2Q09 Earnings Presentation

August 07, 2009



Forward-looking Statements

Certain of the statements contained herein are forward-looking statements based on based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events. In fact, actual results, performances 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, future rescheduling or prepayment of debt denominated in foreign currencies, protectionist measures in the US, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).



2Q09 Highlights

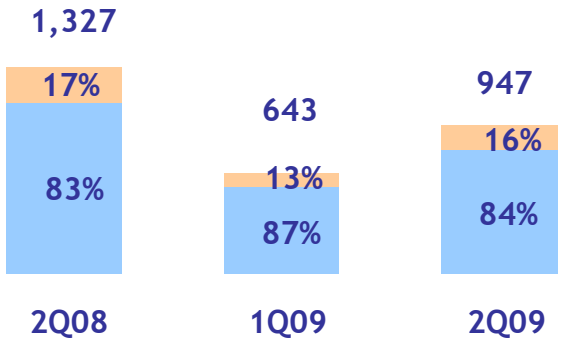
- Steel product sales volume totaled 947,000 tonnes, 47% up on the 1Q09;
- Net revenue stood at R$2.5 billion in the 2Q09, 2% higher than the R$2.4 billion recorded in the 1Q09;
- Gross margin came to 34% in the 2Q09, 1.0 p.p. up on the 1Q09;
- EBITDA totaled R$728 million in the 2Q09, 7% up on the 1Q09;
- EBITDA margin of 29% in the 2Q09, a 1 p.p. improvement over the 1Q09;
- Earnings before taxes amounted to R$609 million in the 2Q09, 34% up on the 1Q09;
- CSN's market share of the domestic flat steel market (hot-rolled, cold-rolled, galvanized and tin plate) amounted to 40%, 3 p.p. higher on the 1Q09. - Market share by segment: 24% share of the automotive market, 45% of the construction market, 100% of the packaging market, 43% of the distribution market and a 43% share of the home appliance/OEM market;
- Consolidated steel product sales volume in the domestic market, where margins are historically higher, accounted for 84% of total sales volume;
- Iron ore sales volume totaled 9.4 million tonnes in the 1st half of 2009, 22% up on the first six months of 2008;
- CSN began producing and selling cement in the 2Q09 and sales are expected to reach 300,000 tons in 2009;
- The programmed maintenance stoppage at Blast Furnace#2 was concluded in the second quarter, absorbing investments of R$93 million. Operations were resumed in June;
- In the 1H09, CSN's shares appreciated by 61%, the 4th highest upturn among those companies making up the IBOVESPA index, versus 37% for the IBOVESPA index itself;
- CSN's ADRs increased 86% in the 1H09, which is meaningful given that the Dow Jones index fell by 4% in the same period.



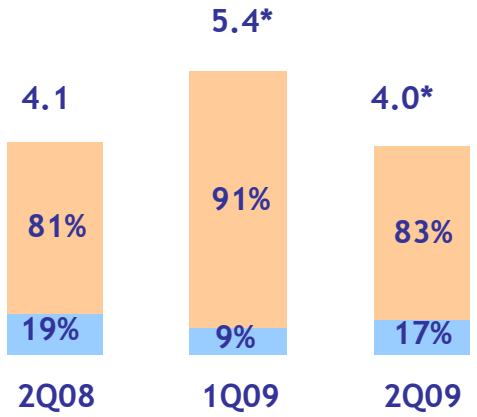
Net Revenue and Sales by Market

(Consolidated)

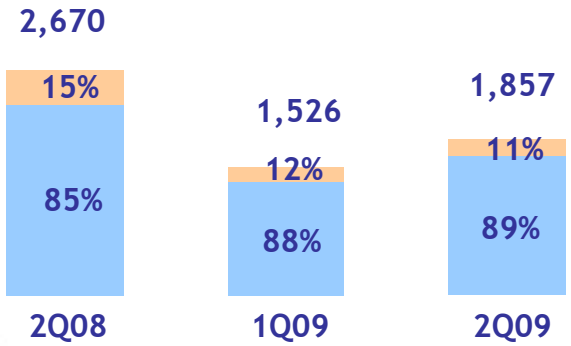
STEEL (Sales Volume-thousand tonnes)



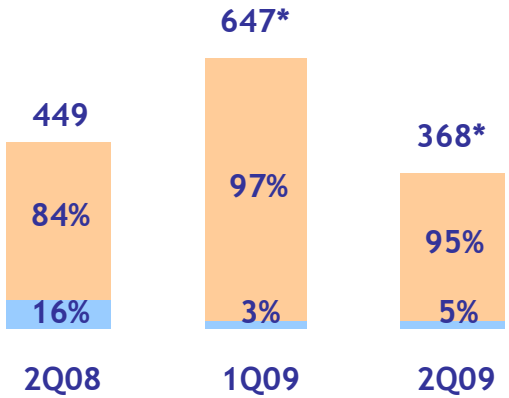
MINING (Sales Volume - thousand tonnes)



STEEL (Net Revenue R$ MM)



MINING (Net Revenue R$ MM)



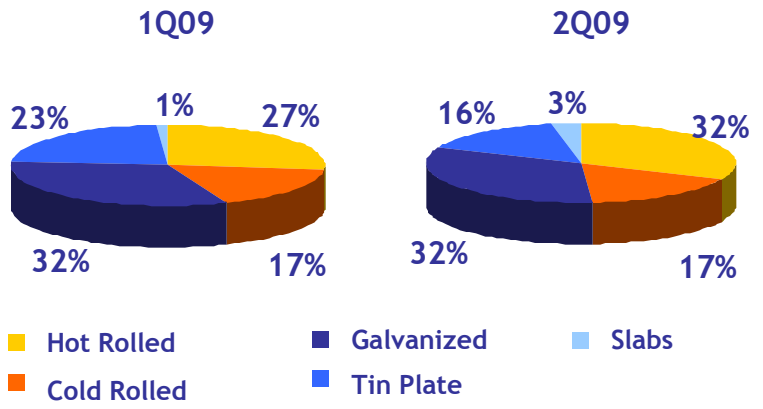
Domestic Market Export Market



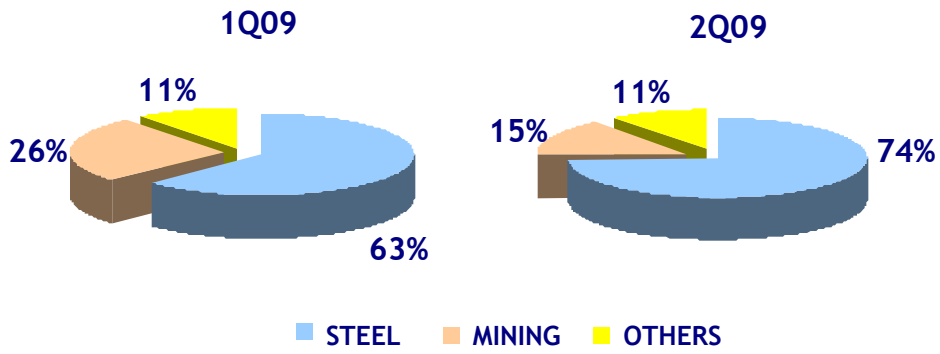
* CSN consolidated sales include 100% of NAMISA sales until Nov 30, 2008 and 60% since Dec 01, 2008 due to the NAMISA acquisition by the Consortium

Market Share and Sales Volume by Product

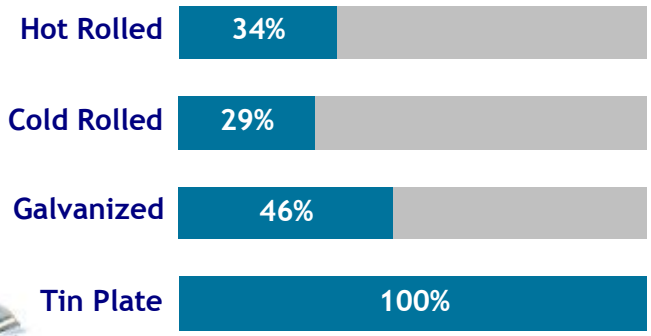
Sales by Product



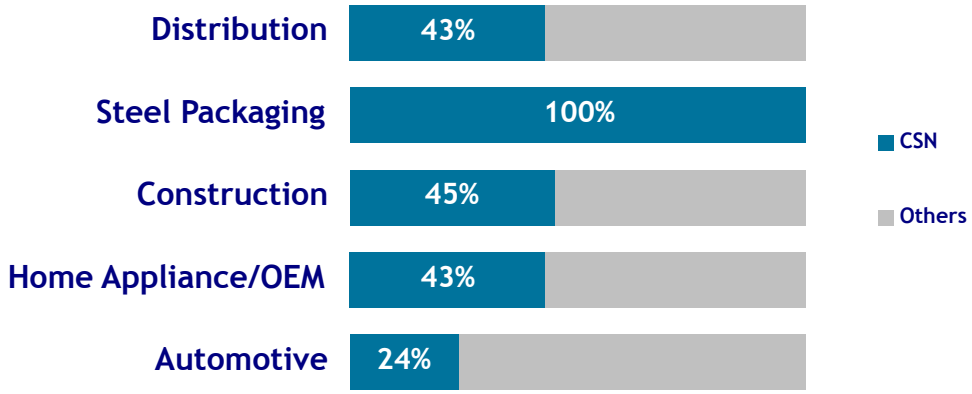
Net Revenue by Segment (R$ MM)



Market Share by Product - 2Q09



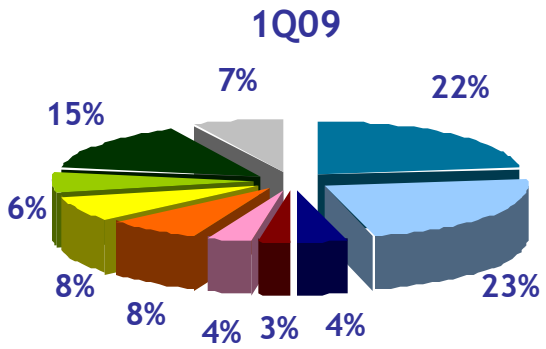
Market Share by Segment - 2Q09

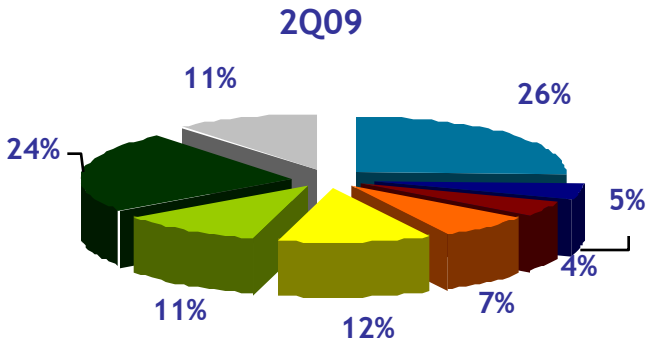




Steel - Production Costs

(Parent Company)





- Coal
- Coke
- Iron Ore
- Metals
- Coil and Slabs Purchased
- Other Raw Materials
- Labor Cost
- Energy/ Fuel
- Maintenance / General Costs
- Depreciation

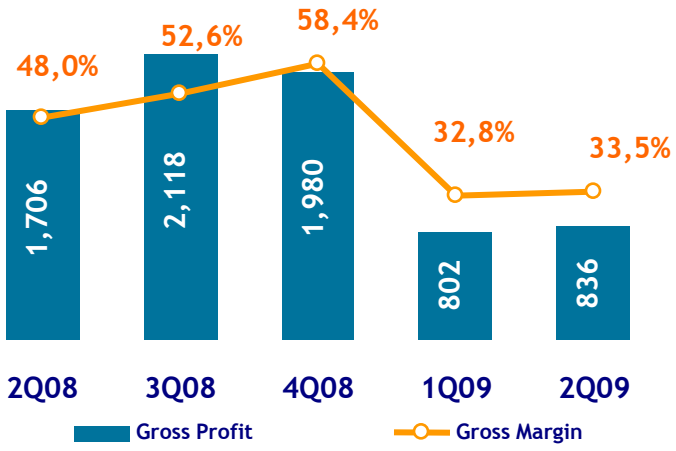
COAL: 2Q09 average cost ~ R$ 360/ton

COKE: no consumption in the 2Q09

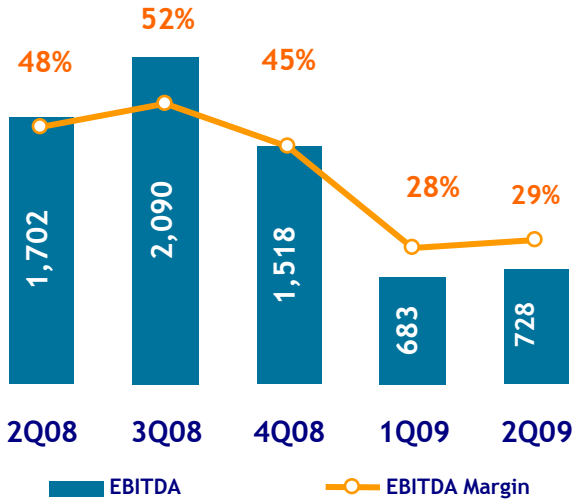


Consolidated Results

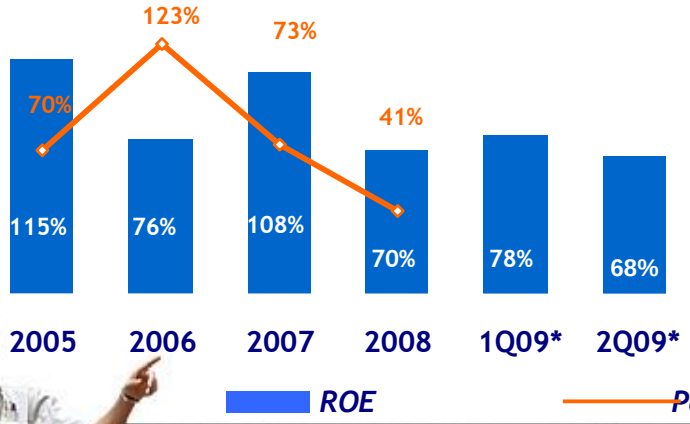
Gross Profit (R$ MM) and Gross Margin (%)



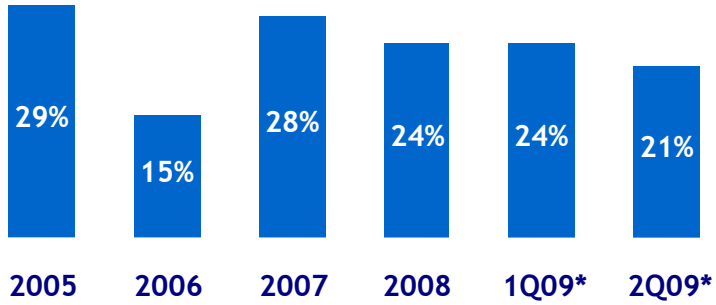
EBITDA (R$ MM) and EBITDA Margin (%)



Return on Equity and Payout



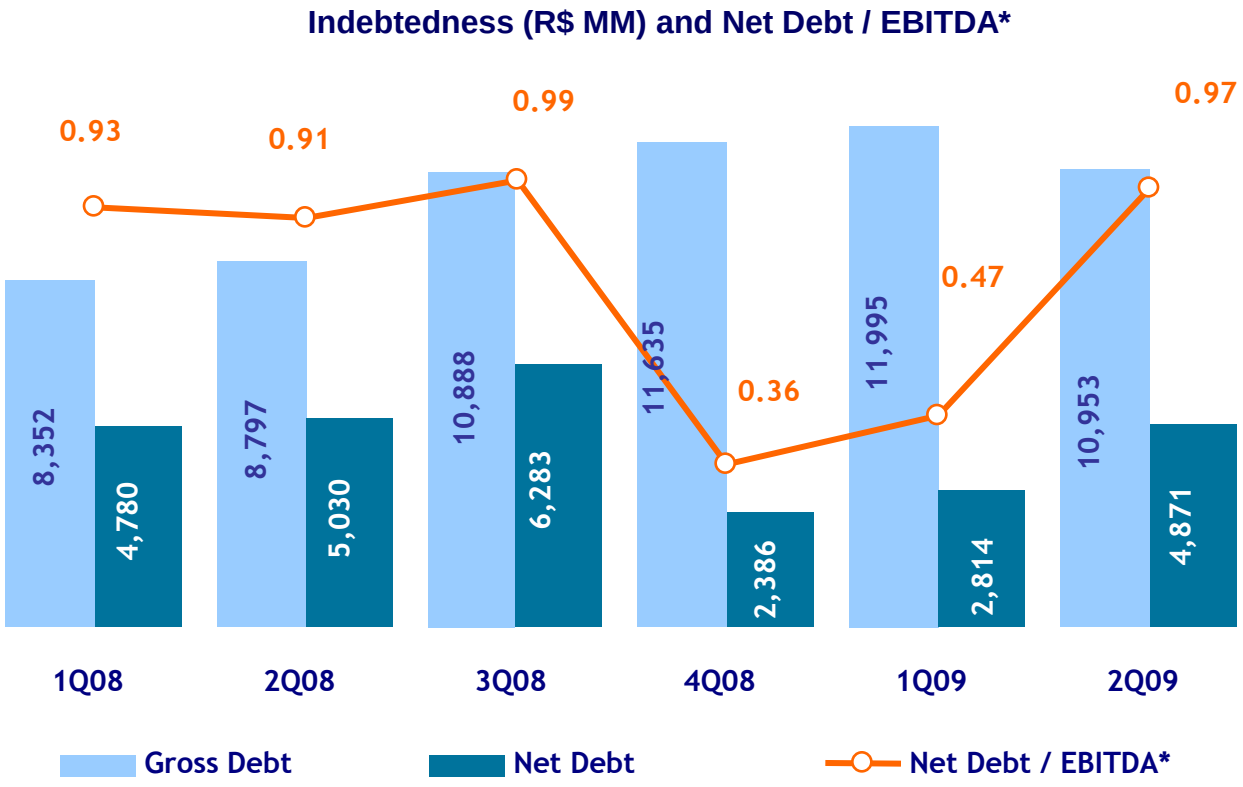
Return on Capital Employed





* Last 12 months

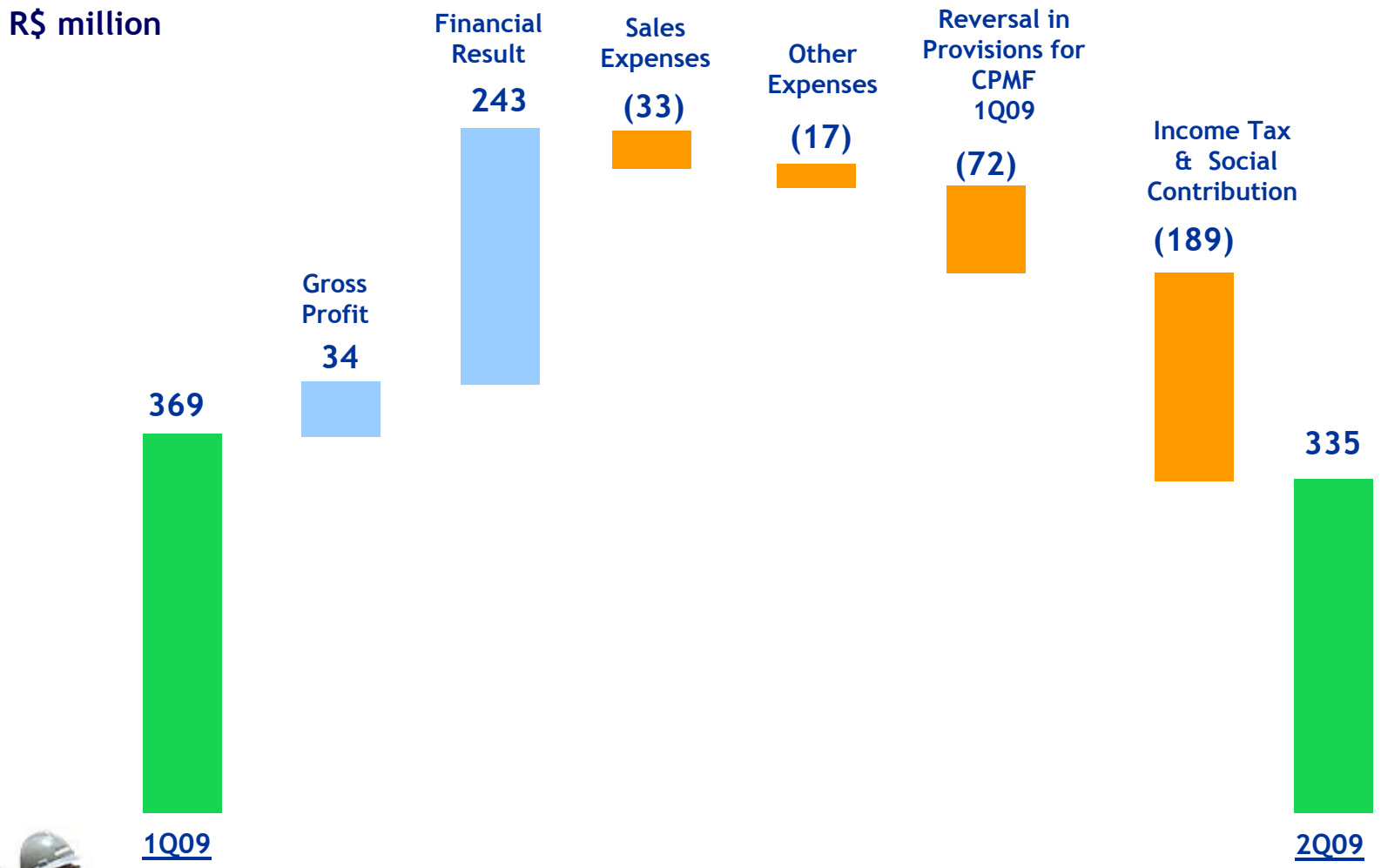
Consolidated Net Debt /EBITDA



* EBITDA of the last 12 months

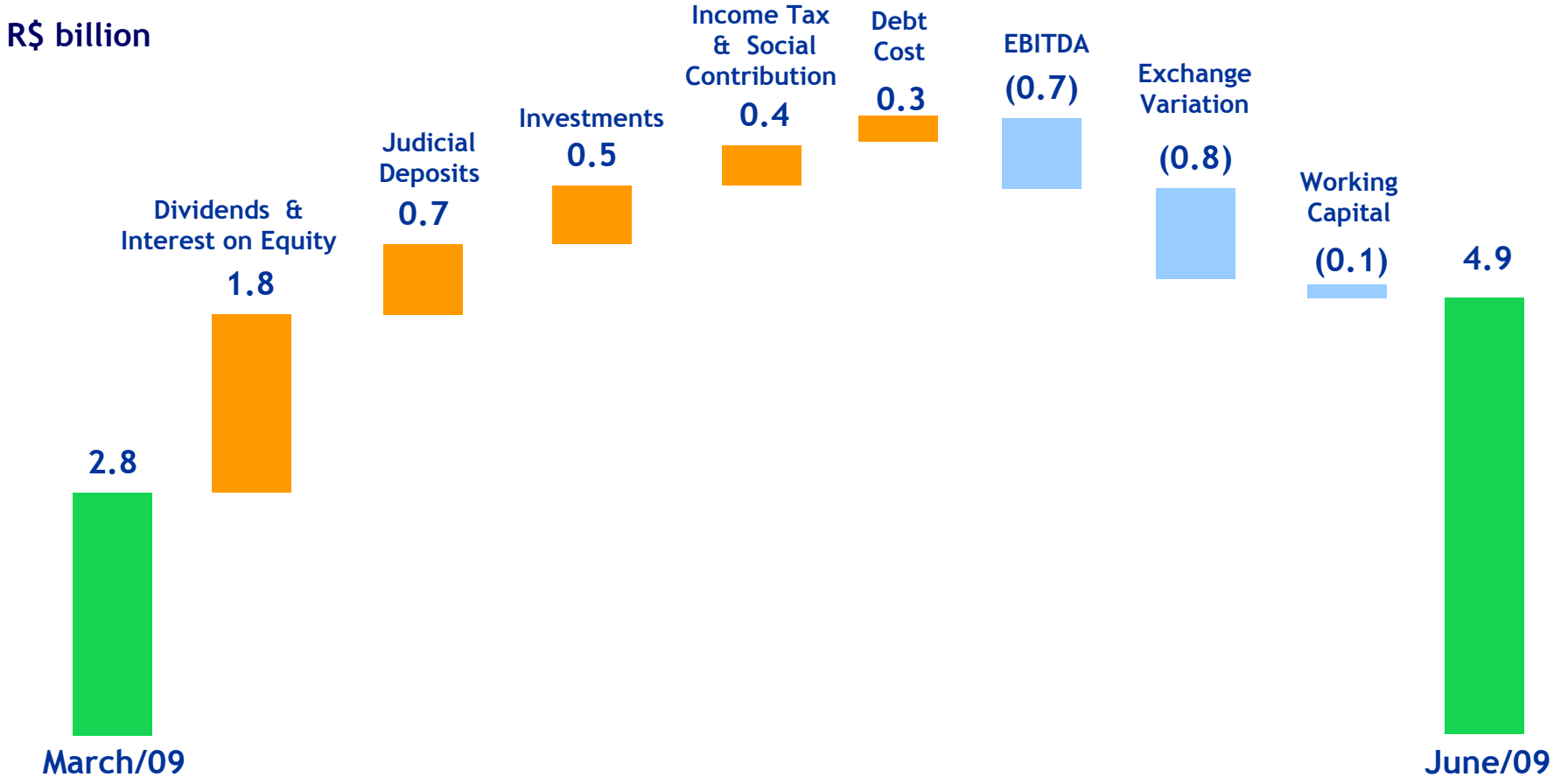


Net Income (Consolidated) 2Q09 x 1Q09



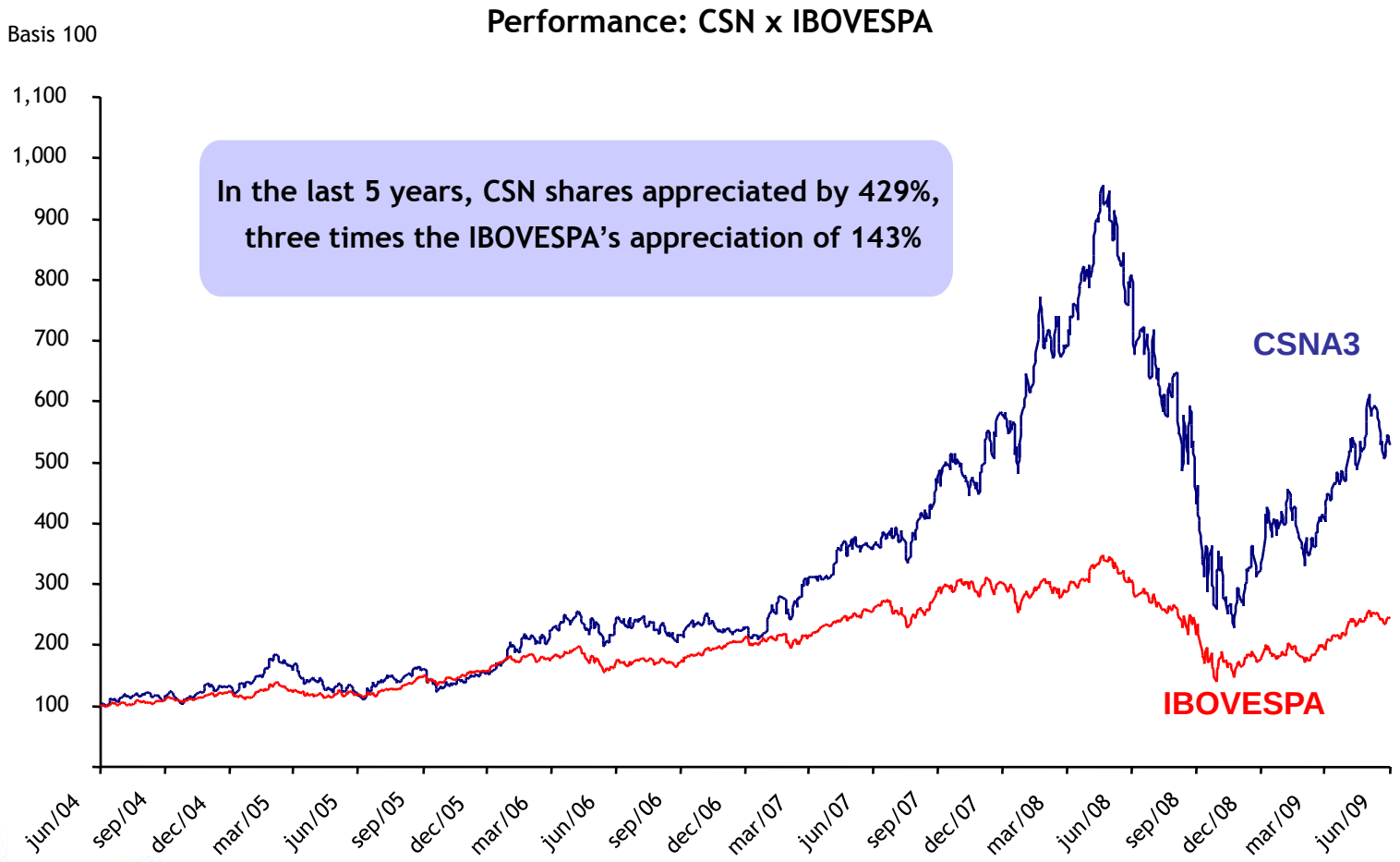


Net Debt Evolution - March/09 x June/09





CSN's shares performance





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