

NATIONAL STEEL CO  
Form 6-K  
October 03, 2007

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**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 October, 2007**

**Commission File Number 1-14732**

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**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  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

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**Certain statements contained herein are forward -looking statements, which express or imply results, performance or events that are expected in the future. 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 general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, future renegotiations or pre-payment of liabilities or credits 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).**

**BRIEF  
BACKGROUND**

**-CSN was founded on April 9, 1941 and privatized in 1993**

**-As the first integrated flat steel producer in Brazil, CSN played a historical role in the country's industrialization process**

**-Since its privatization up to now, CSN has invested approximately US\$ 3.5 billion raising total production capacity to 5.6 millions tons of crude steel per annum, improved quality and productivity levels and enhanced environmental protection**

**PRODUCTION  
FLOW**

**CSN is the second largest fully integrated steel producer in Brazil and one of the largest in Latin America:**

√ **Presidente Vargas Steelworks** Integrated plant with an installed capacity of 5.6 million tons of crude steel per year.

√ **Iron Ore Casa de Pedra** mine supplies 100% of Presidente Vargas Steelworks necessities.

√ **CSN Paraná** galvanized and pre-painted products (home appliance and construction) .

√ **Galvasud** galvanized steel producer (automotive industry) .

√ **MRS Railway** transports iron ore to our Steelworks and Port and the rolled products from our Presidente Vargas plant.

√ **Port** shipment of iron ore and rolled products; unloading of imported coal.

√ **CSN LLC** flat-rolled steel processing facility in Indiana (USA).

√ **Lusosider** producer of hot-dip galvanized products, cold-rolled and tin plates in Portugal

Self-sufficiency in practically all relevant raw materials for steel production - in special, Casa de Pedra captive iron ore mine and three power plants - along with equity participation or operating concessions of outstanding infra-structure assets, positions CSN not only as a truly low-cost producer but also one of the most independent, reliable and profitable steel producing systems, **worldwide**

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**ONE OF THE LOWEST COST\* PRODUCERS IN THE WORLD  
(Index)**

**EBITDA MARGIN RANKING (%)**





**AREAS AND STAGES - Iron Ore Project**

√ Reserves (proven + probable) of 1.6 billion tonnes, audited by GOLDER ASSOCIATES (international consulting firm).

√ Mineral resources of ~ 8.4 billion tonnes.

√ Project of no difficult implementation, as recognized internationally; of low CAPEX and OPEX, high quality products and great interest from potential clients.

√ Project Implementation Stages:

√ Mine four-stage capacity expansion Efeitos do Lucroat CdP mine: Cessante 21, 40, 45 and 65 Mt/a;

√ Railway adequation of MRS (through its own CAPEX) to supply CSN and subsidiaries (with higher volumes);

√ Port four-stage adaptation of the coal terminal to iron ore exports: 8, 30, 45 and 70 Mt/a; and

√ Pellet plant construction of a 6 Mt/a pellet plant, with most of its output will be absorbed by CSN itself.

√ In July, 2007, NAMISA acquired Companhia de Fomento Mineral (CFM), located in the state of Minas Gerais, and has installations close to the Casa de Pedra Mine;

√ The acquisition is worth up to US\$440 million and funds to acquire CFM were obtained through financing from third parties;

√ CFM sold approximately 3.6 million tonnes of iron ore in 2006. In 1H07 already sold approximately 2.7 million tonnes;

√ 2007 sales program: approximately 5 million tonnes;

√ Iron ore already shipped in 2007 : about 1.5 million tonnes;

√ Goals: 11.5 million tonnes in 2008 and 14 million tonnes/year as of 2009.







- **OBJECTIVE:** To increase CSN's crude steel production capacity by 9 million tonnes p.a., in line with its globalization strategy, by installing an Integrated Slab Mill in Itaguaí and MG;
- **INVESTMENTS:** Itaguaí: US\$ 3.1 billion / MG: US\$ 2.9 billion;
- **MARKETS:** Construction, automotive industry, packaging, basic industry, agricultural implements
- **SCHEDULE:**





- **OBJECTIVE:** Establishment of new businesses and markets, with annual production of 500,000 tonnes of long steel (bars, rebars and wire rods) in the Presidente Vargas Plant
- **INVESTMENT:** US\$ 112 million
- **MARKET:** Construction
- **SCHEDULE:**



- **OBJETIVE:** To add value to the slag produced in the Blast Furnaces through grinding and the production of 2.5 Mt/a of CPII and CPIII cement;
- **INVESTMENTS:** US\$ 104 million
- **MARKET:** Retail - 90% (50 kg sacks), Wholesale - 10%  
CP III and CP II E Cement
- **SCHEDULE**



**Results - 2nd Quarter 2007**

√ **The Brazilian flat steel market did exceptionally well in the 2Q07, with sales volume moving up 13.9% over the previous quarter and 15.6% year-on-year. Growth in the construction, automotive, capital goods, semi-finished and home appliance/OEM sectors was particularly marked.**

√ **The main developments in the period for in the international steel market were:**

- **A reduction in US steel demand, due to the less aggressive performance of the automotive, home appliance/OEM and, especially, construction industries;**
- **Thanks to the increase in imports from China, European inventories have moved up and this trajectory is expected to continue;**
- **In Asia, the imposition of export taxes on hot-rolled products by the Chinese government, following on from the introduction of the export licensing regime, which led to a slight price decrease in prices.**

√ **USA** Inventories in the service centers, currently at relatively low levels, are expected to be restored.

√ **EUROPE** - Following the rapid hikes at the beginning of 2007, prices are expected to remain stable in most European countries in the short term, with a probable recovery in the final quarter.

√ **ASIA** Prices may recover in the 3Q07, providing exports to Europe (the main destination for Chinese steel products) pick up. Asian demand as a whole should remain firm in the next three months, especially in the automotive and construction sectors.

√ **BRAZIL** - Flat steel demand is expected to remain heated, due to the gradual reduction in local interest rates coupled with the stable currency, both of which associated with growth incentives generated by the growth incentive program (PAC), and in line with previous forecasts.



√ **Net Income of R\$ 1.7 billion in the first half of 2007**, 129% more than in the 1H06 and **a new Company record**. Net Income in the 2Q07 totaled R\$ 952 million, 25% higher than the 1Q07 and 133% up year-on-year;

√ **Net Revenue of R\$ 2.97 billion in the 2Q07, also a new quarterly record ;**

√ **After the resumption of full production capacity in the Presidente Vargas Steelworks** , crude steel output moved up from **0.4 million tonnes in the 2Q06 to 1.3 million tonnes in the 2Q07**, a massive increase of 240%. Rolled-steel production came to 1.3 million tonnes in the 2Q07, 60% up on the 2Q06 and 11% more than in the previous quarter;

√ **CSN's average slab production cost in 2007, despite the 11% appreciation of the Real in the last 12 months, remained at around US\$ 260/t**, once again positioning CSN as one of the most competitive and profitable producers in the global steel industry;

√ **EBITDA of R\$ 1.28 billion in the 2Q07, 26% above the 1Q07 figure**, accompanied by an increase in EBITDA margin to 43%. In June 2007, the parent company recorded an EBITDA margin of 52.5% one of the highest in its history.

















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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 03, 2007

**COMPANHIA SIDERÚRGICA NACIONAL**

By:           /s/ Benjamin Steinbruch          

**Benjamin Steinbruch**  
**Chief Executive Officer and**  
**Investor Relations Officer**

By:           /s/ Otávio de Garcia Lazcano          

**Otávio de Garcia Lazcano**  
**Chief Financial Officer**

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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