

NATIONAL STEEL CO  
Form 6-K  
August 18, 2006

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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 August, 2006**

**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).

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**CSN plans to grow significantly over the next four years;**

**Its production capacity should grow threefold (approxim);**

**Planned investments are around R\$12 billion;**

**These investments will be directed towards business segments in which the Company has unambiguous competitive advantages.**

**The projects already identified and approved by CSN represent real opportunities to add value to its shareholders.**



## **Itaguaí**

**CSN signed a partnership with Baosteel, China, for a feasibility and basic engineering study and project for Slabs Mill in Itaguaí State of Rio de Janeiro;**

**Feasibility study for this mill should be concluded by November 2006;**

**Environmental license is expected for September 2006;**

**CSN already approved investments aiming at expanding production capacity by 9 million tonnes/year ;**

**Of this total, 4.5 million tonnes/year will be produced in Itaguaí;**

**Additional 4.5 million tonnes/year will be allocated in Rio de Janeiro State (Itaguaí) or in Minas Gerais (Casa de Pedra);**

**Expanding slabs production capacity in Brazil will pave the way for the Company's international plans.**





## Long Steel

### **Investments of US\$113 million:**

Using existing infrastructure of former foundry unit in Volta Redonda, including: utilities and 30 tonnes electric furnace.

*Start-up* in **18 months**

**NPV ~ USD200million**

**IRR > 29%**

**Payback < 6 years**

**Advantages: use of Inal's distribution network,  
complementing Cement Project and larger market  
share in Construction Sector**

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## Long Steel: Production Flow Chart

**Long steel production from exceeding solid pig iron  
and slabs with low commercial value**

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**Wheeling  
Pittsburgh &**



CSN

Strengthen international strategy

Synergy with CSN LLC through partial vertical integration: rolling mill in WPSC LTQ and finishing lines in LLC

Expanding presence in American market, complemented by WPSC's strong positioning in construction sector



WPSC

Access to slabs at competitive prices

Cash for future investments, including expansion of LTQ

Long term partnership with competitive player

Access to Midwest market adding 1 million/tpa of hot-rolled coils, through pickled coil lines, cold rolling mill and galvanizing in LLC

**Strengthens international expansion plan of CSN**

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## Cement

### **Project s potential leveraged by the construction sector:**

Significant housing deficit, estimated in 8 million units by Ministry of Cities

Estimated volume of government incentives and private and public financing together totals R\$25 billion for 2006

**Apparent expenditure of cement in 2005 was 36 million  
tonnes, of which 50% were concentrated in Southeast  
Region of Brazil**

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## Cement

### Grinding Mill:

Capacity: 3 million tonnes/year (Volta Redonda-RJ)

Beginning: End of 2007, expected after 3 years

### Clinker Furnace:

Capacity: 825 thousand tonnes/year (Arcos-MG)

Beginning: End of 2008, expected after 3 years

**NPV: US\$250 million**

**IRR: 29%**

**Value: US\$750~900 million  
(recent multiples)**

**CSN creates a new business unit, with initial  
production capacity of 3.0 MTPA**

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**CDP**

**PROJECT SCHEDULE**

**CDP expansion project should reach full capacity in  
July 2010, in sequential modules of 21, 40, 42, 45 and 53  
Mtpa**

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**CDP**

**... And will demand US\$1.5 billion investments from  
CSN**

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## CDP

### CASA DE PEDRA EXPANSION

#### Approved investments

Expansion, Mining Equipments and Treatment Plant **US\$919 million**

Pellet Plant of 6 Mtpa **US\$345 million**

Plant with high capacity to treat high SiO<sub>2</sub> ore, resulting in smaller area for sterile material disposal.

Use of thinner portion of iron ore to pellet production, reducing generation of rejects.

**2Q06 Results  
&  
Outlook**

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## 2Q06

EBITDA was R\$924 million

Net Income R\$409 million, 20% higher than previous quarter

Increase of market share in Distribution and Construction segments; stability in the remaining segments

74% of sales directed towards domestic market

Maintenance of average prices compared to 1Q06 3% decrease in domestic market and 4% increase in international market

Coated products share reaches 52% of total sales

Dividends and interest on own capital paid in 1H06 reaches R\$1.7 billion

**20% increase in net income compared to 1Q06, stable average prices and coated products share reaches 52% of total sales**

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**Insurance**

R\$670 million provisioned for lost profits in 1H06

Repairs and maintenance expenses have not been provisioned yet

Investments in recovery totaled R\$152 million until July 31, 2006, and committed amount (requests and orders) totaled R\$51 million

CSN has received so far US\$75 million from insurance companies. To support the request of first advance from insurers, FIPECAFI estimated in US\$330 million the lost profits until June

This amount is based on very conservative assumptions, using slab prices in international markets, lower than prices in domestic markets

**Requested advance was based on very conservative assumptions to estimate lost profits**

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**Outlook**

<b>Driver</b>	<i>Guidance 2006</i>	
	<b>March/06</b>	<b>Revised Aug/06</b>
<b>Output*</b> (MM tonnes)	-	
<b>Sales Volume **</b> (MM tonnes)	5.0	Maintained
<b>% of Sales in Domestic Mkt</b>	80%	Approx. 65%
<b>Sales Price</b>	Average-06>Dec-05 Dom. and Internat. Mkt	Maintained
<b>Cost of Coal (US\$/tonne CIF)</b>	Approx. -5%	Maintained
<b>Cost of Coke ***</b> (US\$/tonne CIF)	Revised Down to US\$150/t	Maintained
<b>EBITDA Margin</b>	Stability	Maintained
<b>Net Debt/EBITDA</b>	0.75	Maintained

\*Finished Products

\*\*including slab sales in international market

\*\*\*company acquired, in October 2005, all the required volume for 2006

**Maintenance of guidance provided in the beginning of the year indicates the strength in domestic and international steel markets**



**Takeaways**

CSN is investing in real opportunities aiming at value creation:

Capitalizing on synergies among group's businesses;

Sustainable international strategy;

Low investment costs and significant returns;

Strong cash flow to support investments and dividend payments.

**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: August 17, 2006

COMPANHIA SIDERÚRGICA NACIONAL

By:           /s/ Benjamin Steinbruch          

**Benjamin Steinbruch  
Chief Executive Officer and  
Acting 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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