

Ternium S.A.  
Form 6-K  
November 04, 2015

**FORM 6 - K**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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

**As of 11/3/2015**

**Ternium S.A.**

(Translation of Registrant's name into English)

**Ternium S.A.**  
**29, Avenue de la Porte-Neuve**

**L-2227 Luxembourg**

**(352) 2668-3152**

(Address of principal executive offices)

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

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

**Not applicable**

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

This report contains Ternium S.A.'s consolidated financial statements as of September 30, 2015.

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.

TERNIUM S.A.

By: /s/ Pablo Brizzio

By: /s/ Daniel Novegil

Name: Pablo Brizzio

Name: Daniel Novegil

Title: Chief Financial Officer

Title: Chief Executive Officer

Dated: November 3, 2015

**TERNIUM S.A.**

**Consolidated Condensed Interim Financial Statements**

**as of September 30, 2015**

**and for the nine-month periods**

**ended on September 30, 2015 and 2014**

29 Avenue de la Porte-Neuve, 3<sup>rd</sup> floor

L – 2227

R.C.S. Luxembourg: B 98 668

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**INDEX**

|  | <b>Page</b> |
|--|-------------|
| Consolidated Condensed Interim Income Statements                                 | 2           |
| Consolidated Condensed Interim Statements of Comprehensive Income                | 3           |
| Consolidated Condensed Interim Statements of Financial Position                  | 4           |
| Consolidated Condensed Interim Statements of Changes in Equity                   | 5           |
| Consolidated Condensed Interim Statements of Cash Flows                          | 7           |
| Notes to the Consolidated Condensed Interim Financial Statements                 |             |
| 1 General information and basis of presentation                                  | 8           |
| 2 Accounting policies  | 10          |
| 3 Segment information  | 10          |
| 4 Cost of sales  | 12          |
| 5 Selling, general and administrative expenses                                   | 13          |
| 6 Finance expense, Finance income and Other financial income<br>(expenses), net  | 13          |
| 7 Property, plant and equipment, net   | 13          |
| 8 Intangible assets, net   | 14          |
| 9 Investments in non-consolidated companies                                      | 14          |
| 10 Distribution of dividends   | 16          |
| 11 Contingencies, commitments and restrictions on the distribution of<br>profits | 16          |
| 12 Related party transactions  | 21          |
| 13 Fair value measurement  | 22          |

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Income Statements**

|  | Notes    | Three-month period ended<br>September 30, |                    | Nine-month period ended<br>September 30, |                    |
|--|----------|---|--------------------|--|--------------------|
|  |          | 2015<br>(Unaudited)                       | 2014<br>(restated) | 2015<br>(Unaudited)                      | 2014<br>(restated) |
| Net sales  | 3        | 1,945,355                                 | 2,218,346          | 6,067,501                                | 6,571,481          |
| Cost of sales                                      | 3 & 4    | (1,620,842)                               | (1,759,726)        | (5,038,896)                              | (5,160,114)        |
| <b>Gross profit</b>                                | <b>3</b> | <b>324,513</b>                            | <b>458,620</b>     | <b>1,028,605</b>                         | <b>1,411,367</b>   |
| Selling, general and<br>administrative expenses    | 3 & 5    | (188,043)                                 | (206,180)          | (590,208)                                | (614,756)          |
| Other operating income<br>(expenses), net          | 3        | 4,032                                     | 62,104             | 9,320                                    | 68,270             |
| <b>Operating income</b>                            | <b>3</b> | <b>140,502</b>                            | <b>314,544</b>     | <b>447,717</b>                           | <b>864,881</b>     |
| Finance expense                                    | 6        | (23,413)                                  | (34,971)           | (71,907)                                 | (89,836)           |
| Finance income                                     | 6        | 1,939                                     | 2,112              | 5,924                                    | 5,956              |
| Other financial income<br>(expenses), net          | 6        | 1,555                                     | 10,275             | 20,067                                   | 5,772              |
| Equity in losses of<br>non-consolidated companies  |          | (48,802)                                  | (748,761)          | (59,377)                                 | (746,505)          |
| <b>Profit (loss) before income<br/>tax expense</b> |          | <b>71,781</b>                             | <b>(456,801)</b>   | <b>342,424</b>                           | <b>40,268</b>      |
| Income tax expense                                 |          | (31,767)                                  | (87,291)           | (156,127)                                | (215,819)          |
| <b>Profit (loss) for the period</b>                |          | <b>40,014</b>                             | <b>(544,092)</b>   | <b>186,297</b>                           | <b>(175,551)</b>   |
| <b>Attributable to:</b>                            |          |   |                    |  |                    |
| Owners of the parent                               |          | 24,822                                    | (530,890)          | 134,301                                  | (251,782)          |
| Non-controlling interest                           |          | 15,192                                    | (13,202)           | 51,996                                   | 76,231             |
| <b>Profit (loss) for the period</b>                |          | <b>40,014</b>                             | <b>(544,092)</b>   | <b>186,297</b>                           | <b>(175,551)</b>   |

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|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Weighted average number of shares outstanding  | 1,963,076,776 | 1,963,076,776 | 1,963,076,776 | 1,963,076,776 |
| Basic and diluted earnings (losses) per share for profit (loss) attributable to the equity holders of the company (expressed in USD per share) | 0.01          | (0.27)        | 0.07          | (0.13)        |

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Comprehensive Income**

|   | Three-month period ended<br>September 30, |                    | Nine-month period ended<br>September 30, |                    |
|---|---|--------------------|--|--------------------|
|   | 2015<br>(Unaudited)                       | 2014<br>(restated) | 2015<br>(Unaudited)                      | 2014<br>(restated) |
| <b>Profit (loss) for the period</b>   | <b>40,014</b>                             | <b>(544,092)</b>   | <b>186,297</b>                           | <b>(175,551)</b>   |
| <b>Items that may be reclassified<br/>subsequently to profit or loss:</b>   |   |                    |  |                    |
| Currency translation adjustment   | (40,406)                                  | (33,316)           | (102,939)                                | (253,852)          |
| Currency translation adjustment from<br>participation in non-consolidated<br>companies  | (131,700)                                 | (147,121)          | (237,997)                                | (60,478)           |
| Changes in the fair value of derivatives<br>classified as cash flow hedges and others   | (1,051)                                   | 400                | 152                                      | (1,780)            |
| Income tax relating to cash flow hedges   | 315                                       | (173)              | (33)                                     | 421                |
| Changes in the fair value of derivatives<br>classified as cash flow hedges from<br>participation in non-consolidated<br>companies | -   | -                  | -  | 154                |
| Others from participation in<br>non-consolidated companies  | (3,281)                                   | (100)              | (4,901)                                  | (2,706)            |
| <b>Items that will not be reclassified<br/>subsequently to profit or loss:</b>  |   |                    |  |                    |
| Remeasurement of post employment<br>benefit obligations   | 4,007                                     | (5)                | 5,381                                    | (104)              |
| <b>Other comprehensive income (loss) for<br/>the period, net of tax</b>   | <b>(172,116)</b>                          | <b>(180,315)</b>   | <b>(340,337)</b>                         | <b>(318,345)</b>   |
| <b>Total comprehensive income (loss)<br/>income for the period</b>  | <b>(132,102)</b>                          | <b>(724,407)</b>   | <b>(154,040)</b>                         | <b>(493,896)</b>   |
| <b>Attributable to:</b>   |   |                    |  |                    |
| Owners of the parent  | (122,809)                                 | (683,084)          | (149,586)                                | (462,261)          |
| Non-controlling interest  | (9,293)                                   | (41,323)           | (4,454)                                  | (31,635)           |
| <b>Total comprehensive (loss) income for<br/>the period</b>   | <b>(132,102)</b>                          | <b>(724,407)</b>   | <b>(154,040)</b>                         | <b>(493,896)</b>   |



The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Financial Position**

|   | Notes | Balances as of                    |                              |
|---|-------|-----------------------------------|------------------------------|
|   |       | September 30, 2015<br>(Unaudited) | December 31, 2014 (restated) |
| <b>ASSETS</b>   |       |                                   |                              |
| <b>Non-current assets</b>                                     |       |                                   |                              |
| Property, plant and equipment, net                            | 7     | 4,437,045                         | 4,481,027                    |
| Intangible assets, net  | 8     | 903,170                           | 948,886                      |
| Investments in non-consolidated companies                     | 9     | 449,956                           | 748,178                      |
| Deferred tax assets   |       | 104,192                           | 115,626                      |
| Receivables, net  |       | 36,573                            | 47,482                       |
| Trade receivables, net  |       | -                                 | 91                           |
|   |       | <b>5,930,936</b>                  | <b>6,341,290</b>             |
| <b>Current assets</b>   |       |                                   |                              |
| Receivables   |       | 116,466                           | 112,229                      |
| Derivative financial instruments                              |       | -                                 | 4,338                        |
| Inventories, net  |       | 1,769,770                         | 2,134,034                    |
| Trade receivables, net  |       | 651,768                           | 720,214                      |
| Other investments   |       | 150,827                           | 149,995                      |
| Cash and cash equivalents                                     |       | 200,428                           | 213,303                      |
|   |       | <b>2,889,259</b>                  | <b>3,334,113</b>             |
| Non-current assets classified as held for sale                |       | 14,556                            | 14,756                       |
|   |       | <b>2,903,815</b>                  | <b>3,348,869</b>             |
| <b>Total Assets</b>   |       | <b>8,834,751</b>                  | <b>9,690,159</b>             |
| <b>EQUITY</b>   |       |                                   |                              |
| Capital and reserves attributable to the owners of the parent |       | 4,341,312                         | 4,697,201                    |
| Non-controlling interest                                      |       | 888,310                           | 937,502                      |
| <b>Total Equity</b>   |       | <b>5,229,622</b>                  | <b>5,634,703</b>             |
| <b>LIABILITIES</b>  |       |                                   |                              |

|                                     |         |                  |           |                  |
|-------------------------------------|---------|------------------|-----------|------------------|
| <b>Non-current liabilities</b>      |         |                  |           |                  |
| Provisions                          | 10,243  |                  | 9,067     |                  |
| Deferred tax liabilities            | 633,550 |                  | 670,523   |                  |
| Other liabilities                   | 325,931 |                  | 371,900   |                  |
| Trade payables                      | 10,837  |                  | 11,969    |                  |
| Borrowings                          | 709,342 | <b>1,689,903</b> | 900,611   | <b>1,964,070</b> |
| <b>Current liabilities</b>          |         |                  |           |                  |
| Current income tax liabilities      | 18,531  |                  | 51,083    |                  |
| Other liabilities                   | 219,353 |                  | 210,206   |                  |
| Trade payables                      | 691,815 |                  | 564,513   |                  |
| Derivative financial instruments    | 3,195   |                  | 1,376     |                  |
| Borrowings                          | 982,332 | <b>1,915,226</b> | 1,264,208 | <b>2,091,386</b> |
| <b>Total Liabilities</b>            |         | <b>3,605,129</b> |           | <b>4,055,456</b> |
| <b>Total Equity and Liabilities</b> |         | <b>8,834,751</b> |           | <b>9,690,159</b> |

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Changes in Equity**

|  | Attributable to the owners of the parent (1) |                 |                                  |              |                                  |                                 | Total     | Non-controlling interest | Total Equity |                   |
|--|--|-----------------|----------------------------------|--------------|----------------------------------|---------------------------------|-----------|--------------------------|--------------|-------------------|
|  | Capital stock (2)                            | Treasury shares | Initial public offering expenses | Reserves (3) | Capital stock issue discount (4) | Currency translation adjustment |           |                          |              | Retained earnings |
| <b>Balance as of January 1, 2015 (restated)</b>      | 2,004,743                                    | (150,000)       | (23,295)                         | 1,475,619    | (2,324,866)                      | (1,836,057)                     | 5,551,057 | 4,697,201                | 937,502      | 5,634,703         |
| Profit for the period                                |  |                 |                                  |              |                                  |                                 | 134,301   | 134,301                  | 51,996       | 186,297           |
| Other comprehensive income (loss) for the period     |  |                 |                                  |              |                                  |                                 |           |                          |              |                   |
| Currency translation adjustment                      |  |                 |                                  |              |                                  | (283,163)                       | (283,163) | (57,773)                 | (340,936)    |                   |
| Remeasurement of post employment benefit obligations |  |                 |                                  | 3,518        |                                  |                                 | 3,518     | 1,863                    | 5,381        |                   |
| Cash flow hedges and others, net of tax              |  |                 |                                  | 313          |                                  |                                 | 313       | (194)                    | 119          |                   |
| Others   |  |                 |                                  | (4,555)      |                                  |                                 | (4,555)   | (346)                    | (4,901)      |                   |
| <b>Total comprehensive loss for the period</b>       | -  | -               | -                                | (724)        | -                                | (283,163)                       | 134,301   | (149,586)                | (4,454)      | (154,040)         |
| Dividends paid in cash (5)                           |  |                 |                                  |              |                                  |                                 | (176,677) | (176,677)                | -            | (176,677)         |
| Dividends paid in cash to non-controlling interest   |  |                 |                                  |              |                                  |                                 |           | -                        | (32,743)     | (32,743)          |

|  |                           |                 |                  |                    |                    |                  |
|--|---------------------------|-----------------|------------------|--------------------|--------------------|------------------|
| Contributions from non-controlling shareholders in consolidated subsidiaries (6) |                           |                 |                  | -                  | 30,870             | 30,870           |
| Sale of participation in subsidiary companies (7)                                |                           |                 |                  | -                  | 1,509              | 1,509            |
| Acquisition of non-controlling interest (8)                                      | (29,626)                  |                 |                  | (29,626)           | (44,374)           | (74,000)         |
| Balance as of September 30, 2015 (unaudited)                                     | <b>2,004,743(150,000)</b> | <b>(23,295)</b> | <b>1,445,269</b> | <b>(2,324,866)</b> | <b>(2,119,220)</b> | <b>5,508,681</b> |
|  |                           |                 |                  |                    | <b>4,341,312</b>   | <b>888,310</b>   |
|  |                           |                 |                  |                    |                    | <b>5,229,693</b> |

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of September 30, 2015, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (1.2) million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (88.5) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) See note 10.

(6) Corresponds to the contribution made by Nippon Steel Corporation in connection with its participation in Tenigal, S.R.L. de C.V.

(7) Corresponds to the sale of the participation in Ferrasa Panamá S.A.

(8) Corresponds to the acquisition on the non-controlling interest in Ferrasa S.A.S. See note 1.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.



TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Changes in Equity**

|   | Attributable to the owners of the parent (1) |                  |                                      |                  |                                  |                                 |                   | Non-controlling interest | Total Equity    |                 |
|---|--|------------------|--------------------------------------|------------------|----------------------------------|---------------------------------|-------------------|--------------------------|-----------------|-----------------|
|   | Capital stock (2)                            | Treasury shares  | Initial public offering expenses (3) | Reserves (3)     | Capital stock issue discount (4) | Currency translation adjustment | Retained earnings |                          |                 | Total           |
| <b>Balance as of January 1, 2014</b>                      | <b>2,004,743</b>                             | <b>(150,000)</b> | <b>(23,295)</b>                      | <b>1,499,976</b> | <b>(2,324,866)</b>               | <b>(1,563,562)</b>              | <b>5,897,039</b>  | <b>5,340,035</b>         | <b>998,009</b>  | <b>6,338,0</b>  |
| (Loss) Profit for the period (restated)                   |  |                  |                                      |                  |                                  |                                 | (251,782)         | (251,782)                | 76,231          | (175,55)        |
| Other comprehensive income (loss) for the period          |  |                  |                                      |                  |                                  |                                 |                   |                          |                 |                 |
| Currency translation adjustment (restated)                |  |                  |                                      |                  |                                  | (207,345)                       |                   | (207,345)                | (106,985)       | (314,33)        |
| Remeasurement of post employment benefit obligations      |  |                  |                                      | (33)             |                                  |                                 |                   | (33)                     | (71)            | (10)            |
| Cash flow hedges, net of tax                              |  |                  |                                      | (671)            |                                  |                                 |                   | (671)                    | (534)           | (1,20)          |
| Others  |  |                  |                                      | (2,430)          |                                  |                                 |                   | (2,430)                  | (276)           | (2,70)          |
| <b>Total comprehensive loss for the period (restated)</b> | <b>-</b>                                     | <b>-</b>         | <b>-</b>                             | <b>(3,134)</b>   | <b>-</b>                         | <b>(207,345)</b>                | <b>(251,782)</b>  | <b>(462,261)</b>         | <b>(31,635)</b> | <b>(493,89)</b> |
|   |  |                  |                                      |                  |                                  |                                 | (147,231)         | (147,231)                |                 | -(147,23)       |

|   |                  |                  |                 |                  |                    |                    |                  |                  |                   |
|---|------------------|------------------|-----------------|------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Dividends paid<br>in cash                                   |                  |                  |                 |                  |                    |                    |                  |                  |                   |
| Dividends paid<br>in cash to<br>non-controlling<br>interest |                  |                  |                 |                  |                    |                    |                  | -                | (33,632) (33,632) |
| <b>Balance as of<br/>September 30,<br/>2014 (restated)</b>  |                  |                  |                 |                  |                    |                    |                  |                  |                   |
| <b>(unaudited)</b>  | <b>2,004,743</b> | <b>(150,000)</b> | <b>(23,295)</b> | <b>1,496,842</b> | <b>(2,324,866)</b> | <b>(1,770,907)</b> | <b>5,498,026</b> | <b>4,730,543</b> | <b>932,742</b>    |
|   |                  |                  |                 |                  |                    |                    |                  |                  | <b>5,663,200</b>  |

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of September 30, 2014, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD 0.1 million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (58.9) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.



TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Cash Flows**

|  | Notes            | Nine-month period ended<br>September 30, |                    |
|--|------------------|--|--------------------|
|  |                  | 2015                                     | 2014<br>(restated) |
|  |                  | (Unaudited)                              |                    |
| <b>Cash flows from operating activities</b>                                  |                  |  |                    |
| <b>Profit (loss) for the period</b>  |                  | <b>186,297</b>                           | <b>(175,551)</b>   |
| Adjustments for:   |                  |  |                    |
| Depreciation and amortization  | <b>7 &amp; 8</b> | 328,326                                  | 305,188            |
| Income tax accruals less payments  |                  | (44,379)                                 | (64,851)           |
| Equity in losses of non-consolidated companies                               |                  | 59,377                                   | 746,505            |
| Interest accruals less payments  |                  | (683)                                    | 4,733              |
| Changes in provisions  |                  | 2,589                                    | 1,675              |
| Changes in working capital (1)   |                  | 459,755                                  | (553,192)          |
| Results on the sale of participation in subsidiary company                   |                  | 1,739                                    | -                  |
| Net foreign exchange results and others                                      |                  | 16,974                                   | 33,009             |
| <b>Net cash provided by operating activities</b>                             |                  | <b>1,009,995</b>                         | <b>297,516</b>     |
| <b>Cash flows from investing activities</b>                                  |                  |  |                    |
| Capital expenditures   | <b>7 &amp; 8</b> | (342,794)                                | (334,774)          |
| Investment in non-consolidated companies - Techgen                           |                  | -  | (3,010)            |
| Sale of participation in subsidiary company, net of cash disposed            |                  | (673)                                    | -                  |
| Decrease in other investments  |                  | 418                                      | 64,620             |
| Proceeds from the sale of property, plant and equipment                      |                  | 910                                      | 1,096              |
| <b>Net cash used in investing activities</b>                                 |                  | <b>(342,139)</b>                         | <b>(272,068)</b>   |
| <b>Cash flows from financing activities</b>                                  |                  |  |                    |
| Dividends paid in cash to company's shareholders                             |                  | (176,677)                                | (147,231)          |
| Dividends paid in cash to non-controlling interest                           |                  | (32,743)                                 | (33,632)           |
| Contributions from non-controlling shareholders in consolidated subsidiaries |                  | 30,870                                   | -                  |
| Acquisition of non-controlling interest                                      |                  | (74,000)                                 | -                  |
| Proceeds from borrowings   |                  | 681,650                                  | 781,672            |
| Repayments of borrowings   |                  | (1,108,787)                              | (581,538)          |

|  |                  |                |
|--|------------------|----------------|
| <b>Net cash (used in) provided by financing activities</b> | <b>(679,687)</b> | <b>19,271</b>  |
| <b>(Decrease) Increase in cash and cash equivalents</b>    | <b>(11,831)</b>  | <b>44,719</b>  |
| <b>Movement in cash and cash equivalents</b>               |                  |                |
| At January 1,  | 213,303          | 307,218        |
| Effect of exchange rate changes                            | (1,044)          | (8,412)        |
| (Decrease) Increase in cash and cash equivalents           | (11,831)         | 44,719         |
| <b>Cash and cash equivalents as of September 30, (2)</b>   | <b>200,428</b>   | <b>343,525</b> |

(1) The working capital is impacted by non-cash movement of USD (88.4) million as of September 30, 2015 (USD (128.2) million as of September 30, 2014) due to the variations in the exchange rates used by subsidiaries with functional currencies different from the US dollar.

(2) It includes restricted cash of USD 88 and USD 93 as of September 30, 2015 and 2014, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 150,827 and USD 104,507 as of September 30, 2015 and 2014, respectively.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

## Notes to the Consolidated Condensed Interim Financial Statements

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

#### a) General information and basis of presentation

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of September 30, 2015, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Following a corporate reorganization carried out during fiscal year 2005, in January 2006 the Company successfully completed its registration process with the United States Securities and Exchange Commission (“SEC”). Ternium’s ADSs began trading on the New York Stock Exchange under the symbol “TX” on February 1, 2006. The Company’s initial public offering was settled on February 6, 2006.

The Company was initially established as a public limited liability company (société anonyme) under Luxembourg’s 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including the Company) were exempt from Luxembourg corporate and withholding tax over dividends distributed to shareholders.

On January 1, 2011, the Company became an ordinary public limited liability company (société anonyme) and, effective as from that date, the Company is subject to all applicable Luxembourg taxes (including, among others, corporate income tax on its worldwide income) and its dividend distributions will generally be subject to Luxembourg withholding tax. However, dividends received by the Company from subsidiaries in high income tax jurisdictions, as defined under Luxembourg law, will continue to be exempt from corporate income tax in Luxembourg under Luxembourg’s participation exemption.

As part of the Company’s corporate reorganization in connection with the termination of Luxembourg’s 1929 holding company regime, on December 6, 2010, the Company contributed its equity holdings in all its subsidiaries and all its

financial assets to its Luxembourg wholly-owned subsidiary Ternium Investments S.à r.l., or Ternium Investments, in exchange for newly issued corporate units of Ternium Investments. As the assets contributed were recorded at their historical carrying amount in accordance with Luxembourg GAAP, the Company's December 2010 contribution of such assets to Ternium Investments resulted in a non-taxable revaluation of the accounting value of the Company's assets under Luxembourg GAAP. The amount of the December 2010 revaluation was equal to the difference between the historical carrying amounts of the assets contributed and the value at which such assets were contributed and amounted to USD 4.0 billion. However, for the purpose of these consolidated condensed interim financial statements, the assets contributed by Ternium to its wholly-owned subsidiary Ternium Investments were recorded based on their historical carrying amounts in accordance with IFRS, with no impact on the financial statements.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION (continued)

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2014 and 2013, this special reserve amounted to USD 7.3 billion and USD 7.5 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions. In addition, the Company expects that dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should be exempt from Luxembourg withholding tax under current Luxembourg law.

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements is disclosed in Note 2 to the audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

On April 7, 2015, Ternium completed the acquisition of the remaining 46% minority interest in its Colombian subsidiary Ferrasa for a total consideration of USD 74.0 million.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period. These reclassifications do not have a material effect on the Company's consolidated financial statements.

The preparation of Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position, and also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances have been eliminated in consolidation. However, the fact that the functional currency of the Company's subsidiaries differ, results in the generation of foreign exchange gains and losses that are included in the Consolidated Condensed Interim Income Statement under "Other financial income (expenses), net".

These Consolidated Condensed Interim Financial Statements have been approved for issue by the Board of Directors of Ternium on November 3, 2015.

b) Restatement of 2014 Financial Statements

On May 28, 2015, the Company restated its Consolidated Financial Statements as of and for the year ended December 31, 2014 and its Consolidated Interim Financial Statements as of and for the nine-month period ended September 30, 2014 to reduce the carrying amount of the Company's investment in Usiminas.

As a result of discussions with the SEC, the Company has re-evaluated and revised the assumptions used to calculate the carrying value of the Usiminas investment at September 30, 2014. In calculating the value in use of the Usiminas investment initially reported at September 30, 2014, the Company had combined the assumptions used in two different projected scenarios. The Company recalculated value in use as of September 30, 2014 based primarily on the assumptions in the most conservative scenario, including, among other revisions, a lower operating income, an increase in the discount rate and a decrease in the perpetuity growth rate. As a result, the Company recorded an impairment of USD 739.8 million as of September 30, 2014, reaching a carrying value for the Usiminas investment of BRL12 per share.

Information included in these Consolidated Condensed Interim Financial Statements is derived from the Company's Restated Consolidated Financial Statements as of and for the year ended December 31, 2014 and Restated Consolidated Interim Financial Statements as of and for the nine-month period ended September 30, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

## 2. ACCOUNTING POLICIES

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and are unaudited. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Restated Consolidated Financial Statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and adopted by the European Union (“EU”). Recently issued accounting pronouncements were applied by the Company as from their respective dates.

These Consolidated Condensed Interim Financial Statements have been prepared following the same accounting policies used in the preparation of the audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

None of the accounting pronouncements issued after December 31, 2014, and as of the date of these Consolidated Condensed Interim Financial Statements have a material effect on the Company’s financial condition or result or operations.

## 3. SEGMENT INFORMATION

### *REPORTABLE OPERATING SEGMENTS*

The Company is organized in two reportable segments: Steel and Mining.

The Steel segment includes the sales of steel products, which comprises slabs, hot rolled coils and sheets, cold rolled coils and sheets, tin plate, welded pipes, hot dipped galvanized and electro-galvanized sheets, pre-painted sheets, billets (steel in its basic, semi-finished state), wire rod and bars and other tailor-made products to serve its customers’ requirements.

The Steel segment comprises three operating segments: Mexico, Southern Region and Other markets. These three segments have been aggregated considering the economic characteristics and financial effects of each business activity in which the entity engages; the related economic environment in which it operates; the type or class of customer for the products; the nature of the products; and the production processes. The Mexico operating segment comprises the Company's businesses in Mexico. The Southern region operating segment manages the businesses in Argentina, Paraguay, Chile, Bolivia and Uruguay. The Other markets operating segment includes businesses mainly in United States, Colombia, Guatemala, Costa Rica, El Salvador, Nicaragua and Honduras.

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest and the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest. Both mining operations are located in Mexico.

Ternium's Chief Operating Decision Maker (CEO) holds monthly meetings with senior management, in which operating and financial performance information is reviewed, including financial information that differs from IFRS principally as follows:



TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

**3. SEGMENT INFORMATION (continued)**

- The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.

- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).

- Other timing and non-significant differences.

Most information on segment assets is not disclosed as it is not reviewed by the CODM.

|  | <b>Nine-month period ended September 30, 2015 (Unaudited)</b> |                 |                                       |                  |
|--|---|-----------------|---------------------------------------|------------------|
|  | <b>Steel</b>  | <b>Mining</b>   | <b>Inter-segment<br/>eliminations</b> | <b>Total</b>     |
| <b>IFRS</b>                                  |   |                 |                                       |                  |
| Net sales                                    | 6,065,797   | 157,695         | (155,991)                             | 6,067,501        |
| Cost of sales                                | (5,022,600)   | (168,609)       | 152,313                               | (5,038,896)      |
| <b>Gross profit</b>                          | <b>1,043,197</b>  | <b>(10,914)</b> | <b>(3,678)</b>                        | <b>1,028,605</b> |
| Selling, general and administrative expenses | (580,015)   | (10,193)        | -                                     | (590,208)        |
| Other operating income, net                  | 9,415   | (95)            | -                                     | 9,320            |
| <b>Operating income - IFRS</b>               | <b>472,597</b>  | <b>(21,202)</b> | <b>(3,678)</b>                        | <b>447,717</b>   |
| <b>Management view</b>                       |   |                 |                                       |                  |
| Net sales                                    | 6,065,797   | 168,317         | (166,613)                             | 6,067,501        |
| Operating income                             | 728,718   | (3,617)         | (1,471)                               | 723,630          |
| <b>Reconciliation items:</b>                 |   |                 |                                       |                  |
| Differences in Cost of sales                 |   |                 |                                       | (275,913)        |

|  |  |  |  |                |
|--|--|--|--|----------------|
| <b>Operating income - IFRS</b>                 |  |  |  | <b>447,717</b> |
| Financial income (expense), net                |  |  |  | (45,916)       |
| Equity in losses of non-consolidated companies |  |  |  | (59,377)       |

**Income before income tax expense - IFRS** **342,424**

|                                      |           |          |   |           |
|--------------------------------------|-----------|----------|---|-----------|
| Depreciation and amortization - IFRS | (290,133) | (38,193) | - | (328,326) |
|--------------------------------------|-----------|----------|---|-----------|

**Nine-month period ended September 30, 2014 (restated)  
(Unaudited)**

|  | Steel            | Mining        | Inter-segment<br>eliminations | Total            |
|--|------------------|---------------|-------------------------------|------------------|
| <b>IFRS</b>                                  |                  |               |                               |                  |
| Net sales                                    | 6,550,802        | 241,775       | (221,096)                     | 6,571,481        |
| Cost of sales                                | (5,193,373)      | (187,442)     | 220,701                       | (5,160,114)      |
| <b>Gross profit</b>                          | <b>1,357,429</b> | <b>54,333</b> | <b>(395)</b>                  | <b>1,411,367</b> |
| Selling, general and administrative expenses | (603,010)        | (11,746)      | -                             | (614,756)        |
| Other operating income, net                  | 67,437           | 833           | -                             | 68,270           |
| <b>Operating income - IFRS</b>               | <b>821,856</b>   | <b>43,420</b> | <b>(395)</b>                  | <b>864,881</b>   |

**Management view**

|                  |           |         |           |           |
|------------------|-----------|---------|-----------|-----------|
| Net sales        | 6,550,802 | 265,946 | (245,267) | 6,571,481 |
| Operating income | 626,097   | 68,726  | (395)     | 694,428   |

**Reconciliation items:**

|                              |  |  |  |         |
|------------------------------|--|--|--|---------|
| Differences in Cost of sales |  |  |  | 170,453 |
|------------------------------|--|--|--|---------|

**Operating income - IFRS** **864,881**

|  |  |  |  |           |
|--|--|--|--|-----------|
| Financial income (expense), net                |  |  |  | (78,108)  |
| Equity in losses of non-consolidated companies |  |  |  | (746,505) |

**Income before income tax expense - IFRS** **40,268**

|                                      |           |          |   |           |
|--------------------------------------|-----------|----------|---|-----------|
| Depreciation and amortization - IFRS | (273,503) | (31,685) | - | (305,188) |
|--------------------------------------|-----------|----------|---|-----------|

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

**3. SEGMENT INFORMATION (continued)*****GEOGRAPHICAL INFORMATION***

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg).

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of non-current assets is based on the geographical location of the underlying assets.

|                        | <b>Nine-month period ended September 30, 2015 (Unaudited)</b> |                        |                      |              |
|------------------------|---|------------------------|----------------------|--------------|
|                        | <b>Mexico</b>   | <b>Southern region</b> | <b>Other markets</b> | <b>Total</b> |
| Net sales              | 3,435,950   | 1,921,747              | 709,804              | 6,067,501    |
| Non-current assets (1) | 4,168,300   | 910,799                | 261,116              | 5,340,215    |
|                        | <b>Nine-month period ended September 30, 2014 (Unaudited)</b> |                        |                      |              |
|                        | <b>Mexico</b>   | <b>Southern region</b> | <b>Other markets</b> | <b>Total</b> |
| Net sales              | 3,683,451   | 1,979,937              | 908,093              | 6,571,481    |
| Non-current assets (1) | 4,280,300   | 900,268                | 264,636              | 5,445,204    |

(1) Includes Property, plant and equipment and Intangible assets.

**4. COST OF SALES**

|   | <b>Nine-month period ended<br/>September 30,</b> |                  |
|---|--|------------------|
|   | <b>2015</b>                                      | <b>2014</b>      |
|   | <b>(Unaudited)</b>                               |                  |
| <b>Inventories at the beginning of the year</b> | <b>2,134,034</b>                                 | <b>1,941,130</b> |

|  |                    |                    |
|--|--------------------|--------------------|
| Translation differences                                | (58,818)           | (152,765)          |
| <b>Plus: Charges for the period</b>                    |                    |                    |
| Raw materials and consumables used and other movements | 3,542,034          | 4,410,195          |
| Services and fees                                      | 68,611             | 71,508             |
| Labor cost   | 462,835            | 453,759            |
| Depreciation of property, plant and equipment          | 254,656            | 246,644            |
| Amortization of intangible assets                      | 36,288             | 20,814             |
| Maintenance expenses                                   | 370,994            | 362,442            |
| Office expenses  | 4,996              | 5,250              |
| Insurance  | 7,202              | 9,948              |
| Change of obsolescence allowance                       | (4,458)            | 11,085             |
| Recovery from sales of scrap and by-products           | (23,445)           | (30,696)           |
| Others   | 13,737             | 13,271             |
| <b>Less: Inventories at the end of the period</b>      | <b>(1,769,770)</b> | <b>(2,202,471)</b> |
| <b>Cost of Sales</b>                                   | <b>5,038,896</b>   | <b>5,160,114</b>   |

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

**5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

|  | <b>Nine-month period ended<br/>September 30,</b> |                |
|--|--|----------------|
|  | <b>2015</b>                                      | <b>2014</b>    |
|  | <b>(Unaudited)</b>                               |                |
| Services and fees                                      | 52,723   | 54,386         |
| Labor cost   | 169,216  | 177,813        |
| Depreciation of property, plant and equipment          | 10,293   | 11,025         |
| Amortization of intangible assets                      | 27,089   | 26,705         |
| Maintenance and expenses                               | 3,595  | 4,208          |
| Taxes  | 97,417   | 98,873         |
| Office expenses  | 29,753   | 30,290         |
| Freight and transportation                             | 189,270  | 197,698        |
| (Decrease) increase of allowance for doubtful accounts | (881)  | 884            |
| Others   | 11,733   | 12,874         |
| <b>Selling, general and administrative expenses</b>    | <b>590,208</b>                                   | <b>614,756</b> |

**6. FINANCE EXPENSE, FINANCE INCOME AND OTHER FINANCIAL INCOME (EXPENSES) , NET**

|  | <b>Nine-month period ended<br/>September 30,</b> |                 |
|--|--|-----------------|
|  | <b>2015</b>                                      | <b>2014</b>     |
|  | <b>(Unaudited)</b>                               |                 |
| Interest expense                         | (70,307)   | (86,951)        |
| Debt issue costs                         | (1,600)  | (2,885)         |
| <b>Finance expense</b>                   | <b>(71,907)</b>                                  | <b>(89,836)</b> |
| Interest income                          | 5,924  | 5,956           |
| <b>Finance income</b>                    | <b>5,924</b>                                     | <b>5,956</b>    |
| Net foreign exchange gain (loss)         | 24,927   | 353             |
| Change in fair value of financial assets | (12,775)   | (1,517)         |
| Derivative contract results              | 9,952  | 9,702           |
| Others                                   | (2,037)  | (2,766)         |

|   |               |              |
|---|---------------|--------------|
| <b>Other financial income (expenses), net</b> | <b>20,067</b> | <b>5,772</b> |
|---|---------------|--------------|

**7. PROPERTY, PLANT AND EQUIPMENT, NET**

|                                     | <b>Nine-month period ended<br/>September 30,</b> |                  |
|-------------------------------------|--|------------------|
|                                     | <b>2015</b>                                      | <b>2014</b>      |
|                                     | <b>(Unaudited)</b>                               |                  |
| <b>At the beginning of the year</b> | <b>4,481,027</b>                                 | <b>4,708,895</b> |
| Currency translation differences    | (86,933)   | (245,351)        |
| Additions                           | 324,346  | 286,616          |
| Disposals                           | (16,446)   | (10,869)         |
| Depreciation charge                 | (264,949)  | (257,669)        |
| <b>At the end of the period</b>     | <b>4,437,045</b>                                 | <b>4,481,622</b> |

Page 13 of 22

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of September 30, 2015

and for the nine-month periods ended September 30, 2015 and 2014

**8. INTANGIBLE ASSETS, NET**

|                               | <b>Nine-month period ended</b> |             |
|-------------------------------|--------------------------------|-------------|
|                               | <b>2015</b>                    | <b>2014</b> |
|                               | <b>September 30,</b>           |             |
|                               | <b>(Unaudited)</b>             |             |
| <b>At the beginning of th</b> |                                |             |