NATIONAL STEEL CO
Form 6-K
November 14, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of November 14, 2014
Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F. Form 20-F ___X___ Form 40-F _______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _______ No ___X____

São Paulo, November 14, 2014

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the third quarter of 2014 (3Q14), 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 norms, 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. Comments on this release relate to the consolidated results of the Company and comparisons refer to the second quarter of 2014 (2Q14), unless otherwise stated. The Real/U.S. Dollar exchange rate on September 30, 2014 was R$2.451.

- Iron ore sales volume in the first nine months of 2014 reached a record of 21.3 million tonnes, a 19% year-on-year improvement;

- Iron ore shipments by Tecar totaled a record of 24.4 million tonnes in 9M14, 23% up on 9M13;

- Cement sales reached the record level of 589 thousand tonnes in 3Q14, with record net revenue of R$120 million. Year-to-date sales totaled 1.6 million tonnes and net revenue came to R$331 million, also Company records.

Executive Summary

Highlights	3Q13	2Q14	3Q14	3Q14 x 3Q13 (Change)	3Q14 x 2Q14 (Change)
Consolidated Net Revenue (R$ MM)	4,661	4,052	3,883	-17%	-4%
Consolidated Gross Profit (R$ MM)	1,402	1,306	971	-31%	-26%
Adjusted EBITDA (R$ MM)	1,652	1,303	977	-41%	-25%
Total Sales (thousand t)					
- Steel	**1,531**	**1,263**	**1,274**	**-17%**	**1%**
- Domestic Market	77%	73%	72%	-5 p.p.	-1 p.p.
- Overseas Subsidiaries	20%	25%	25%	5 p.p.	0 p.p.
- Export	3%	2%	3%	0 p.p.	1 p.p.
- Iron Ore	**7,679**	**7,232**	**7,718**	**1%**	**7%**
- Domestic Market	1%	1%	0%	-1 p.p.	-1 p.p.
- Export	99%	99%	100%	1 p.p.	1 p.p.

Adjusted Net Debt (R$ MM)	**17,774**	**16,695**	**17,618**	**-1%**	**6%**
Adjusted Cash Position	14,368	11,910	12,141	-16%	2%
Net Debt / Adjusted EBITDA	3.6x	2.7x	3.2x	-0.4x	0.5x

(1) Sales volumes include 100% of NAMISA sales

At the close of 3Q14

- BM&FBovespa (CSNA3): R$8.70/share
- NYSE (SID): US$3.55/ADR (1 ADR = 1 share)
- Total no. of shares = 1,387,524,047
- Market Cap BM&FBovespa: R$12.1 billion
- Market Cap NYSE: US$5.0 billion

Investor Relations Team

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Economic Scenario

The recovery of global economic activity has been occurring at a moderate pace and on heterogeneous way. While among the developed countries, the United States and the United Kingdom have been recording growth, the slower-than-expected recovery in the Eurozone and the less optimistic prospects for certain emerging economies have contributed to more conservative revisions of global growth. The International Monetary Fund (IMF) reduced the global growth projections to 3.3% in 2014 and 3.8% in 2015.

USA

The latest figures from the U.S. Department of Commerce and the FED indicate an upturn in domestic economic activity. In 3Q14, the U.S. economy recorded growth of 3.5%, reflecting the good performance of exports, investments and consumption, as well as the increase in government spending. In September, industrial production increased by 1.0% over August, giving 12-month growth of 4.3%, and installed capacity use remained at 79% throughout the year.

Manufacturing PMI averaged 57.6 points in 3Q14, 2.4 points above the average in the previous quarter and continuing the expansion that began in June 2013.

In September 2014, the unemployment rate reached 5.9%, the lowest level for the last six years, giving a year-to-date decline of 1.3 p.p.

At its last meeting in October, the FED's Monetary Policy Committee (FOMC) announced the end of the securities purchase program, designed to stimulate the economy, maintaining interest rates at between 0 and 0.25%. The Committee considered it appropriate to maintain interest at this level for a considerable period of time, especially in a scenario of inflation lower than the 2% target.

As a result, the FED estimates GDP growth of between 2.0% and 2.2% in 2014.

Europe

The European recovery continues at a slower pace. After four quarters of moderate expansion, 2Q14 GDP in the Eurozone remained virtually flat. Industrial output fell by 1.8% in August over July, chiefly reflecting the 4.8% reduction in capital goods production, while the manufacturing PMI declined from 52.8 points in June to 52.0 points in September, the lowest figure in the last ten months.

Eurozone unemployment rate remained stable, but still high, recording 11.5% in September. Austria and Germany recorded the lowest rates among the countries, while Greece and Spain had the highest.

Eurozone inflation came to 0.3% in the 12 months ended September 2014, well below the long-term goal of 2% established by the European Central Bank (ECB) and the lowest figure since October 2009. Certain countries such as Spain, Greece, Hungary and Bulgaria actually recorded negative inflation in the same period. In this context, the ECB implemented new measures to stimulate the economy, including the repurchase of securities, with a minimum duration of two years. The institution expects a GDP growth of 0.9% in 2014 and 1.6% in 2015.

UK GDP expanded for the seventh consecutive quarter, moving up by 0.7% in 3Q14, fueled by the service and construction sectors, which grew by 0.7% and 0.8%, respectively. The British Chamber of Commerce estimates annual GDP growth of 3.2% in 2014.

The labor market continues to improve, with unemployment between June and August 2014 declining by 6%, the lowest level since the end of 2008 and 0.4 p.p. less than in the previous three-month period from March to May. In the year through September, inflation fell to 1.2%, below the 1.5% recorded through August.

Asia

Preliminary 3Q14 figures from the National Bureau of Statistics point to Chinese GDP growth of 7.3% over 3Q13, below the 7.5% recorded in 2Q14. In 9M14, the Chinese economy grew by 7.4% over 9M13, slightly below the 7.5% target established by the government.

In September 2014, the manufacturing PMI published by HSBC reached 50.2 points, continuing the expansion begun in June. Industrial production increased by 8.0% in September, higher than the 6.9% registered in August. In the first nine months, investments in fixed assets moved up by 16%, less than the 20% recorded in 9M13.

Manufacturing PMI also continued to expand in Japan, reaching 51.7 points in September. Unemployment rate recorded 3.5% in August, the lowest rate since July 2007. At its last monetary policy meeting, the Central Bank of Japan (BoJ) increased the ceiling of the security buyback program from between 60 and 70 trillion yen, to 80 trillion yen per year, maintaining interest at 0.1%. The BoJ's long-term inflation target is 2% p.y. and it isprojecting GDP growth of 1.0% in 2014.

Brazil

In Brazil, the economic fundamentals remain unfavorable, with GDP declining by 0.6% in 2Q14, following the 0.2% slide in 1Q14 over 4Q13. The 2Q14 result was primarily due to the negative performance of the industrial (-1.5%) and service (-0.5%) sectors. September's activity indicators, notably industrial production, suggest a further slowdown in the third quarter. Industrial output fell by 0.2% in September over August, largely due to the 1.6% reduction in the production of intermediate goods, giving a year-to-date downturn of 2.9%. The Central Bank's Focus report expects GDP growth of 0.2% in 2014 and 0.8% in 2015.

According to CAGED (the employment and unemployment registry), 80,000 new registered jobs were created in September, 41% down on the same month last year and the worst result since mid-2001. In the year through September, a net total of 905 thousand formal jobs were created.

Inflation recorded by the IPCA consumer price index moved up by 0.57% in September, giving year-to-date and last-12-month growth of 4.61% and 6.75%, respectively, exceeding the 6.5% ceiling of the annual inflation target. Given this scenario, at its last meeting in October, the Monetary Policy Committee (COPOM) raised the Selic base rate once again, this time to 11.25% p.a. The Focus report expects 2014 inflation of 6.39%, with a Selic of 11.50% at year-end.

On the foreign exchange front, the real depreciated by 11.3% against the U.S. dollar in 3Q14, closing September at R$2.451/US$, reflecting greater risk aversion in the domestic market, coupled with international factors such as the end of the U.S. government's security repurchase program and a possible increase in interest rates by the FED.

Macroeconomic Projections

	2014	2015
IPCA (%)	6.39	6.40
Commercial dollar (final) – R$	2.50	2.60
SELIC (final - %)	11.50	12.00
GDP (%)	0.20	0.80
Industrial Production (%)	-2.21	1.46
Source: FOCUS BACEN	Base: 11/07/2014	

Net Revenue

In the third quarter, consolidated net revenue totaled R$3,883 million, 4% down on the R$4,052 million recorded in 2Q14, chiefly influenced by the reduction in mining revenue, due to lower iron ore prices in the international market.

Cost of Goods Sold (COGS)

COGS totaled R$2,912 million in 3Q14, 6% up on the R$2,747 million posted in 2Q14, basically due to a nominal increase in COGS from steel operations, given non-recurring adjustments booked in 2Q14.

Selling, General, Administrative and Other Operating Expenses

Consolidated SG&A expenses totaled R$379 million in 3Q14, 6% more than the R$358 million reported in 2Q14, due to higher selling expenses.

Other Operating Revenue/Expenses came to R$63 million in 3Q14, versus R$31 million in 2Q14, basically due to the write-off of judicial deposits.

EBITDA

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue (expenses), plus the proportional EBITDA of the jointly-owned subsidiaries, Namisa, MRS Logística and CBSI.

Third-quarter adjusted EBITDA amounted to R$977 million, 25% less than the R$1,303 million posted in 2Q14, basically due to the lower contribution from steel and mining operations, accompanied by a margin of 23%, down by 7 p.p. over 2Q14.

Financial Result and Net Debt

In 3Q14, CSN's consolidated net financial result was negative by R$944 million, mainly due to the following factors:

- Interest on loans and financing totaling R$707 million;
- The R$119 million effect related to the complement of interest on contingencies included in the tax repayment program REFIS (Law 11941/09);
- Monetary and foreign exchange variations amounting to R$77 million;
- Expenses of R$40 million with the monetary restatement of tax payment installments;

- Other financial expenses totaling R$44 million.

These negative effects were partially offset by consolidated financial revenue of R$43 million.

Gross debt, net debt and the net debt/EBITDA ratio presented below reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the impact from the partial spin-off of Transnordestina Logística S/A.

At the close of September 30, 2014, net debt stood at R$17.6 billion, R$0.9 billion more than on June 30, 2014. The net debt/EBITDA ratio based on LTM adjusted EBITDA closed the third quarter at 3.2x, 0.5x more than the 2.7x recorded at the end of 2Q14. Net debt was impacted by the following factors:

- Investments of R$0.6 billion in fixed assets;
- A R$0.7 billion effect related to the cost of debt;
- Foreign exchange variation of R$0.4 billion;
- Disbursements of R$0.3 billion on the share buyback program.

These negative effects were partially offset by 3Q14 EBITDA of R$1.0 billion and the R$0.1 billion reduction in working capital.

Indebtedness (R$ million) and Net Debt /Adjusted EBITDA ratio

Equity Result

CSN's equity result was positive by R$198 million in 3Q14, versus a negative R$67 million in 2Q14, chiefly due to the result of the jointly-owned subsidiary Namisa.

Net Income

In the third quarter, the Company posted a consolidated net loss of R$250 million, basically reflecting the lower operating result in the quarter.

Capex

Investments reflect the Company's proportional interest in Namisa, MRS Logística and CBSI. The Company has ceased consolidating its interest in Transnordestina Logística S/A, due to the partial spin-off on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement.

CSN invested R$613 million in 3Q14. Of this total, the main investments were R$156 million in mining, R$128 million in steel, R$203 million in cement and R$108 million in logistic.

Working Capital

In the third quarter, the Company reviewed the balance of the accounts composing its working capital, which includes Inventories, Suppliers, Salaries and Taxes. For comparison purposes, 2Q14 working capital was recalculated and reduced by R$493 million.

At the close of 3Q14, working capital applied to the Company's businesses totaled R$2,094 million, a reduction of R$144 million compared to 2Q14, particularly due to the reduction in accounts receivable and the increase in salaries and social contributions, partially offset by higher inventories.

The average receivables period contracted by five days, the average payment period by one day, while the average inventory turnover period widened by seven days.

Working Capital

WORKING CAPITAL (R$ MM)	2Q14	3Q14	Change 3Q14 x 2Q14
Assets	4,602	4,523	(79)
Accounts Receivable	1,716	1,406	(309)
Inventory (*)	2,766	2,997	231
Advances to Taxes	121	119	(1)
Liabilities	2,363	2,429	65
Suppliers	1,567	1,509	(58)
Salaries and Social Contribution	284	358	74
Taxes Payable	481	539	58
Advances from Clients	31	23	(8)
Working Capital	2,239	2,094	(145)

TURNOVER RATIO Average Periods	2Q14	3Q14	Change 3Q14 x 2Q14
Receivables	31	26	(5)
Supplier Payment	49	48	(1)
Inventory Turnover	87	94	7
Cash Conversion Cycle	69	72	3

(*) Inventory - includes "Advances to Suppliers" and does not include "Supplies".

Results by Segment

The Company maintains integrated operations in five business segments: steel, mining, logistics, cement and energy. The main assets and/or companies comprising each segment are presented below:

Steel	Mining	Logistics	Cement	Energy
Usina Presidente Vargas Porto Real Paraná LLC Lusosider Prada (Distribution and Packaging) Metalic SWT	Casa de Pedra Namisa (60%) Tecar ERSA	Railways: - MRS - FTL - TLSA Port: - Sepetiba Tecon	Volta Redonda Arcos	CSN Energia Itasa

The information on CSN’s five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments. Results by segment reflect the Company’s proportional interest in Namisa, MRS Logística and CBSI, as well as the full consolidation of FTL.

Net revenue by segment (R$ million)

Adjusted EBITDA by segment (R$ million)

Results by segment
R$ million **3Q14**

Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Corporate/ Eliminations	Consolidated
Net Revenue	**2,788**	**914**	**39**	**335**	**97**	**120**	**(410)**	**3,883**
Domestic Market	2,138	71	39	335	97	120	(316)	2,484
Foreign Market	649	843	-	-	-	-	(94)	1,399
Cost of Goods Sold	(2,173)	(796)	(33)	(219)	(49)	(86)	445	(2,912)
Gross Profit	**614**	**118**	**7**	**115**	**48**	**34**	**35**	**971**
Selling, General and Administrative Expenses	(161)	(13)	-	(25)	(5)	(18)	(155)	(379)
Depreciation	205	99	3					