# 3Q08 Earnings Presentation

**November 18, 2008**



# 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).



# CSN: 3Q08 Main Highlights

•Net revenue of R$4.0 billion in the 3Q08, a quarterly record, 13% up on 2Q08 and 36% up year-on-year. In the 9M08, net revenue stood at R$10.6 billion, also a new record, 26% on 9M07;

•Gross profit came to R$2.1 billion on 3Q08 and R$5.0 billion year-to-date, also record figures;

•EBITDA of R$2.1 billion in the 3Q08, another record, 23% up on the 2Q08 and 60% up on the 3Q07. Year-to-date EBITDA totaled R$5.1 billion, yet another record and higher than the figure for **the entire year of 2007**;

•Both consolidated and parent-company EBITDA margin reached 52% in the 3Q08, a 4 p.p. and 2 p.p. increase, respectively, on the 2Q08. CSN has consistently recorded average EBITDA margins of above 40% for more than 7 years;

•Year-to-date net income totaled R$1.8 billion. In the 3Q08 net income of R$40 million reflects increased financial expenses;

The impact of the Total Return Equity Swap in the 3Q08 financial result was R$1.3 billion negative. Even considering this effect, the transaction, originally executed in 2003, recorded accumulated gains of R$1.8 billion by September/08;

•Consolidated and parent-company domestic flat-steel sales accounted for 88% and 95% of total sales, respectively, in the 3Q08. In the first nine months 2008, domestic sales amounted to 3.3 million tonnes, a 28% year-on-year improvement;

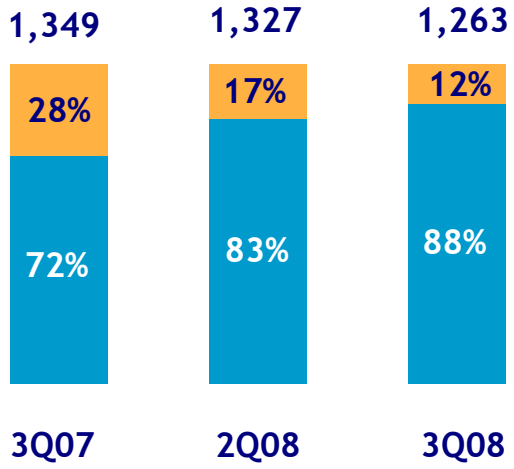
•Net revenue per tonne averaged R$2,448 on the domestic market in the 3Q08, versus R$2,053 per tonne in the 2Q08 and R$1,899 per tonne in the 3Q07;

•In the last 12 months ended September 30, 2008, ROE and ROCE were 57% and 31%, respectively.

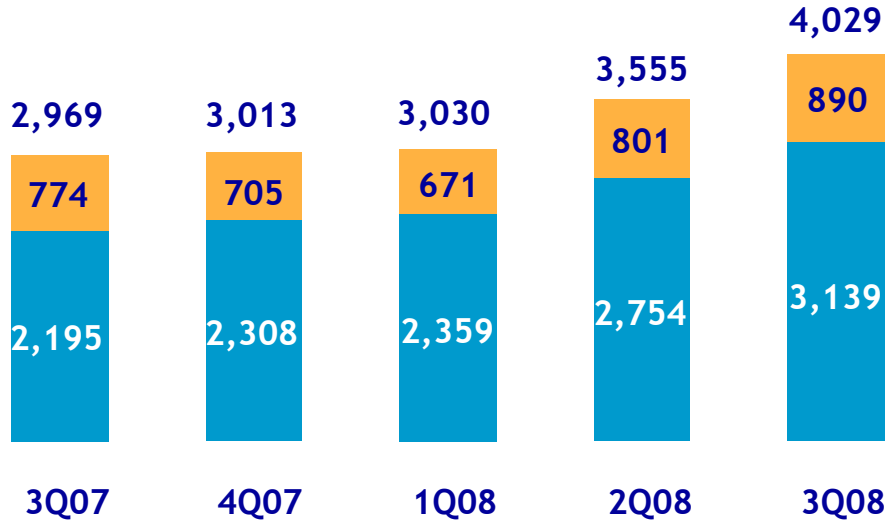


# Net Revenue and Sales Volume by Market

## Sales Volume (thousand tonnes)




## Net Revenue (R$ million)



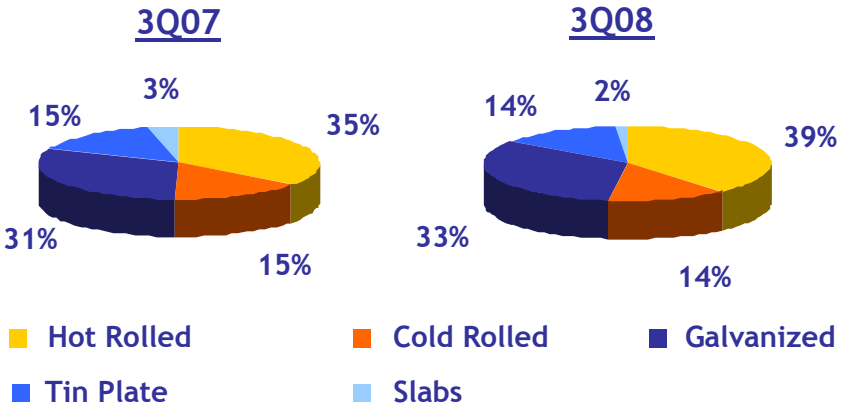

Export Market

Domestic Market

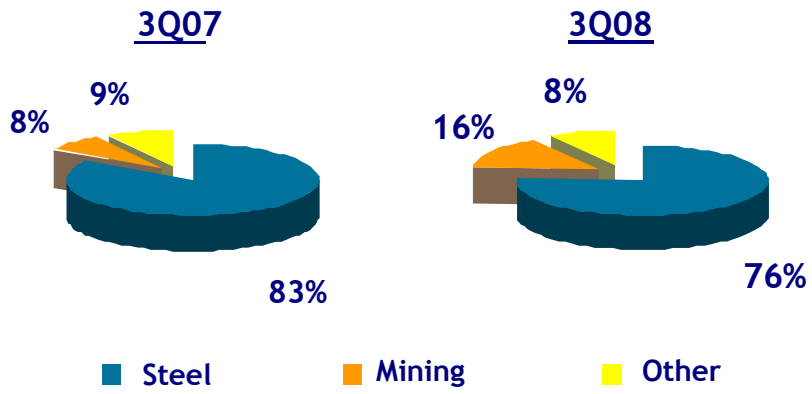


# Sales Volume by Product and Market Segment

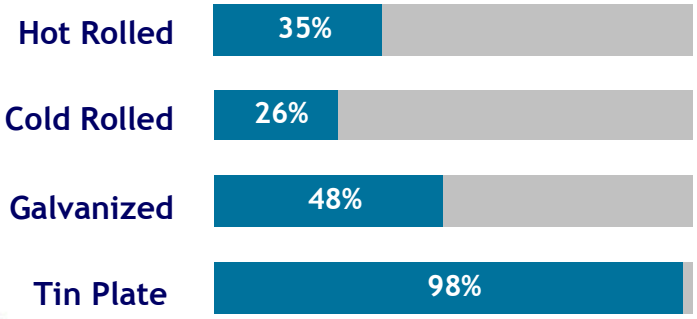
## Sales by Product



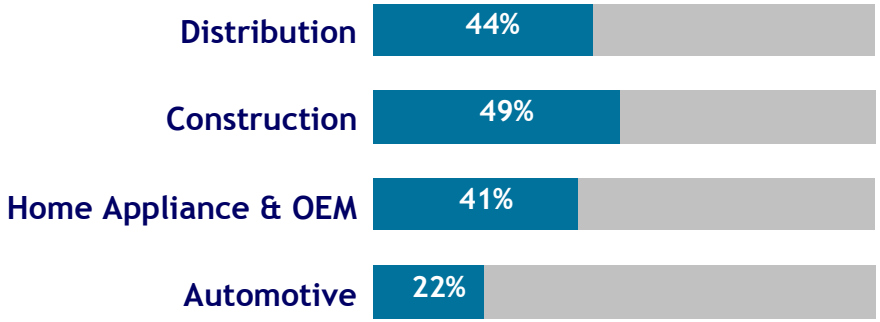

## Net Revenue by Segment




## *Market Share* by Product



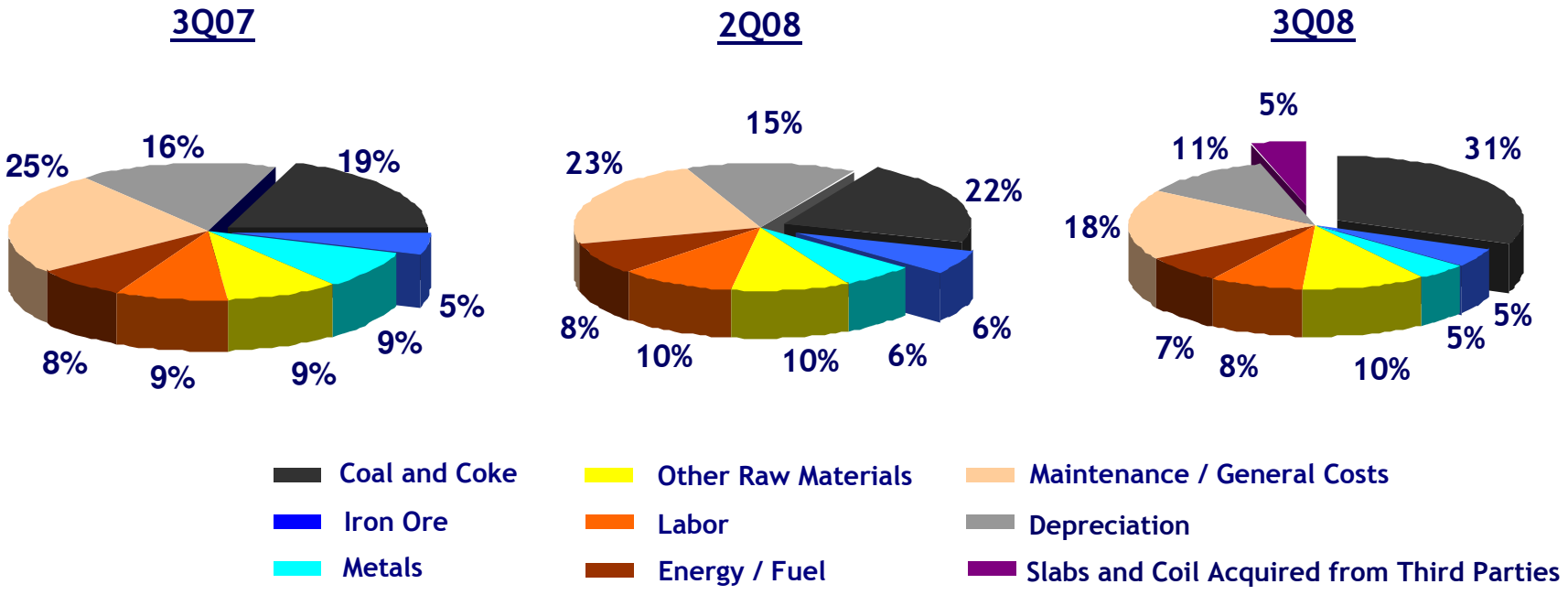

## *Market Share* by Segment






# Steel - Production Costs

## PARENT COMPANY



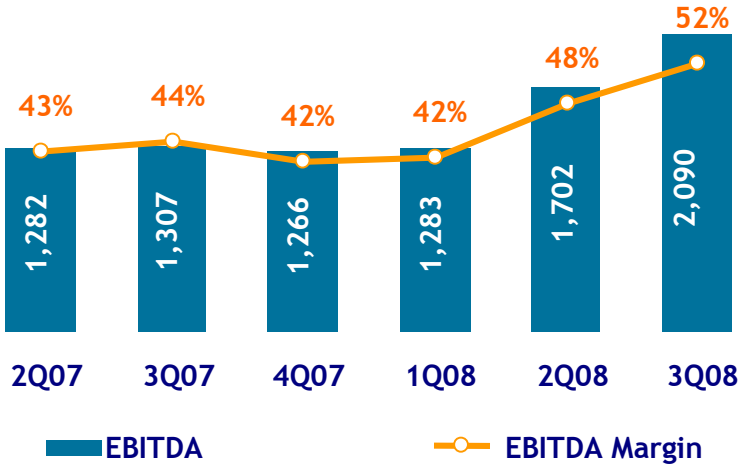

✓ COAL: 3Q08 average cost ~ R$ 360/t

✓ COKE: 3Q08 average cost ~ R$ 1,140/t

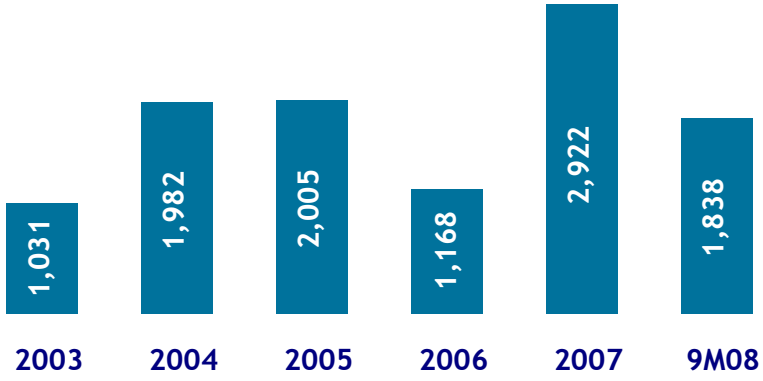


# Consolidated Results

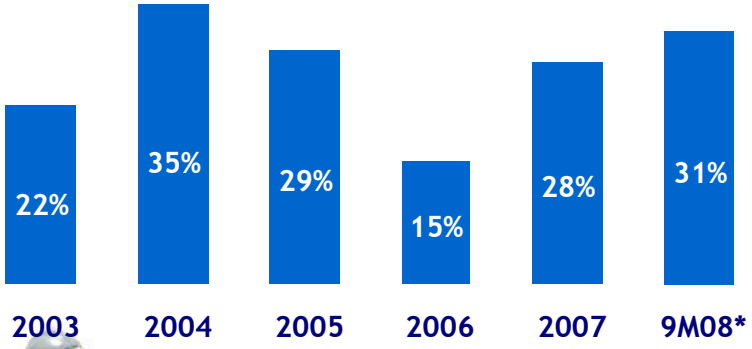
## EBITDA (R$ MM) and EBITDA Margin (%)



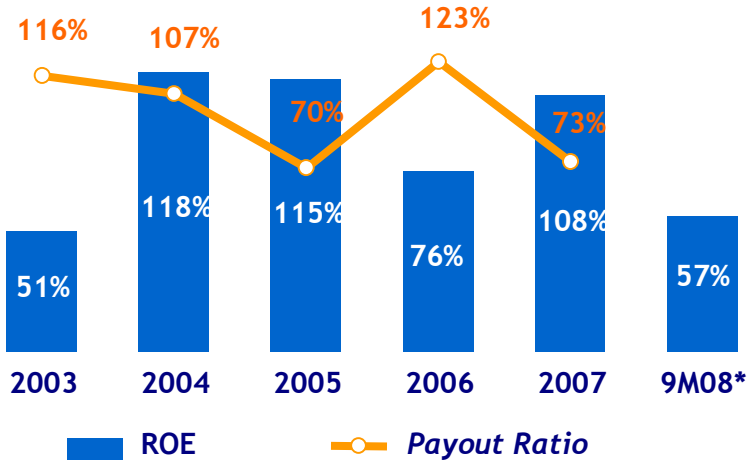

## Net Income (R$ MM)




## Return on Capital Employed




## Return on Equity & *Payout Ratio* %

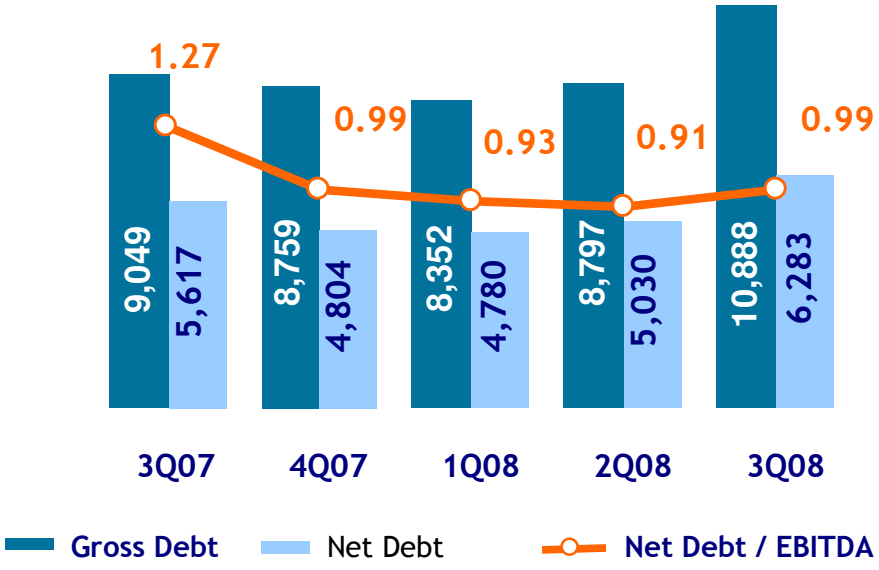





** Last twelve months*

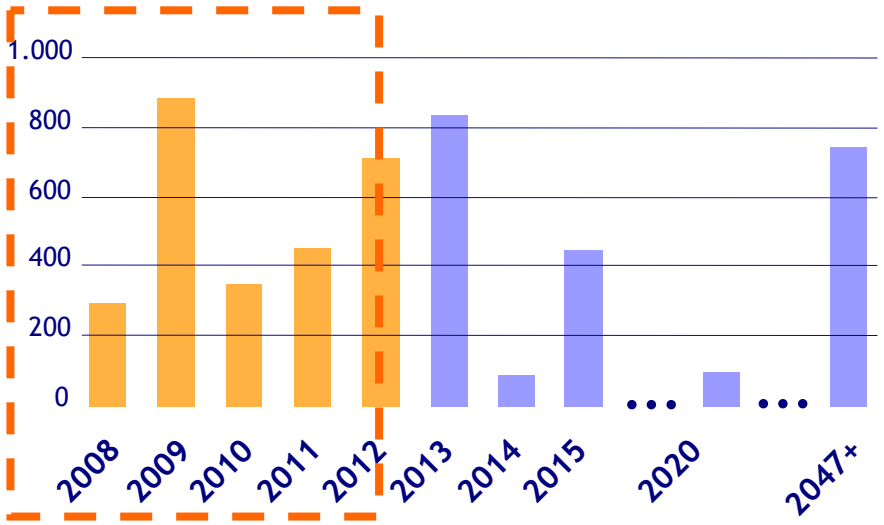
# Debt Trends and Amortization Schedule

## Debt Trends (R$ million) and Net Debt/EBITDA (x)




Average Maturity of CSN's principal debt ~ 9 years.

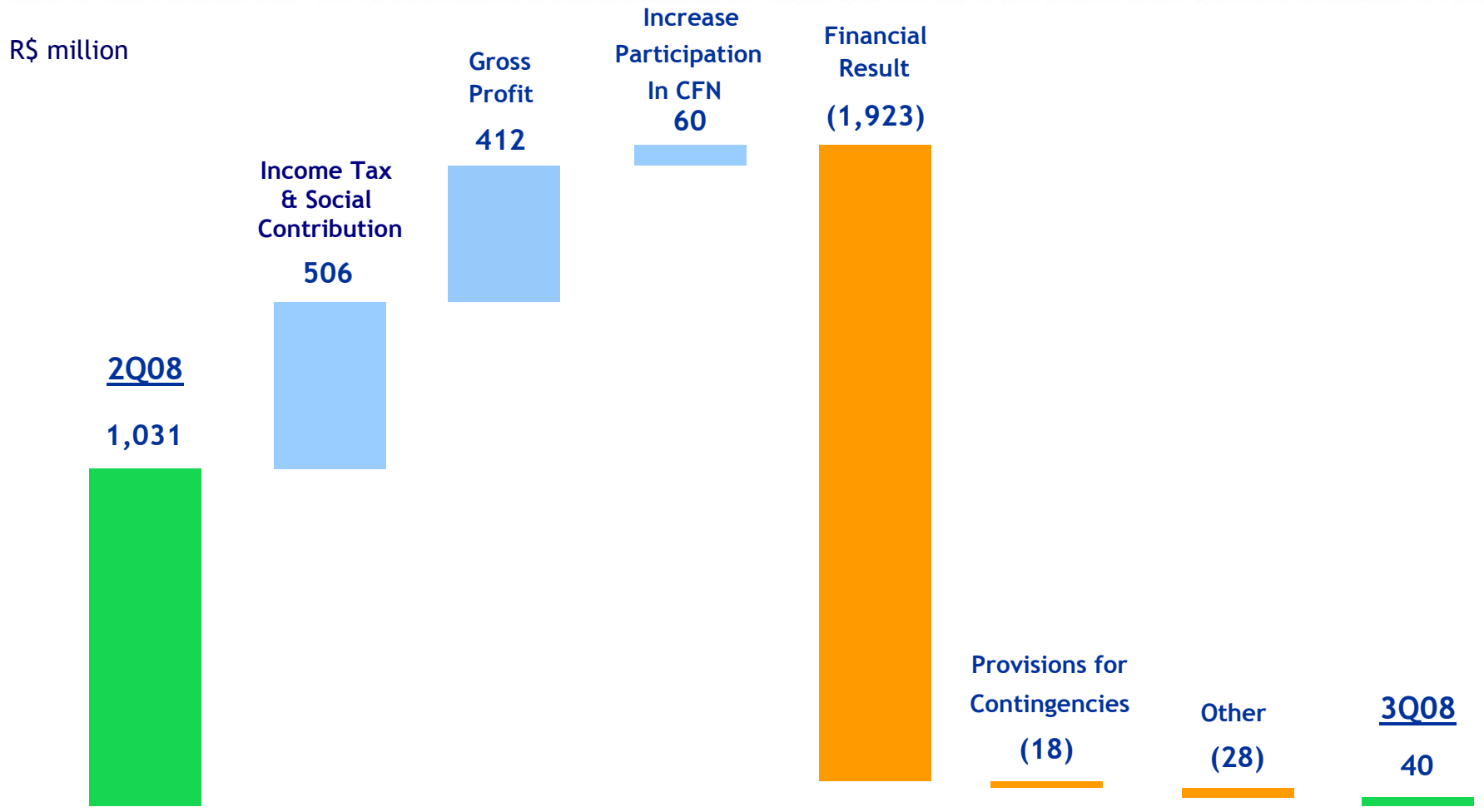
## Amortização de principal (US$ MM)




Cash balance and cash equivalents are sufficient to pay most part of principal debt amounts by 2012.



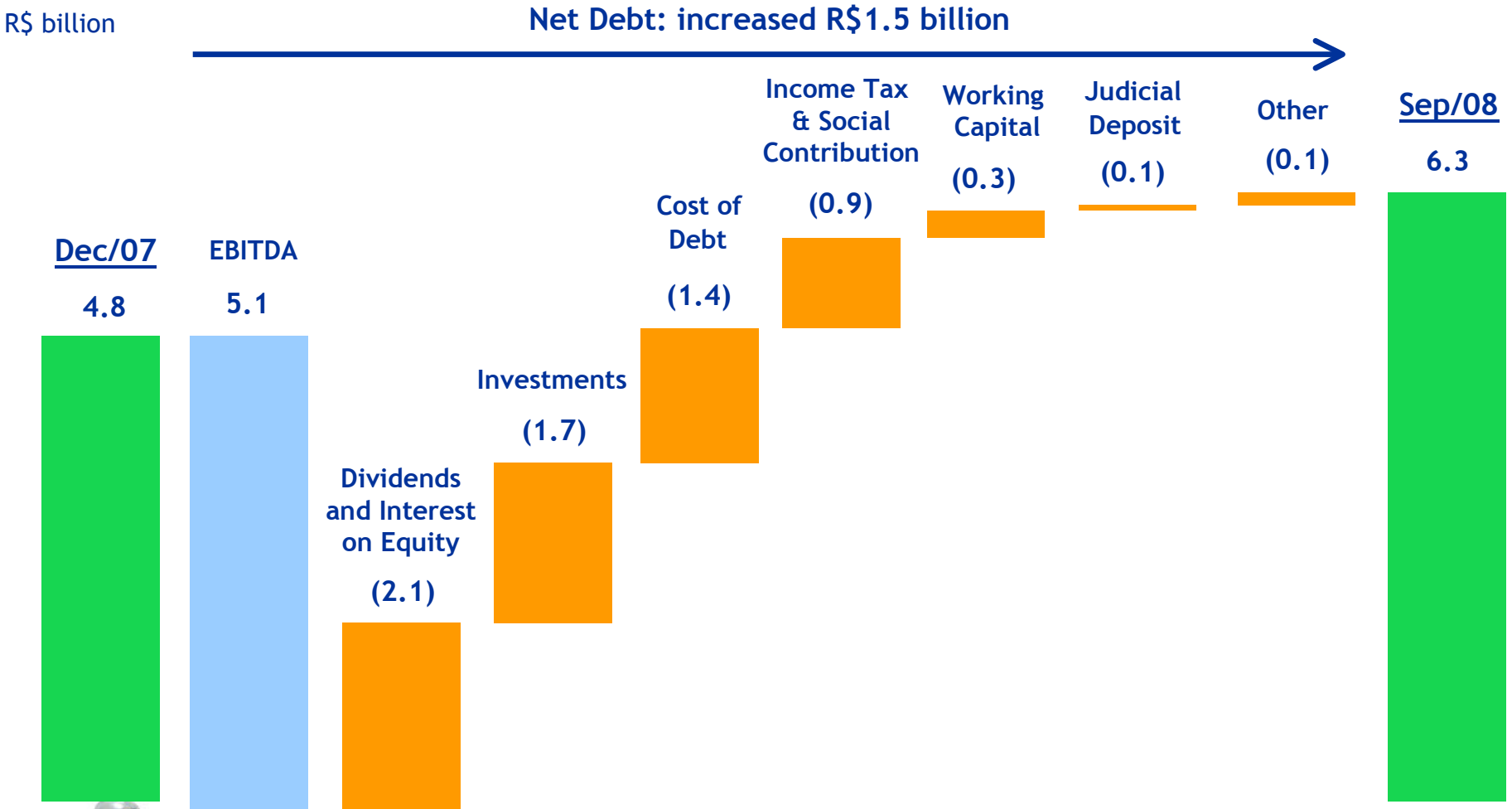
# Consolidated Net Result 3Q08 x 2Q08





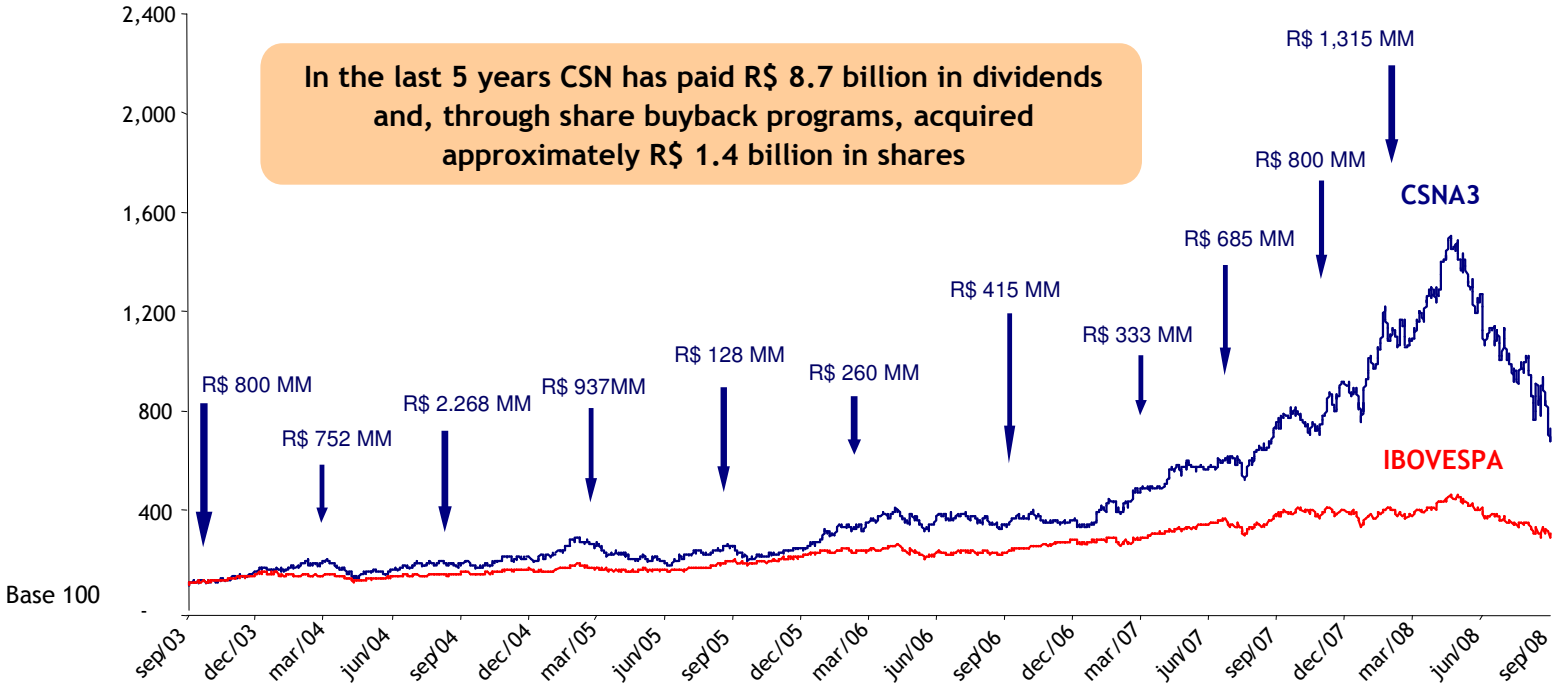

# Net Debt Evolution - Dec/07 to Sep/08

R$ billion






# CSN's shares performance



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