	81	86	25	5
Inventories	85	106	105	20	(1)
Financial Cycle	49	64	51	2	(13)

Results by Business Segment

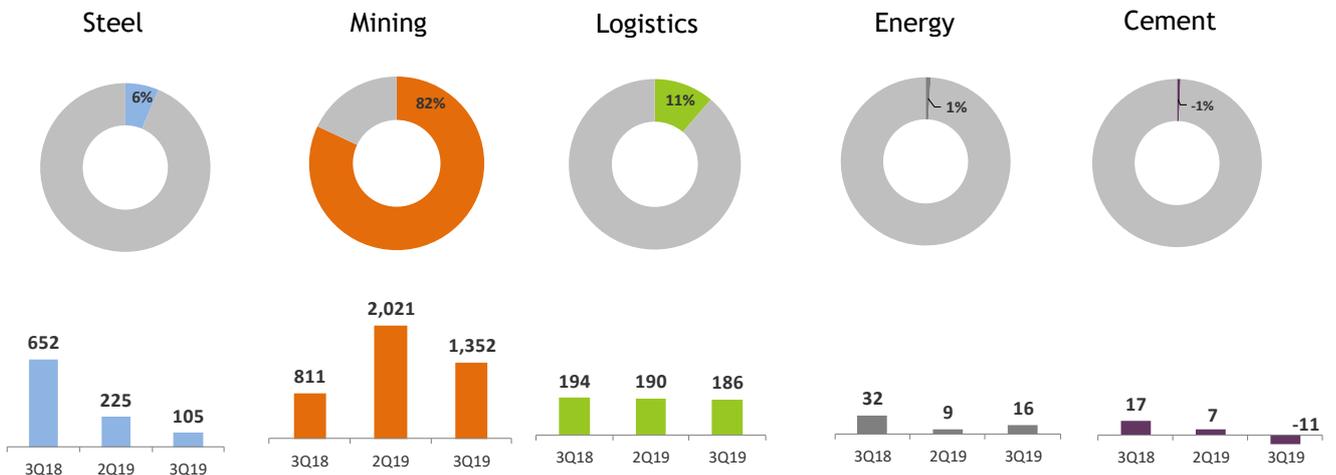
The Company maintains integrated operations in five business segments: Steel, Mining, Logistics, Energy and Cement. The main assets and/or companies comprising each segment are presented below:

STEEL	MINING	LOGISTICS	ENERGY	CEMENT
				
Usina Presidente Vargas Porto Real Paraná Lusosider Prada (Distribution and Packaging) LongSteel (UPV) SWT	Casa de Pedra Tecar Engenho Pires Fernandinho ERSA	Railways: MRS and FTL Port: Sepetiba Tecon	CSN Energia Itasa	Volta Redonda Arcos

Net Revenue by Segment – 3Q19 (R\$ million)



Adjusted EBITDA by Segment – 3Q19 (R\$ million)



3Q19 Results	Steel	Mining	Port Logistics	Railway Logistics	Energy	Cement	Corporate Expenses/ Eliminations	Consolidated
(R\$ million)								
Net Revenue	3,334	2,336	69	354	74	161	(322)	6,006
Domestic Market	2,417	142	69	354	74	161	(540)	2,677
Foreign Market	917	2,194	-	-	-	-	218	3,330
COGS	(3,190)	(1,071)	(43)	(258)	(56)	(180)	427	(4,370)
Gross Profit	144	1,265	26	96	19	(19)	106	1,636
SG&A	(198)	(51)	(9)	(26)	(8)	(25)	(251)	(567)
Depreciation	159	138	2	97	4	33	(83)	352
Proportional EBITDA of jointly owned subsidiaries	-	-	-	-	-	-	146	146
Adjusted EBITDA	105	1,352	19	166	16	(11)	(81)	1,567

2Q19 Results	Steel	Mining	Port Logistics	Railway Logistics	Energy	Cement	Corporate Expenses/ Eliminations	Consolidated
(R\$ million)								
Net Revenue	3,660	3,091	64	340	78	146	(479)	6,901
Domestic Market	2,515	298	64	340	78	146	(687)	2,753
Foreign Market	1,146	2,793	-	-	-	-	209	4,147
COGS	(3,380)	(1,133)	(44)	(250)	(66)	(149)	580	(4,442)
Gross Profit	280	1,959	20	90	11	(3)	101	2,458
SG&A	(210)	(50)	(8)	(24)	(7)	(22)	(231)	(552)
Depreciation	155	112	14	98	4	32	(84)	332
Proportional EBITDA of jointly owned subsidiaries	-	-	-	-	-	-	142	142
Adjusted EBITDA	225	2,021	26	164	9	7	(71)	2,380

3Q18 Results	Steel	Mining	Port Logistics	Railway Logistics	Energy	Cement	Corporate Expenses/ Eliminations	Consolidated
(R\$ million)								
Net Revenue	4,099	1,659	64	406	104	160	(329)	6,165
Domestic Market	2,899	229	64	406	104	160	(678)	3,185
Foreign Market	1,200	1,431	-	-	-	-	349	2,980
COGS	(3,380)	(882)	(47)	(268)	(70)	(148)	495	(4,299)
Gross Profit	719	778	17	138	35	12	167	1,866
SG&A	(221)	(37)	(8)	(24)	(7)	(23)	(355)	(675)
Depreciation	154	70	6	65	4	28	(53)	274
Proportional EBITDA of jointly owned subsidiaries	-	-	-	-	-	-	162	162
Adjusted EBITDA	652	811	15	179	32	17	(79)	1,627

CSN's Steel Results

In 2019, according to the World Steel Association (WSA), global crude steel production in the last 8 months totaled 1,240 million tons (Mton), or 4.4% higher than the same period in 2018. Asia produced 890 Mton during the same period in 2019, 7% higher than 2018, European Union fell by 2.9% and North America increased 0.8%.

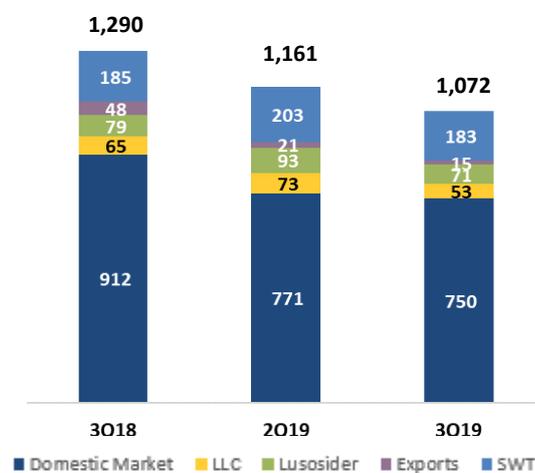
According to the Brazilian Steel Institute (IABr), in 3Q19, domestic sales totaled 4.8 million tons, decreasing 6.6% in the comparison with the same period in 2018. Apparent consumption reached 5.3 million tons in 3Q19, decreasing 7.0% versus 3Q18. Brazilian crude steel production reached 7.4 million tons, decreasing 18.8% compared to the same period in 2018.

- CSN's **slab production** reached 358 thousand tons and slab purchased reached 162 thousand tons in **3Q19**, totaling 520 thousand tons available for lamination process, 44% lower than 2Q19, due to the scheduled maintenance of Blast Furnace # 3 and consequent planned consumption of stocks. Production will be normalized from the second half of October, and so the production cost will be partially normalized in 4Q19 and fully in 1Q20.

Steel Production (in thousand tons)	3T18	2T19	3T19	Change	
				3Q19 x 3Q18	3Q19 x 2Q19
Total Slabs (UPV + Third Parties)	938	924	520	(45%)	(44%)
Slab Production	937	856	358	(62%)	(58%)
Third-Party Slabs	1	68	162	-	138%
Total Flat Rolled Products	899	839	765	(15%)	(9%)
Total Long Rolled Products	51	56	54	6%	(4%)

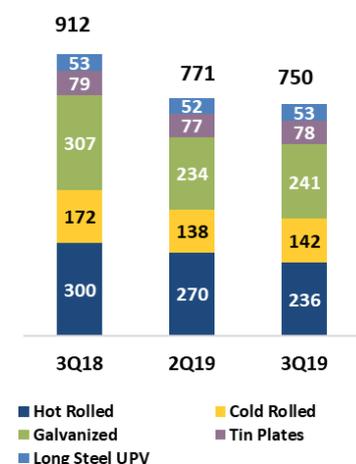
- Total sales reached **1,072** thousand tons in **3Q19**, 8% lower than 2Q19, mainly due to the lower sales in the foreign market.

Sales Volume - Steel



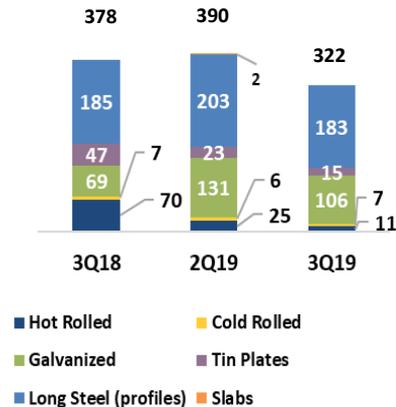
- In **3Q19**, **domestic** steel sales volume totaled 750 thousand tons, 2.7% less than 2Q19. According to the National Institute of Steel Distributors (INDA), from January to August 2019, distribution purchases decreased 3.5% over the previous year. Imports closed the accumulated period at 775.6 thousand tons, down by 8.8% over the same period of 2018.

Sales Volume by Product Domestic Market



- **Foreign steel sales** reached 322 thousand tons in **3Q19**, 17% lower than in 2Q19, due to the seasonality in SWT's business during the European summer and the increased competitiveness in the Lusosider market due to the USA – China trade war and falling steel demand. In this period, 15 thousand tons were exported directly, and 307 thousand tons were sold by foreign subsidiaries, of which 53 thousand tons by LLC, 183 thousand tons by SWT and 71 thousand tons by Lusosider.

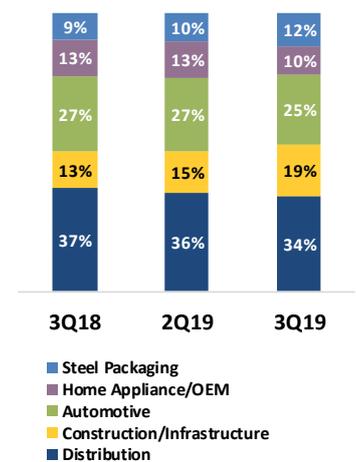
**Sales Volume by Product
Foreign Market**



- In **3Q19**, CSN maintained a **high share of coated products** as a percentage of total sales volume, following the strategy of adding more value to its product mix. Sales of coated products, such as galvanized items and tin plates, accounted for 53% of flat steel sales, considering all the markets in which the Company operates. In the **domestic market**, the share of coated products in flat steel sales increased, from 43% in 2Q19 to 46% in 3Q19.

According to ANFAVEA, the production of automobiles, light commercial vehicles, trucks and buses reached 784 thousand units in 3Q19, increase of 3.19% versus the same period in 2018, and up by 0,98% in comparison to 2Q19. Exports showed a weaker performance, with sales of 115 thousand vehicles, 20.51% lower than the same period in 2018 and 1.7% lower in comparison to 2Q19. Anfaeva expects vehicle production to grow by 9.1% in 2019, to 2.8 million units.

**Sales by Market Segment
3Q18/2Q19/3Q19**

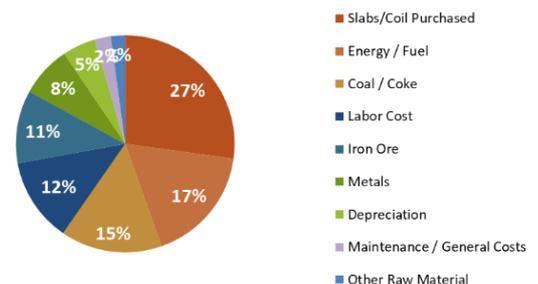


According to ABRAMAT, revenues of the building materials industry increased by 2% from January to September of 2019 in comparison with the same period in 2018. but fell by 1% over the previous month. The result in September 2019 (+4% in 2018) reflects the relevant performance in the retail segment, as well as the improvement of real estate sales and launches.

According to IBGE (Brazilian Institute of Geography and Statistics), home appliance production increased by 5.0% % in the twelve months ended August 2019 compared to the same period of the previous year.

- **Net revenue** from steel operations reached R\$3,334 million in **3Q19**, 9% lower than in **2Q19**. This was due to the lower sales volume in the foreign market and stable prices in domestic and foreign market.
- **Cost of goods sold** decreased by 5.6% in **3T19**, versus 2Q19, totaling R\$3,190 million, mainly due to the lower sales volume.
- **Slab production cost** reached R\$2,177/t in 3Q19, 1.1% lower than in 2Q19, due to the higher efficiency in the mix of third-party slabs and slab production.

3Q19 Production Costs



- **Adjusted EBITDA** reached R\$105 million in **3Q19**, 53% lower than in 2Q19, driving the EBITDA Margin to 3.2% in 3Q19. The efficiency gains expected after the scheduled maintenance of blast furnace #3 will be partially observed in 4Q19 and fully in 1Q20, returning the profitability of the business unit to its historical standard.

CSN's Mining Results

In 3Q19, there was a slowdown in the Chinese economy following the intensification of the trade war with United States. In this scenario, the devaluation of Yuan and the retraction in steel prices negatively impacted iron ore prices, from levels above US\$120/dmt at the end of July to levels around US\$80/dmt in August. Driven by the record price of the year at the beginning of the quarter, iron ore price ended 3Q19 with an average of US\$102.0/dmt (Platts, Fe62%, N. China), 2% higher than in 2Q19.

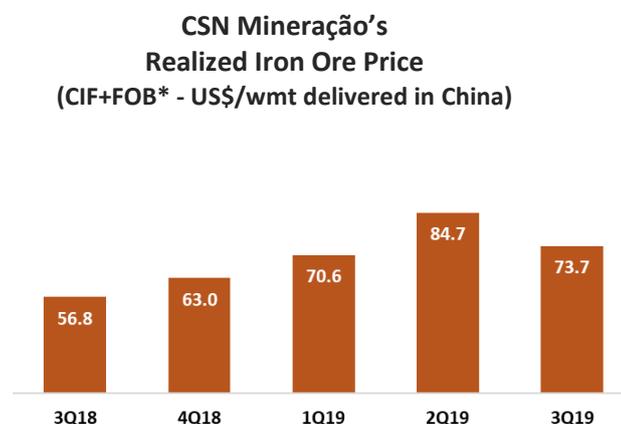
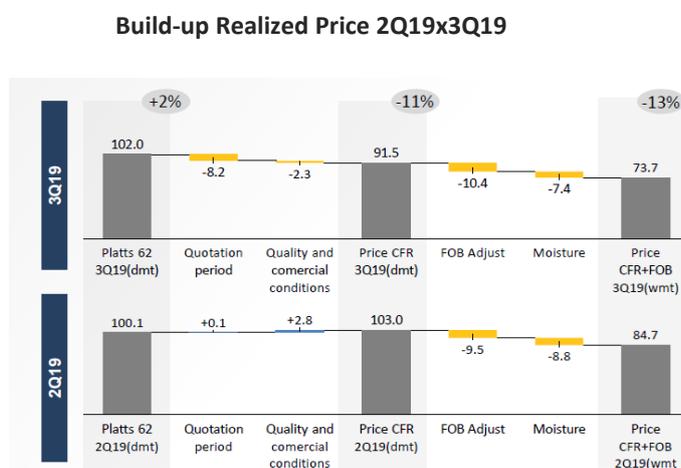
As for maritime freight, the BCI-C3 (Tubarão-Qingdao) route had an average of US\$24.13/wmt in 3Q19, up by 55% compared to the previous quarter, influenced by the gradual increase in shipments following the return to operation of some mines in Brazil and normalization in Australian shipments.

- In **3Q19**, CSN's **iron ore production** reached 8.7 million tons, up 14% over the same period last year, reaching the highest volume ever achieved in a quarter.
- Iron Ore **sales** reached 9.2 million tons in **3Q19**, 9% lower than the sales volume recorded in 2Q19, due to lower domestic sales, impacted by the maintenance of blast furnace#3.

Mining Production Volume and Sales (in thousand tons)	3Q18	2Q19	3Q19	Change	
				3Q19 x 3Q18	3Q19 x 2Q19
Iron Ore production	7.620	8,323	8,654	14%	4%
Iron Ore purchased from third parties	1.501	1,786	1,121	(25%)	(37%)
Total Production + Purchases	9.122	10,110	9,775	7%	(3%)
Sales to UPV	1.138	1,139	388	(66%)	(66%)
Volume sold to third parties	8.150	9,004	8,821	8%	(2%)
Total Sales	9.288	10,143	9,209	(1%)	(9%)

Production and sales volumes include our 100% stake in CSN Mineração.

- **Net revenue** from mining operations reached R\$2,336 million in **3Q19**, 24% lower than the previous quarter due to lower prices (-13%) and lower sales volumes (-9%).
- The Platts 62 index reached **US\$102.0/dmt**, 2% higher in the quarter. CIF+FOB prices were **US\$73.7/wmt**, 13% lower than the same period in 2018. The negative variation in 3Q19 is explained by the basket of quotation periods, occasional negative quality adjustments and the expressive increase in freight.



- **Cost of goods sold** in the mining segment reached **R\$1,071 million** in **3Q19**, 5% lower than in 2Q19, due to a decrease in iron ore sales volume.
- **EBITDA** reached **R\$1,352million** in **3Q19**, 58% margin, the best second quarter result of the historical series for the business.

CSN's Logistics Results

Railway Logistics: Net revenue reached R\$354 million in **3Q19**, with an **EBITDA** of R\$166 million and an **EBITDA Margin** of 47.0%.

Port Logistics: Sepetiba Tecon shipped 193 thousand tons of steel products in **3Q19**, in addition to 1 thousand tons of general cargo, approximately 41 thousand containers and 181 thousand tons of bulk cargo. **Net revenue** reached R\$69 million, with an **EBITDA** of R\$19 million and an **EBITDA Margin** of 28%.

Sepetiba TECON Highlights	3Q18	2Q19	3Q19	Change				
				3Q19	x	3Q18	3Q19	x
Container volume (thousand units)	63	38	41	(35%)			8%	
Steel volume (thousand tons)	88	130	193	119%			48%	
General cargo volume (thousand tons)	63	2	1	(98%)			(50%)	
Bulk volume (thousand tons)	-	374	181	-			(52%)	

CSN's Energy Results

According to EPE (Energy Research Company), electricity consumption in Brazil decreased by 0.8% in August 2019 versus the same month of the previous year. The industrial, residential and commercial segments decreased by 3.4%, 1.7% and 0.9%, respectively during the same period.

In **3Q19**, the volume of traded energy decreased, totaling **net revenue** of R\$74million, 5% lower than 2Q19. COGS was lower due to purchases in times of low demand, generating **EBITDA** of R\$16 million driven by spot sales and **EBITDA margin** of 21%, increase of 10 p.p. when compared to the previous quarter.

CSN's Cement Results

In the third quarter of 2019, domestic cement sales totaled 14.7 million tons, according to preliminary date of SNIC (National Cement Industry Association). This amount represents a 5.4% increase over the same period in 2018 and a 12.1% increase compared to the previous quarter. According to SNIC, a 3% growth is expected for 2019.

In **3Q19**, **net revenue** reached R\$ 161 million, an increase of 10% over the previous quarter, due to higher sales volume (+11%) and increase in COGS due to lower slag production due to blast furnace# 3 maintenance, generating negative **EBITDA** of R\$11million.

Capital Market

CSN's shares depreciated 20.49% in the **third quarter of 2019**, while the IBOVESPA moved up 3.36%. Daily traded volume (CSNA3) on B3 averaged R\$135 million. On the New York Stock Exchange (NYSE), CSN's American Depositary Receipts (ADRs) depreciated 26.42%, while the Dow Jones climbed 0.75%. On the NYSE, daily traded volume of CSN's ADRs (SID) averaged US\$14 million.

	2Q19	3Q19
Number of shares (in thousands)	1,387,524	1,387,524
Market Cap		
Closing price (R\$/share)	16.71	13.23
Closing price (US\$/ADR)	4.31	3.16
Market cap (R\$ million)	23,186	18,357
Market cap (US\$ million)	5,980	4,408
Total return including dividends and interest on equity		
CSNA3	3.25%	(20.49%)
SID	3.64%	(26.42%)
Ibovespa	5.11%	3.36%
Dow Jones	1.91%	0.75%
Volume		
Daily average (thousand shares)	12,772	8,885
Daily average (R\$ thousand)	204,935	134,646
Daily average (thousand ADRs)	3,560	3,725
Daily average (US\$ thousand)	14,268	13,954

Source: Bloomberg

Webcast - 3Q19 Earnings Presentation	Investor Relations Team
Conference Call in Portuguese with Simultaneous Translation into English October 24, 2019 11:00 a.m. (Brasilia time) 10:00 a.m. (New York time) Phone: +1 412 717-9627 Code: CSN Replay Phone: +55 11 3193-1012 Replay Code: 8816464# Webcast: clique aqui	CFO and IRO – Marcelo Cunha Ribeiro Leo Shinohara (leonardo.shinohara@csn.com.br) José Henrique Triques (jose.triques@csn.com.br) Sandra Saad (sandra.saad@csn.com.br) Eduardo Ito (eduardo.ito@csn.com.br)

Some of the statements contained herein are forward-looking statements that express or imply expected results, performance or events. These include future results that may be implied by historical results and the statements under 'Outlook'. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, protectionist measures in the USA, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

CONSOLIDATED SALES VOLUME (in thousands of tons)

	3Q18	2Q19	3Q19	Change	
				3Q19 x 3Q18	3Q19 x 2Q19
Flat Steel	859	719	698	(161)	(21)
Slab	-	-	-	0	0
Hot Rolled	300	270	236	(65)	(34)
Cold Rolled	172	138	142	(30)	4
Galvanized	307	234	241	(66)	7
Tin Plates	79	77	78	(1)	1
UPV Long Steel	53	52	53	(1)	1
DOMESTIC MARKET	912	771	750	(162)	(20)
	3Q18	2Q19	3Q19	3Q19 x 3Q18	3Q19 x 2Q19
Flat Steel	193	187	139	(54)	(48)
Slab	-	2	-	-	(2)
Hot Rolled	70	25	11	(59)	(14)
Cold Rolled	7	6	7	-	1
Galvanized	69	131	106	37	(25)
Tin Plates	47	23	15	(32)	(8)
Long Steel Profiles	185	203	183	(2)	(20)
FOREIGN MARKET	378	390	322	(56)	(68)
	3Q18	2Q19	3Q19	3Q19 x 3Q18	3Q19 x 2Q19
Flat Steel	1.052	906	836	(216)	(70)
Slab	-	2	0	0	(2)
Hot Rolled	370	295	247	(123)	(48)
Cold Rolled	179	144	149	(30)	5
Galvanized	376	365	347	(29)	(18)
Tin Plates	126	100	93	(33)	(7)
UPV Long Steel	53	52	53	(0)	1
Long Steel Profiles	185	203	183	(2)	(20)
TOTAL MARKET	1.290	1.161	1.072	(218)	(89)

INCOME STATEMENT
CONSOLIDATED – Brazilian Corporate Law (in thousands of reais)

	3Q18	2Q19	3Q19
Net Sales Revenue	6,164,989	6,900,742	6,006,393
Domestic Market	3,185,404	2,753,249	2,676,655
Foreign Market	2,979,585	4,147,493	3,329,738
Costs of Goods Sold (COGS)	(4,298,40)	(4,442,269)	(4,370,357)
COGS, excluding depreciation and depletion	(4,031,450)	(4,119,264)	(4,026,696)
Depreciation/Depletion allocated to COGS	(267,090)	(323,005)	(343,661)
Gross Profit	1,866,449	2,458,473	1,636,036
Gross Margin (%)	30%	36%	27%
Selling Expenses	(567,737)	(424,137)	(427,703)
General and Administrative Expenses	(100,902)	(119,197)	(131,171)
Depreciation and Amortization Expenses	(6,440)	(8,640)	(8,459)
Other Income (Expenses), net	178,133	(802,487)	(862,600)
Equity in Results of Affiliated Companies	43,846	29,066	64,069
Operating Income Before the Financial Result	1,413,349	1,133,078	270,172
Net Financial Result	(423,225)	(357,676)	(840,074)
Income before Income Tax and Social Contribution	990,124	775,402	(569,902)
Income Tax and Social Contribution	(237,960)	1,119,060	(300,754)
Profit for the Period	752,164	1,894,462	(870,656)

BALANCE SHEET
Brazilian Corporate Law (in thousands of reais)

	12/31/2018	09/30/2019
Current Assets	12,014,483	12,968,644
Cash and Cash Equivalents	2,248,004	1,895,863
Financial Investments	895,713	696,153
Accounts Receivable	2,078,182	2,409,990
Inventory	5,039,560	5,900,197
Other Current Assets	1,753,024	2,066,441
Non-current Assets	35,313,041	37,928,867
Long-term Assets	4,382,389	6,264,173
Investments	5,630,613	5,439,094
Property, plant and equipment	18,046,864	18,994,384
Intangible Assets	7,253,175	7,231,216
TOTAL ASSETS	47,327,524	50,897,511
Current Liabilities	11,438,552	12,274,298
Payroll and Related Taxes	248,185	349,583
Trade Payables	3,408,056	3,268,951
Taxes Payable	251,746	486,482
Loans and Financing	5,653,439	5,603,094
Other Payables	1,770,623	2,460,287
Dividends and JCP Payable	932,005	2,521
Customer Advances	137,418	892,485
Payables – Drawee Risk	65,766	928,178
Lease Liabilities	-	26,591
Derivative financial instruments	-	7,664
Other Payables	635,434	602,848
Provisions for Tax, Social Security, Labor and Civil Risks	106,503	105,901
Non-current Liabilities	25,875,532	28,587,144
Loans, Financing and Debentures	23,173,635	23,674,181
Other Payables	227,328	2,632,543
Customer Advances	-	1,990,878
Lease Liabilities	-	435,437
Other Payables	227,328	206,228
Deferred Taxes	601,731	624,583
Provisions for Tax, Social Security, Labor and Civil Risks	685,953	553,456
Other Provisions	1,186,885	1,102,381
Equity	10,013,440	10,036,069
Paid-up Capital	4,540,000	4,540,000
Capital Reserve	32,720	32,720
Profit Reserve	3,064,827	3,064,827
Accumulated Earnings	-	331,894
Other Comprehensive Income	1,065,188	868,952
Non-controlling Interest	1,310,705	1,197,676
TOTAL LIABILITIES AND EQUITY	47,327,524	50,897,511

CASH FLOW
CONSOLIDATED – Brazilian Corporate Law (in thousands of reais)

	2Q19	3Q19
Net Cash generated by Operating Activities	738,587	1,835,812
Net income (loss) for the period attributable to controlling shareholders	1,745,083	(992,958)
Net income attributable to non-controlling shareholders	149,379	122,302
Charges on loans and financing raised	491,663	510,996
Charges on loans and financing granted	(15,087)	(16,186)
Charges on lease liabilities	12,456	19,017
Depreciation, depletion and amortization	356,422	380,764
Equity in Results of Affiliated Companies	(29,066)	(64,069)
Deferred taxes	(1,731,662)	21,977
Provisions for tax, social security, labor, civil and environmental risk	(58,036)	(4,696)
Monetary and exchange rate variation, net	94,201	575,676
Result of derivative operations	-	7,664
Write-off of fixed and intangible assets	18,081	8,013
Adjusted shares - VJR	247,123	245,835
Provisions for decommissioning and environmental liabilities	1,653	(1,368)
Monetary correction of compulsory loan to Eletrobrás	1,715	-
Provisions (reversal) for consumption and services	24,816	17,579
Other provisions	47,097	34,751
Working Capital Variation	(194,274)	1,576,469
Accounts receivable – third parties	(542,861)	1,093,286
Accounts receivable – related parties	4,968	(3,507)
Inventories	(320,488)	107,487
Borrowings – related parties	1,667	3,206
Taxes to offset	(11,814)	(143,663)
Judicial deposits	37,978	(29,843)
Trade payables	267,722	(248,646)
Trade payables – Drawee Risk	203,872	423,359
Payroll and related taxes	30,103	57,210
Taxes/Refis	245,440	(299,037)
Accounts payable – related parties	3,355	3,280
Iron Ore customer advances	(87,561)	797,692
Other	(26,655)	(184,355)
Other Payments and Receipts	(422,977)	(605,954)
Interest paid	(422,977)	(605,954)
Cash Flow from Investing Activities	(407,672)	(688,105)
Acquisition of intangible assets	-	(388)
Investments/Future Advance for capital increase	-	(56,226)
Acquisition of fixed assets	(460,572)	(602,800)
Loans granted - related parties	(46,932)	(14,338)
Loans received - related parties	-	3,590
Financial application, net of redemption	99,832	(17,943)
Cash Flow from Financing Activities	(878,621)	(1,396,351)
Loans and financing raised	5,272,461	1,837,532
Loan amortizations - principal	(4,960,124)	(2,535,622)
Borrowing costs	(17,244)	(6,019)
Lease amortizations	(22,519)	(22,243)
Dividends paid	(1,151,195)	(669,999)
Exchange Rate Variation on Cash and Cash Equivalents	259	(10,123)
Cash Flow	(547,447)	(258,767)