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# Earnings Presentation – 3Q20

October 16<sup>th</sup>, 2020

## HIGHLIGHTS – 3Q20

**1**

**Resilient financial  
result face the  
challenge  
scenario.**

**1**

**Adjusted EBITDA reached R\$ 3.5 billion in 3Q20, the best in the historical series, reflecting better costs, volumes and prices**

**2**

**Reprofiling  
Financial  
Liabilities**

**2**

**Strong cash generation, lengthening of liabilities and new prepayment reinforced liquidity and improved debt profile**

**3**

**Acceleration of  
Deleveraging**

**3**

**1.5x reduction in leverage, reaching the lowest level in 5 years \*, in addition to a R\$ 2.5 billion reduction in indebtedness**



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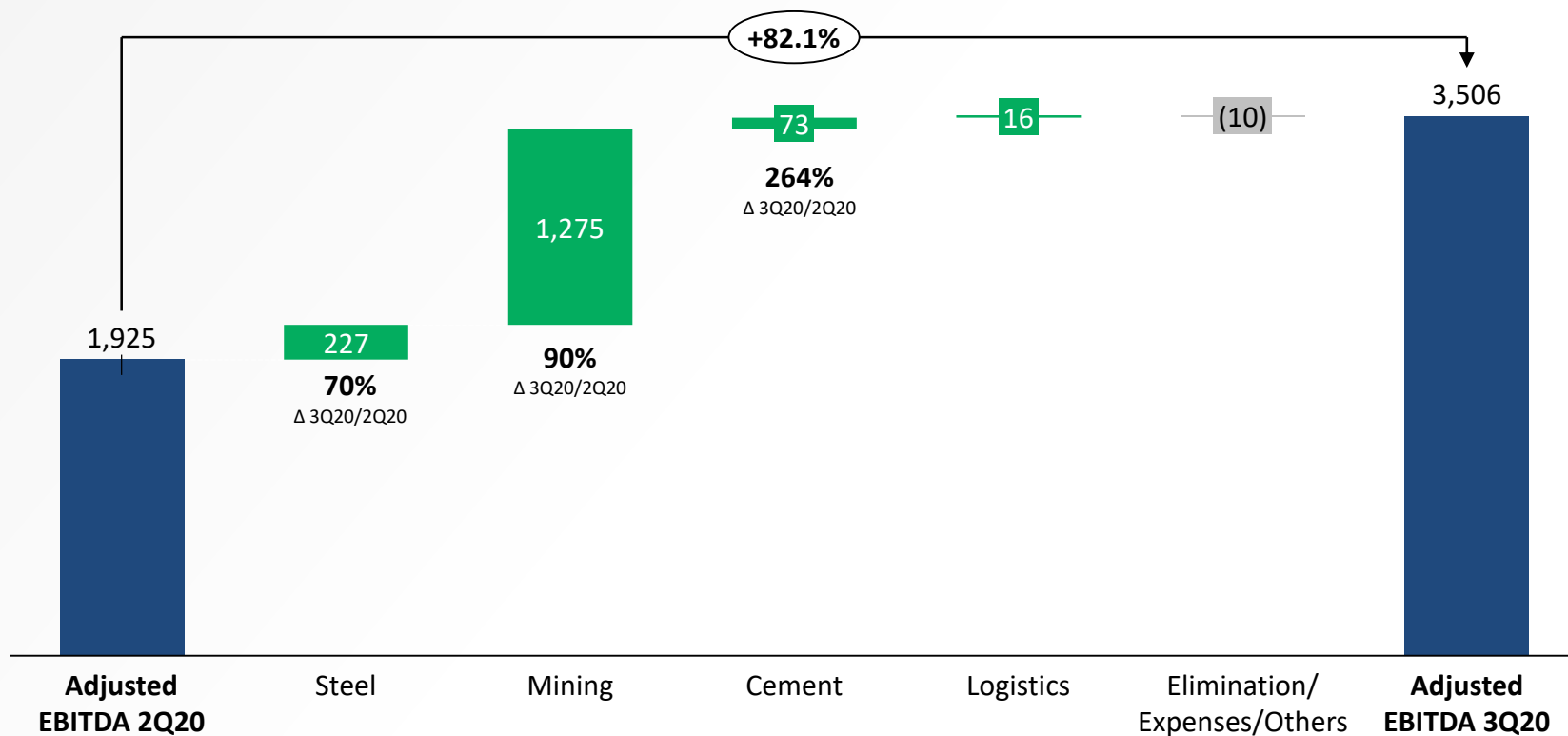
Energy

# Consolidated Operational & Financial Indicators

# ADJUSTED EBITDA EVOLUTION IN 3Q20

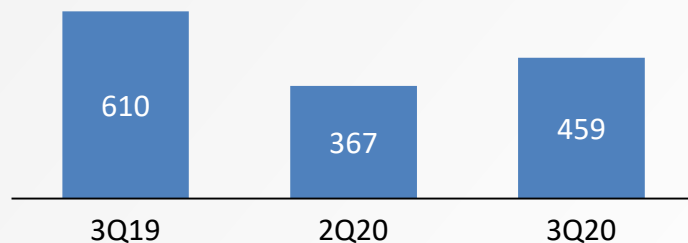
Strong increase in EBITDA with positive contribution from all segments.

## EBITDA Impact by Segment(R\$MM)

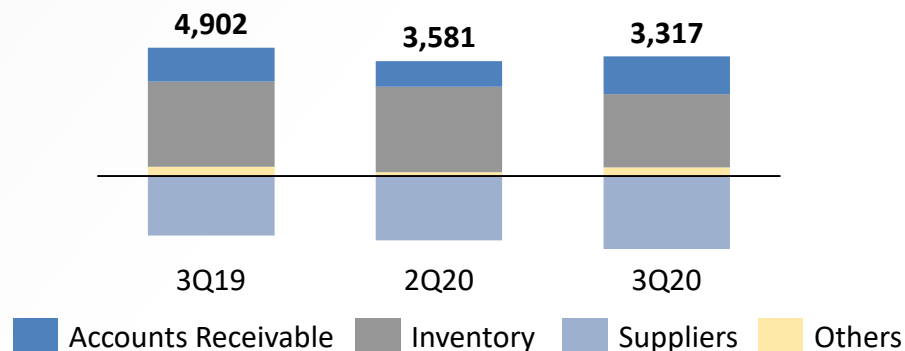


# FINANCIAL INDICATORS

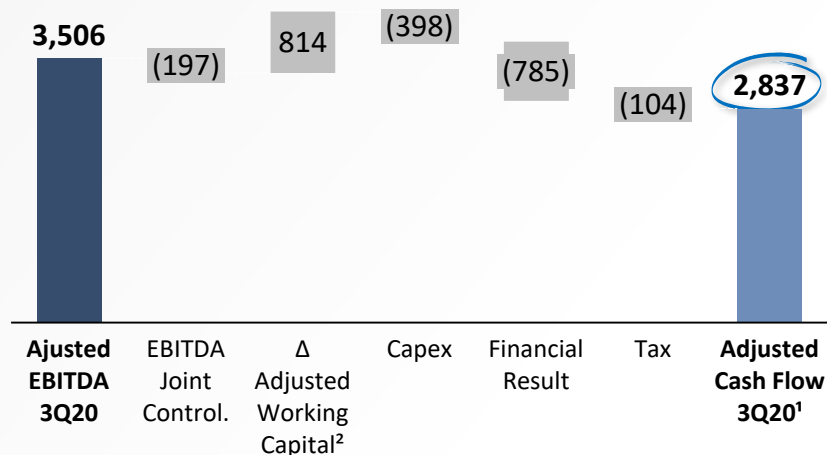
## Capex (R\$MM)



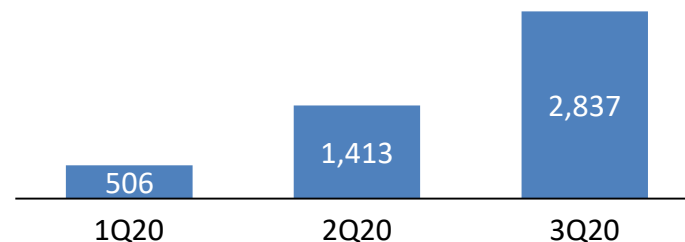
## Net Working Capital (R\$MM)



## Adjusted Cash Flow<sup>1</sup> (R\$MM)



## Adjusted Cash Flow<sup>2</sup> (R\$ MM)



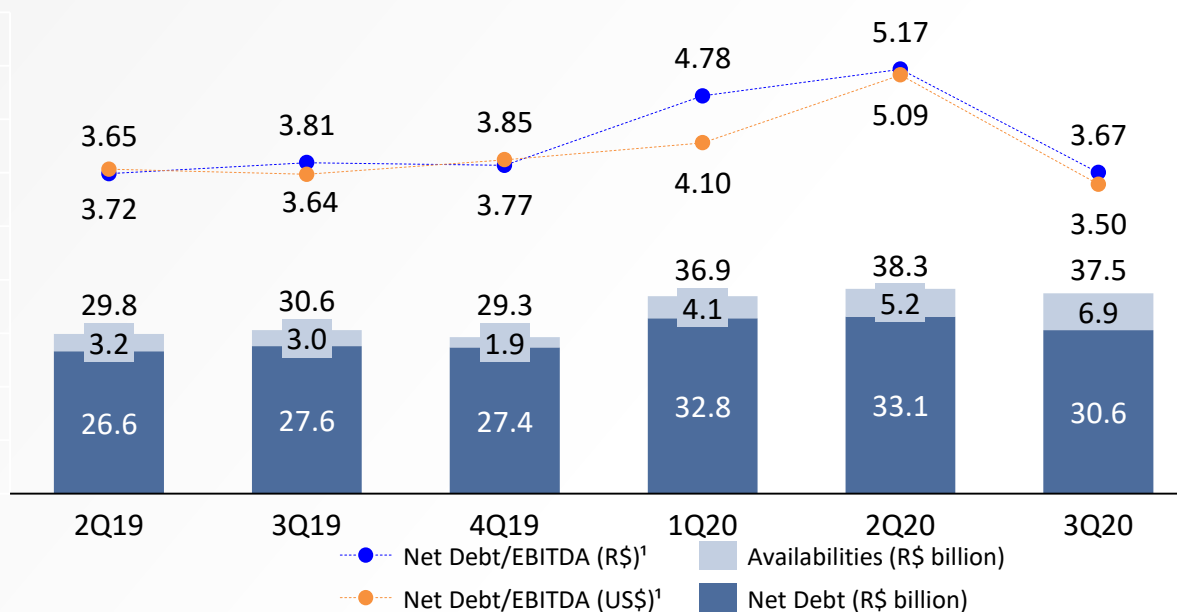
<sup>1</sup> Adjusted free cash flow is calculated from adjusted EBITDA less EBITDA of joint ventures. Capex, Income tax, financial result and variation of working capital <sup>1</sup>, excluding the impact of Glencore's prepay.

<sup>2</sup> Adjusted Working Capital comprises the variation in NWC (+R\$264million), plus variation in long-term asset and liability accounts (R\$701 million) and disregarding the net variation of Income Tax and Social Contribution, provision for consumption (+R\$ 3MM), dividends payable (-R\$ 16MM), CAPEX non-cash (-R\$ 42MM) and AFAC TLSA non-cash (-R\$ 95MM.).

# LEVERAGE AND LIQUIDITY

Strong leverage reduction through cash generation, with a 1.5x drop in the Net Debt / EBITDA ratio.

## Liquidity and Leverage (R\$Bi)



## Leverage Goals

2020 E



Net Debt/EBITDA: &lt;3.00x

2021 YE


Net Debt: <R\$ 23 billion  
Net Debt/EBITDA: <2,5x

<sup>1</sup>Net Debt / EBITDA: For debt it considers the final dollar of each period and for net debt and EBITDA the average of the dollar.

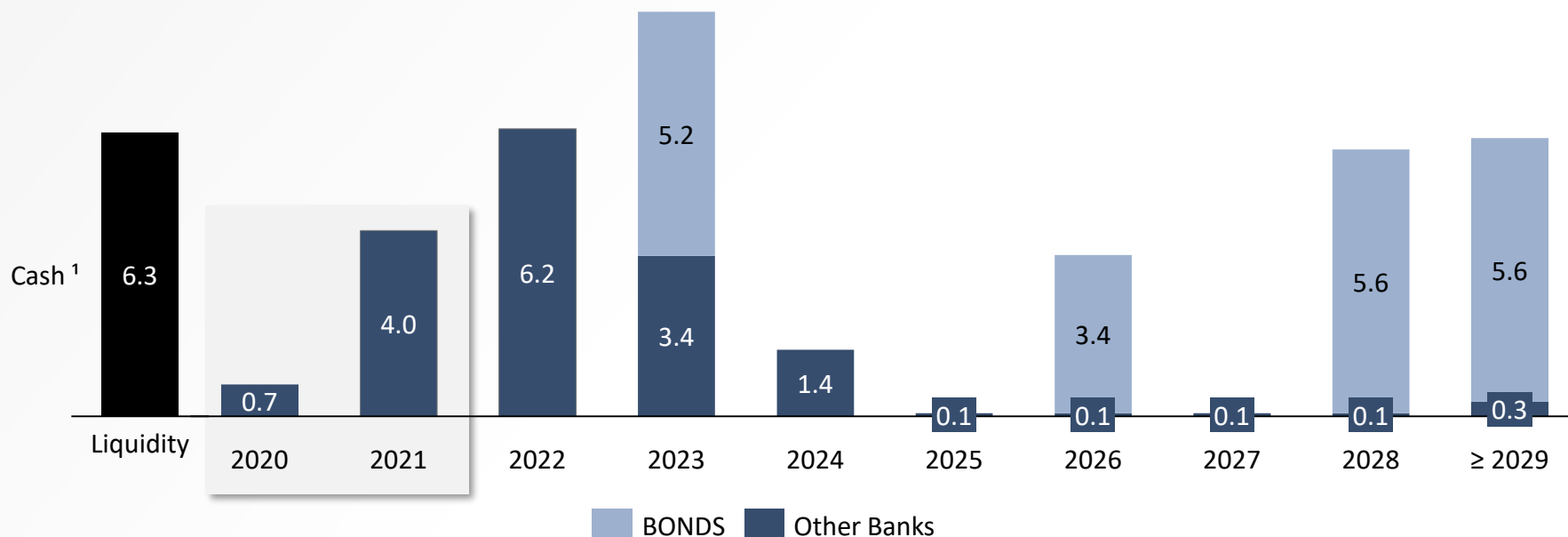
<sup>2</sup>Considers Glencore prepayment of US\$115MM

CSN continues to carry out initiatives to extend the average debt term and increase liquidity

## 3Q20 initiatives:

- ✓ Payment extension about R\$ 600 million.
- ✓ Prepayment about US\$115 million.

## Amortization Schedule (R\$Bi)



<sup>1</sup>IFRS: not considering MRS participation (37,27%)



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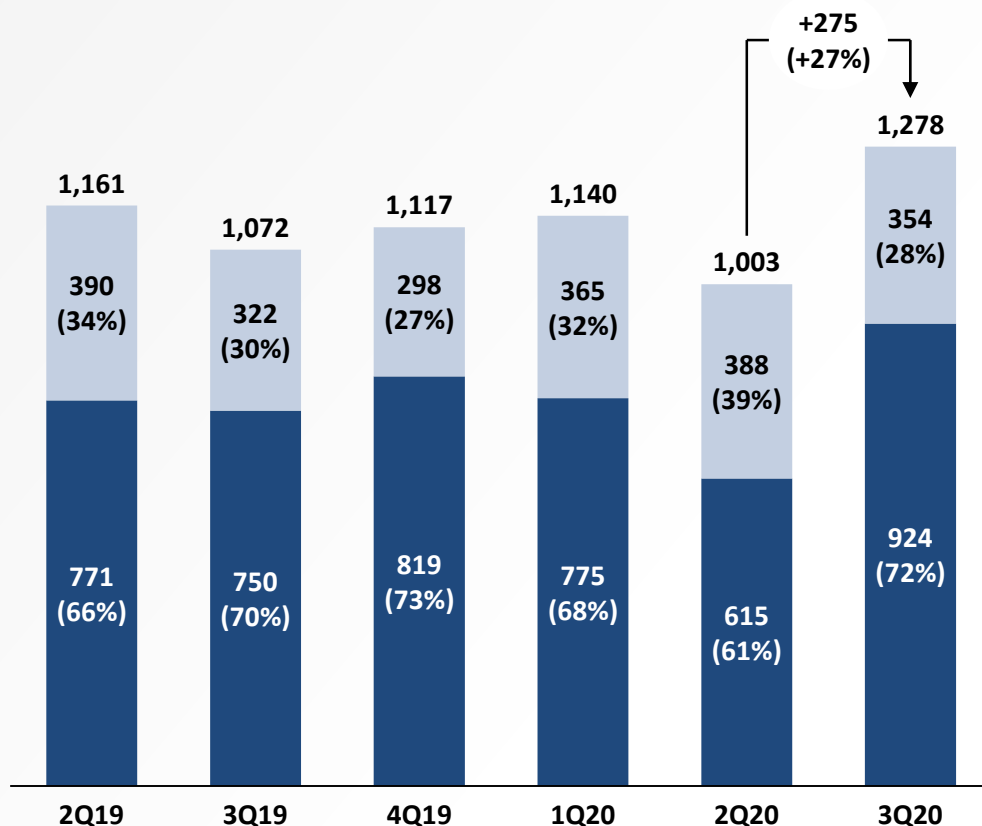
# Business Highlights



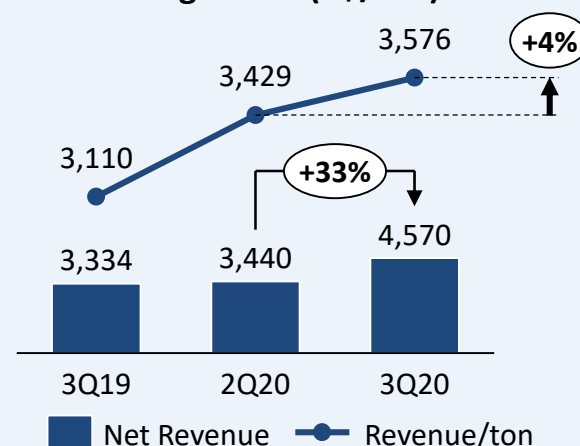
# STEEL PERFORMANCE

MI sales increased 50% compared to 2Q20, with emphasis on the automotive, white goods and distribution sectors.

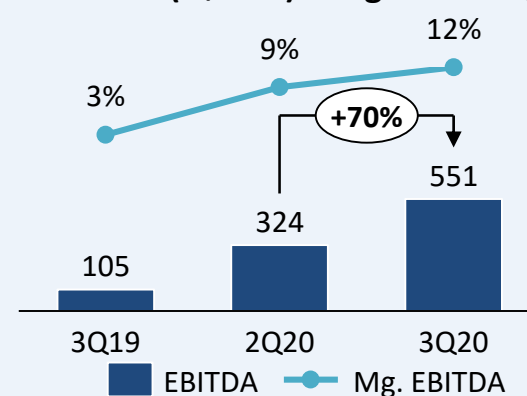
## Sales Volume (thousand tons)



## Net Revenue (R\$MM) and Average Price (R\$/ton)



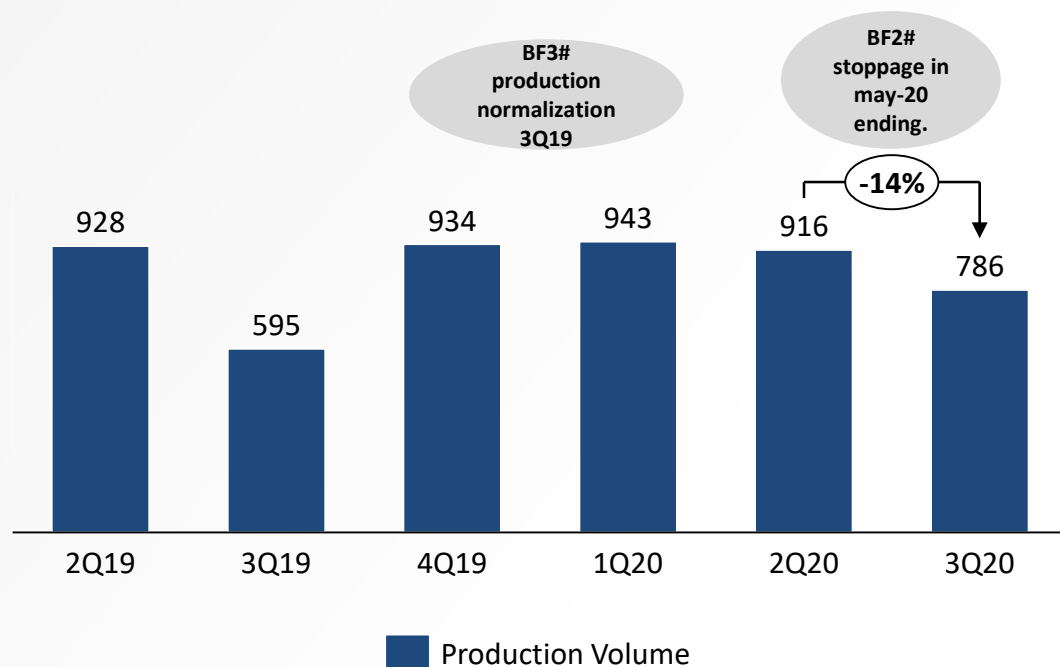
## EBITDA (R\$MM) e Mg. EBITDA (%)



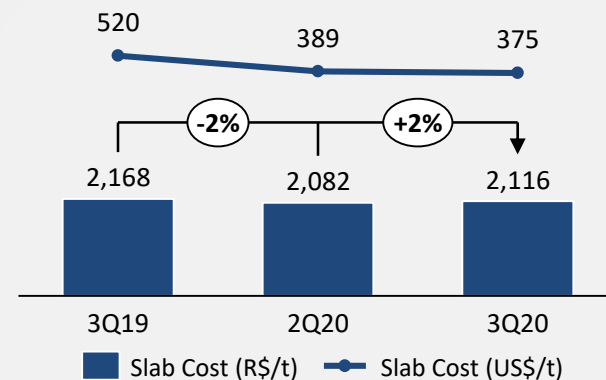
# STEEL COMPETITIVENESS

EBITDA per ton showed a strong evolution in 3Q20 due to price readjustments and better costs.

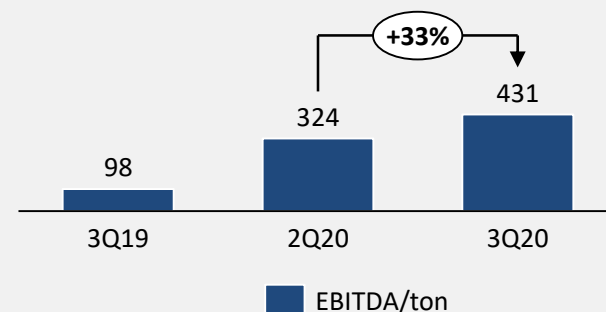
**Slab Production Volume at UPV  
(thousand tons)**



**Slab Cost**



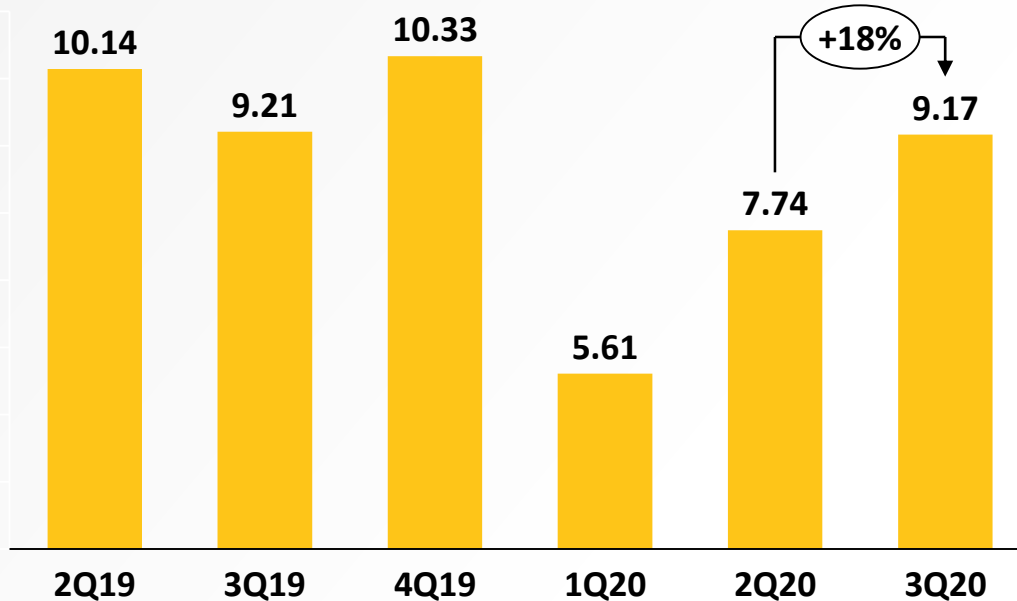
**Performance Indicators  
per ton (R\$/t)**



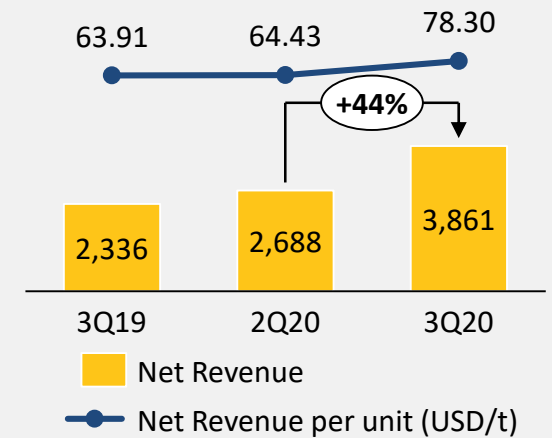
# MINING PERFORMANCE

Sales volume returned to a high level in 3Q20, as a result of the development of new mining fronts.

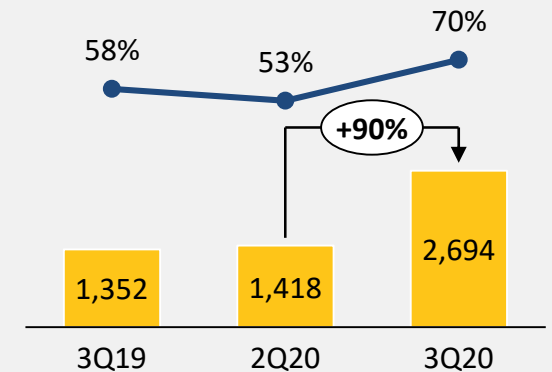
**Total Sales Volume (million tons)**



**Net Revenue (R\$MM)**



**EBITDA (R\$MM) e Mg EBITDA (%)**

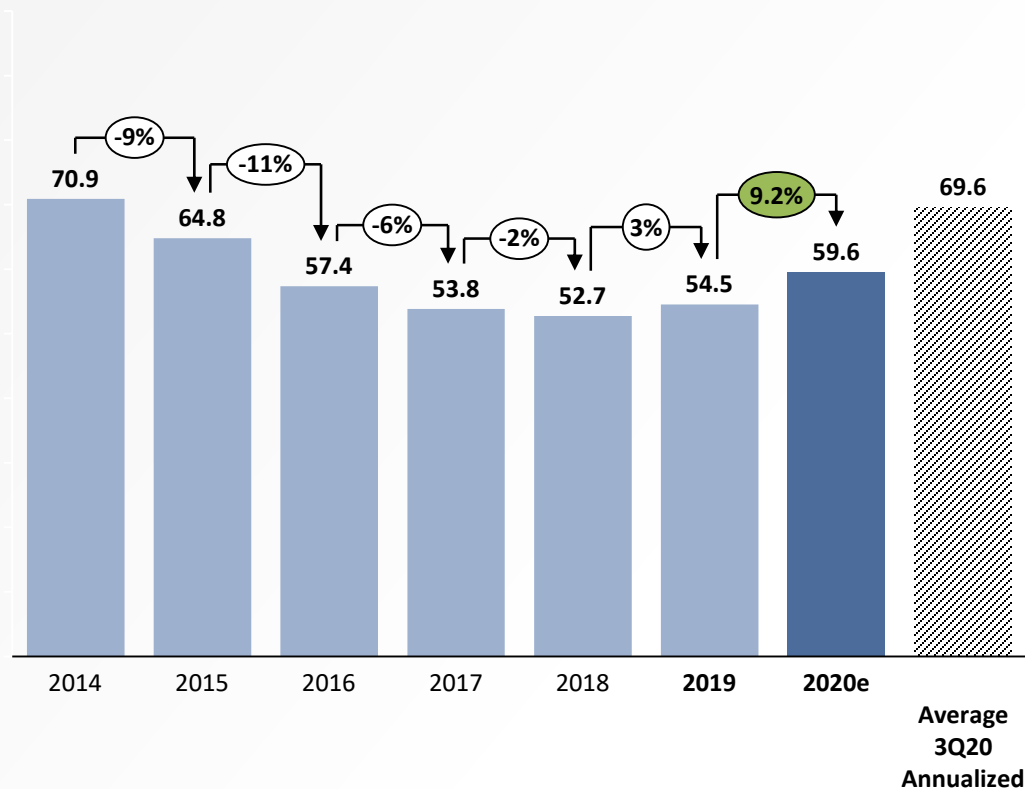


# CEMENT PERFORMANCE

The CSN Cimentos posted a 16% increase in sales volume in 3Q20 against the previous quarter, with price readjustments and cost control.

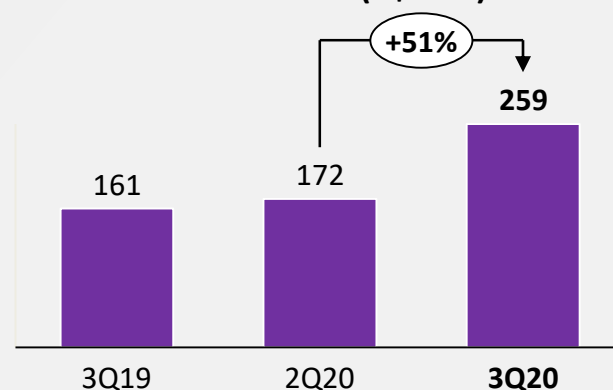
## Sales LTM - Domestic Market - Brazil

(preliminary industry sales and market estimates)

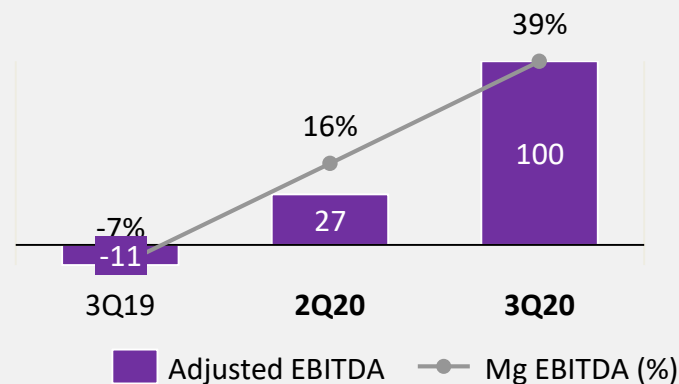


Source: SNIC

## Net Revenue (R\$MM)



## Adjusted EBITDA (R\$MM) and Adjusted margin EBITDA(%)





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