

Ternium S.A.
Form 6-K
May 01, 2015
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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

As of 4/30/2015

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)

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 (Commission) pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

As part of its regular reviews of Ternium's filings of financial statements, the Staff of the Commission has issued comments regarding the carrying value of Ternium's investment in Usiminas, including seeking explanations on Ternium's value in use calculations and on the differences between value in use and certain fair value indicators. After receiving the Staff's comments, Ternium provided additional information to the Staff supporting the Company's accounting treatment of the Usiminas investment under IFRS as of September 30, 2014, and Ternium had further discussions with members of the Staff.

Discussions with the Staff continue. Ternium believes that its accounting of the Usiminas investment is in accordance with IFRS; however, if it is determined after the conclusion of this process that an additional impairment of the investment in Usiminas should be recorded in 2014, Ternium could be required to restate its financial statements for the year ended December 31, 2014. A restatement of the 2014 financial statements could also result in a restatement of the financial statements for the first quarter of 2015.

The value of Ternium's investment in Usiminas, which was determined by the application of IFRS and tested for impairment using the value in use calculation as per IAS 36, amounted to USD 1,301.5 million as of September 30, 2014, USD 1,390.7 million as of December 31, 2014 and USD 1,020.0 million as of March 31, 2015. The increase in the carrying value from September 30, 2014 to December 31, 2014 was related with the acquisition of additional Usiminas shares from PREVI at a price of BRL12 (approximately USD4.8) per ordinary share pursuant to an October 2, 2014 agreement.

On or before May 1, 2015, the Company will file Form 12b-25 with the Commission, disclosing that the Company was unable to file on April 30, 2015 its Annual Report on Form 20-F for the fiscal year ended December 31, 2014 (the 2014 Form 20-F), because the Company is continuing to work to resolve the Staff's outstanding comments noted above.

For more information on the carrying value of the Usiminas investment, see note 9 to Ternium's consolidated financial statements as of March 31, 2015, which have been furnished today to the Commission under Form 6-K.

Attached hereto is substantially all the information the Company currently expects it would include in its Annual Report on Form 20-F when that report is filed with the Commission, except it does not include any report by the Company's independent registered public accounting firm or any of the documents that will be filed as exhibits to the Form 20-F. Also, it does not reflect any adjustments to the financial statements or other disclosure that may be required upon resolution of the discussions with the Commission Staff referred to above.

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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.

TERNIUM S.A.

By: /s/ Pablo Brizzio
Name: Pablo Brizzio
Title: Chief Financial Officer
Dated: April 30, 2015

By: /s/ Daniel Novegil
Name: Daniel Novegil
Title: Chief Executive Officer

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CERTAIN DEFINED TERMS

In this annual report, unless otherwise specified or if the context so requires:

References to the Company refer exclusively to Ternium S.A., a Luxembourg public limited liability company (*société anonyme*);

References in this annual report to Ternium, we, us or our refer to Ternium S.A. and its consolidated subsidiaries;

References to the Ternium companies are to the Company's manufacturing subsidiaries, namely Ternium México S.A. de C.V., or Ternium Mexico, a Mexican corporation, Siderar S.A.I.C., or Siderar, an Argentine corporation, Ferrasa S.A.S., or Ferrasa, a Colombian corporation, Ternium Internacional Guatemala S.A., or Ternium Guatemala, a Guatemalan corporation, Ternium USA Inc., or Ternium USA, a Delaware corporation, Las Encinas S.A. de C.V., or Las Encinas, a Mexican corporation, and Consorcio Minero Benito Juárez Peña Colorada S.A. de C.V., or Consorcio Peña Colorada, a Mexican corporation, and their respective subsidiaries;

References to Tenaris are to Tenaris S.A., a Luxembourg public limited liability company (*société anonyme*) and a significant shareholder of the Company;

References to San Faustin are to San Faustin S.A., a Luxembourg corporation and the Company's indirect controlling shareholder;

References to the Ternium commercial network or Ternium Internacional are to an international group of companies wholly owned by Ternium that market and provide worldwide distribution services for products offered primarily by Ternium;

References to Exiros comprise Exiros B.V., a Netherlands corporation, and its subsidiaries under the brand Exiros;

References to Tecpetrol refer to Tecpetrol International S.A., a wholly-owned subsidiary of San Faustin;

References to Tenigal refer to Tenigal S.R.L. de C.V., a Mexican company in which Ternium holds a 51% ownership and Nippon Steel & Sumitomo Metal Corporation holds the remaining 49%;

References to Usiminas refer to Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS, a Brazilian corporation in which we own 32.9% of the ordinary shares. For further information on our investment in Usiminas, see note 3 to our consolidated financial statements included elsewhere in this annual report;

References to ADSs are to the American Depositary Shares, which are evidenced by American Depositary Receipts, or ADRs;

References to finished steel products when used in connection with production capacity are to finished steel products and semi-finished steel products intended to be sold to third parties;

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References to tons are to metric tons; one metric ton is equal to 1,000 kilograms, 2,204.62 pounds or 1.102 U.S. (short) tons; and

References to billions are to thousands of millions, or 1,000,000,000.

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PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and adopted by the European Union (EU). IFRS differ in certain significant respects from generally accepted accounting principles in the United States, commonly referred to as U.S. GAAP.

Currencies

In this annual report, unless otherwise specified or the context otherwise requires:

dollars, U.S. dollars, USD or US\$ each refers to the United States of America dollar;

Mexican pesos or MXN each refers to the Mexican peso;

Argentine pesos or ARP each refers to the Argentine peso; and

Brazilian reais or BRL each refers to the Brazilian real.

On December 31, 2014, the U.S. dollar sell exchange rate in Mexico (as published by *Banco de México*, or the Mexican Bank) was MXN14.7414=USD1.0000, the U.S. dollar sell exchange rate in Argentina (as published by *Banco Central de la República Argentina*, or the Argentine Central Bank) was ARP8.551=USD1.0000, and the U.S. dollar sell exchange rate in Brazil (as published by *Banco Central do Brasil*, or the Brazilian Central Bank) was BRL2.6562=USD1.0000. Those rates may differ from the actual rates used in preparation of the Company's consolidated financial statements. We do not represent that any of these currencies could have been or could be converted into U.S. dollars or that U.S. dollars could have been or could be converted into any of these currencies.

Rounding; Comparability of Data

Certain monetary amounts, percentages and other figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Industry Data

Unless otherwise indicated, industry data and statistics (including historical information, estimates or forecasts) in this annual report are contained in or derived from internal or industry sources believed by Ternium to be reliable. Industry data and statistics are inherently predictive and are not necessarily reflective of actual industry conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Such data and statistics have not been independently verified, and the Company makes no representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

Our Internet Site is Not Part of this Annual Report

We maintain an Internet site at www.ternium.com. Information contained in or otherwise accessible through this website is not a part of this annual report. All references in this annual report to this Internet site are inactive textual references to this URL, or uniform resource locator and are for your informational reference only. We assume no responsibility for the information contained on this website.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report and any other oral or written statements made by us to the public may contain forward-looking statements within the meaning of and subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This annual report contains forward-looking statements, including with respect to certain of our plans and current goals and expectations relating to Ternium's future financial condition and performance.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. Key Information, Item 4. Information on the Company, Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures about Market Risk.

We use words such as aim, will continue, will likely result, contemplate, seek to, future, objective, goal, should, will pursue, expect, project, intend, plan, believe and words and terms of similar substance to identify forward-looking statements, but they are not the way we identify such statements. All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include the risks related to our business discussed under Item 3. Key Information D. Risk Factors, and among them, the following:

uncertainties about the behavior of steel consumers in the markets in which Ternium operates and sells its products;

changes in the pricing environments in the countries in which Ternium operates;

the impact in the markets in which Ternium operates of existing and new competitors whose presence may affect Ternium's customer mix, revenues and profitability;

increases in the prices of raw materials, other inputs or energy or difficulties in acquiring raw materials or other inputs or energy supply cut-offs;

the policies of, and the economic, political and social developments and conditions in, the countries in which Ternium owns facilities or other countries which have an impact on Ternium's business activities or investments;

inflation or deflation and foreign exchange rates in the countries in which Ternium operates;

volatility in interest rates;

the performance of the financial markets globally and in the countries in which Ternium operates;

the performance of our investment in Usiminas (including the operating and financial performance of Usiminas, and changes in the value of the Brazilian real versus the U.S. dollar) and the uncertainties associated with the ongoing controversies relating to our acquisition of Usiminas shares in October 2014 as well as the controversy that has arisen within Usiminas' control group. See Item 8 Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings. and Item 4. Information on the Company C. Organizational Structure Other Investments Usiminas ;

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changes in domestic and foreign laws and regulations, including changes relating to tax, trade and foreign exchange matters;

regional or general changes in asset valuations;

uncertainties as to the result of our iron ore exploration activities or the successful exploitation of our mines;

our ability to successfully implement our business strategy or to grow through acquisitions, greenfield and brownfield projects, joint ventures and other investments; and

other factors or trends affecting the steel and mining industries generally and our financial condition in particular.

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By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses that may affect Ternium's financial condition and results of operations could differ materially from those that have been estimated. You should not place undue reliance on the forward-looking statements, which speak only as of the date of this annual report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The selected consolidated financial data set forth below have been derived from our consolidated financial statements for each of the years and at the dates indicated herein. Our consolidated financial statements were prepared in accordance with IFRS, and were audited by PricewaterhouseCoopers, *société coopérative* (formerly PricewaterhouseCoopers S.à r.l.), *Cabinet de révision agréé*, or PwC Luxembourg, an independent registered public accounting firm that is a member firm of the PwC International Ltd. network.

For a discussion of the currencies used in this annual report, exchange rates and accounting principles affecting the financial information contained in this annual report, see [Presentation of Certain Financial and Other Information](#), [Accounting Principles](#) and [Currencies](#).

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<i>In thousands of U.S. dollars (except number of shares and per share data)</i>	For the year ended December 31,				
	2014	2013	2012 (1)	2011 (1)(2)	2010 (1)(2)
Selected consolidated income statement data					
Net sales	8,726,057	8,530,012	8,608,054	9,122,832	7,339,901
Cost of sales	(6,925,169)	(6,600,292)	(6,866,379)	(7,016,322)	(5,560,201)
Gross profit	1,800,888	1,929,720	1,741,675	2,106,510	1,779,700
Selling, general and administrative expenses	(816,478)	(843,311)	(809,181)	(839,362)	(738,304)
Other operating income (expenses), net	71,751	23,014	(11,881)	(11,495)	2,162
Operating income	1,056,161	1,109,423	920,613	1,255,653	1,043,558
Finance expense	(117,866)	(132,113)	(150,302)	(105,570)	(71,228)
Finance income	5,715	(2,358)	11,400	26,190	24,024
Other financial income (expenses), net	42,701	(1,004)	17,270	(221,042)	176,441
Equity in (losses) earnings of non-consolidated companies	(34,218)	(31,609)	(346,833)	10,137	12,867
Income before income tax expense	952,493	942,339	452,148	965,368	1,185,662
Income tax expense	(363,708)	(349,426)	(261,227)	(312,555)	(406,191)
Profit for the year	588,785	592,913	190,921	652,813	779,470
Attributable to:					
Owners of the parent	452,404	455,425	142,043	517,668	622,076
Non-controlling interest	136,381	137,488	48,878	135,145	157,394
Profit for the year	588,785	592,913	190,921	652,813	779,470
Depreciation and amortization	414,797	377,133	370,855	395,988	374,201
Weighted average number of shares outstanding (3)	1,963,076,776	1,963,076,776	1,963,076,776	1,968,327,917	2,004,743,442
Basic earnings per share (in USD per share) (4) (5)	0.23	0.23	0.07	0.26	0.31
Dividends per share (in USD per share)	0.090(6)	0.075	0.065	0.075	0.075

- (1) Starting on January 1, 2013, Consorcio Peña Colorada and Exiros have been proportionally consolidated. Comparative amounts for the years ended December 31, 2012, 2011 and 2010 show them as investments in non-consolidated companies and their results are included within Equity in (losses) earnings of non-consolidated companies in the consolidated income statement.
- (2) Ternium changed prospectively the functional currency of its Mexican subsidiaries to the U.S. dollar, effective as of January 1, 2012. For the periods ended December 31, 2011 and 2010 the functional currency for the Company's Mexican subsidiaries was the Mexican peso.
- (3) Of the 2,004,743,442 shares issued as of December 31, 2014, Ternium held 41,666,666 through its wholly-owned subsidiary Ternium International Inc., repurchased from Usiminas on February 15, 2011. Such shares were not considered outstanding for purposes of the calculation of the weighted average number of shares.
- (4) International Accounting Standard N° 1 (IAS 1) (Revised) requires that income for the year as shown in the income statement includes the portion attributable to non-controlling interest. Basic earnings per share, however, continue to be calculated on the basis of income attributable solely to the owners of the parent.
- (5) Diluted earnings per share (expressed in USD per share), equals basic earnings per share.
- (6) Reflects dividend proposal for the year ended December 31, 2014, which has been submitted to the shareholders for a vote at the annual general shareholders' meeting to be held on May 6, 2015.

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<i>In thousands U.S. dollars (except number of shares and per share data)</i>			At December 31,		
	2014	2013	2012	2011	2010
Selected consolidated balance sheet data					
Non-current assets	6,905,672	7,153,162	7,211,371	5,195,688	5,600,608
Property, plant and equipment, net	4,481,027	4,708,895	4,438,117	3,969,187	4,203,685
Other non-current assets (1)	2,424,645	2,444,267			