

Ternium S.A.
Form 6-K
February 21, 2018

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 2/20/2018

Ternium S.A.

(Translation of Registrant's name into English)

Ternium S.A.
29 Avenue de la Porte-Neuve – 3rd floor

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.

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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 December 31, 2017.

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: February 20, 2018

TERNIUM S.A.

Consolidated Financial Statements

as of December 31, 2017 and 2016 and

for the years ended on December 31, 2017, 2016 and 2015

29 Avenue de la Porte-Neuve, 3rd floor

L – 2227

R.C.S. Luxembourg: B 98 668

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Page
Consolidated Income Statements for the years ended December 31, 2017, 2016 and 2015	2
Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015	3
Consolidated Statements of Financial Position as of December 31, 2017 and 2016	4
Consolidated Statements of Changes in Equity for the years ended December 31, 2017, 2016 and 2015	5
Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015	8
Index to the Notes to the Consolidated Financial Statements	9

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Income Statements

	Notes	2017	Year ended December 31, 2016	2015
Net sales	5	9,700,296	7,223,975	7,877,449
Cost of sales	6	(7,403,025)	(5,384,390)	(6,477,272)
Gross profit		2,297,271	1,839,585	1,400,177
Selling, general and administrative expenses	7	(824,247)	(687,942)	(770,292)
Other operating income (expenses), net	9	(16,240)	(9,925)	9,454
Operating income		1,456,784	1,141,718	639,339
Finance expense	10	(114,583)	(89,971)	(89,489)
Finance income	10	19,408	14,129	7,981
Other financial income (expenses), net	10	(69,915)	37,957	(17,922)
Equity in earnings (losses) of non-consolidated companies	3 & 14	68,115	14,624	(272,810)
Profit before income tax expense		1,359,809	1,118,457	267,099
Income tax expense	11	(336,882)	(411,528)	(207,320)
Profit (Loss) for the year		1,022,927	706,929	59,779
Attributable to:				
Owners of the parent		886,219	595,644	8,127
Non-controlling interest		136,708	111,285	51,652
Profit (Loss) for the year		1,022,927	706,929	59,779
Weighted average number of shares outstanding		1,963,076,776	1,963,076,776	1,963,076,776
Basic and diluted (losses) earnings per share for profit attributable to the		0.45	0.30	0.00

owners of the parent (expressed in
USD per share)

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2017	2016	2015
Profit (Loss) for the year	1,022,927	706,929	59,779
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment	(95,462)	(141,665)	(409,767)
Currency translation adjustment from participation in non-consolidated companies	(8,931)	53,858	(230,774)
Changes in the fair value of derivatives classified as cash flow hedges and available-for-sale financial instruments	735	641	1,277
Income tax relating to cash flow hedges and available-for-sale financial instruments	(107)	(192)	(371)
Other comprehensive income items	(96)	(1,542)	-
Other comprehensive income items from participation in non-consolidated companies	191	1,054	973
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post employment benefit obligations	(15,068)	(14,735)	5,277
Income tax relating to remeasurement of post employment benefit obligations	4,916	2,571	(1,946)
Remeasurement of post employment benefit obligations from participation in non-consolidated companies	3,954	(15,817)	(5,113)
Other comprehensive loss for the year, net of tax	(109,868)	(115,827)	(640,444)
Total comprehensive income (loss) for the year	913,059	591,102	(580,665)
Attributable to:			
Owners of the parent	815,434	534,827	(457,750)
Non-controlling interest	97,625	56,275	(122,915)
Total comprehensive income (loss) for the year	913,059	591,102	(580,665)

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Financial Position

	Notes	Balances as of	
		December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment, net	12	5,349,753	4,135,977
Intangible assets, net	13	1,092,579	842,557
Investments in non-consolidated companies	14	478,348	418,379
Other investments	18	3,380	5,998
Deferred tax assets	20	121,092	85,795
Receivables, net	15	677,299	132,580
Trade receivables, net	16	4,832	1,270
		7,727,283	5,622,556
Current assets			
Receivables, net	15	362,173	79,820
Derivative financial instruments	22	2,304	316
Inventories, net	17	2,550,930	1,647,869
Trade receivables, net	16	1,006,598	633,745
Other investments	18	132,736	144,853
Cash and cash equivalents	18	337,779	183,463
		4,392,520	2,690,066
Non-current assets classified as held for sale		2,763	10,248
		4,395,283	2,700,314
Total Assets		12,122,566	8,322,870
EQUITY			
Capital and reserves attributable to the owners of the parent		5,010,424	4,391,298
Non-controlling interest		842,347	775,295
Total Equity		5,852,771	5,166,593
LIABILITIES			

Non-current liabilities

Provisions	19	768,517		6,950	
Deferred tax liabilities	20	513,357		609,004	
Other liabilities	21	373,046		302,784	
Trade payables		2,259		9,305	
Finance lease liabilities	23	69,005		-	
Borrowings	24	1,716,337	3,442,521	396,742	1,324,785

Current liabilities

Current income tax liabilities		52,940		178,112	
Other liabilities	21	357,001		228,081	
Trade payables		897,732		603,119	
Derivative financial instruments	22	6,001		287	
Finance lease liabilities	23	8,030		-	
Borrowings	24	1,505,570	2,827,274	821,893	1,831,492

Total Liabilities

6,269,795 3,156,277

Total Equity and Liabilities

12,122,566 8,322,870

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017
and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent (1)										
	Capital stock (2)	Treasury shares (2)	Initial public offerings expenses	Reserves (3)	Capital stock issue discount(4)	Currency translation adjustment	Retained earnings	Total	Non-controlling interest	Total Equity	
Balance as of January 1, 2017	2.004.743	(150.000)	(23.295)	1.420.171	(2.324.866)	(2.336.929)	5.801.474	44.391.298		775.295	5.100.000
Profit for the year						886.219	886.219		136.708	1.020.000	
Other comprehensive income (loss) for the year											
Currency translation adjustment						(66.735)	(66.735)		(37.658)	(100.000)	
Remeasurement of post employment benefit obligations				(4.642)			(4.642)		(1.556)	(100.000)	
Cash flow hedges and others, net of tax				504			504		124	(100.000)	
Others				88			88		7	(100.000)	
Total comprehensive income (loss) for the year	-	-	-	(4.050)	-	(66.735)	886.219	815.434	97.625	910.000	
Dividends paid in cash (5)						(196.308)	(196.308)			(196.308)	
Dividends paid in cash to									(30.573)	(30.573)	

non-controlling
interest (6)

**Balance as of
December 31,
2017**

2.004.743 (150.000) (23.295) 1.416.121 (2.324.866) (2.403.664) 6.491.385 5.010.424 842.347 5.85

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (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 December 31, 2017, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2017, the Company held 41,666,666 shares as treasury shares.

(3) Include mainly 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 0.6 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) Represents USD 0.10 per share (USD 1.00 per ADS). Related to the dividends distributed on May 3, 2017, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to USD 4.2 million were included in equity as less dividend paid.

(6) Corresponds to the dividends paid by Ternium Argentina S.A. (formerly Siderar S.A.I.C.).

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 financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017
and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent (1)									
	Capital stock (2)	Treasury shares (2)	Initial public offering expenses (3)	Reserves (3)	Capital stock issue discount(4)	Currency translation adjustment	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as of January 1, 2016	2,004,743	(150,000)	(23,295)	1,444,394	(2,324,866)	(2,300,335)	5,382,507	4,033,148	769,849	4,803,000
Profit for the year						595,644	595,644		111,285	706,929
Other comprehensive income (loss) for the year										
Currency translation adjustment						(36,594)	(36,594)		(51,213)	(87,807)
Remeasurement of post employment benefit obligations				(25,749)			(25,749)		(2,232)	(28,000)
Cash flow hedges and others, net of tax				229			229		220	449
Others				1,297			1,297		(1,785)	(588)
Total comprehensive income (loss) for the year	-	-	-	(24,223)	-	(36,594)	595,644	534,827	56,275	595,644
Dividends paid in cash (5)						(176,677)	(176,677)			(176,677)
Dividends paid in cash to									(50,829)	(50,829)

non-controlling
interest (6)

**Balance as of
December 31,
2016**

2,004,743 (150,000) (23,295) 1,420,171 (2,324,866) (2,336,929) 5,801,474 4,391,298 775,295 5,100

- (1) Shareholders' equity is determined in accordance with accounting principles generally accepted in Luxembourg.
- (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 December 31, 2016, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2016, the Company held 41,666,666 shares as treasury shares.
- (3) Include mainly 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 (88.5) million.
- (4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.
- (5) Represents USD 0.090 per share (USD 0.90 per ADS). Related to the dividends distributed on May 4, 2016, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to USD 3.7 million were included in equity as less dividend paid.
- (6) Corresponds to the dividends paid by Ternium Argentina S.A. (formerly Siderar S.A.I.C.).

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 financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017
and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Changes in Equity

	Attributable to the owners of the parent (1)									
	Capital stock (2)	Treasury shares (2)	Initial public offering expenses (3)	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment (5)	Retained earnings (6)	Total (7)	Non-controlling interest (8)	Total Equity (9)
Balance as of January 1, 2015	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 year							8,127	8,127	51,652	59,779
Other comprehensive income (loss) for the year										
Currency translation adjustment						(464,278)		(464,278)	(176,263)	(640,541)
Remeasurement of post employment benefit obligations				(3,218)				(3,218)	1,436	(1,782)
Cash flow hedges, net of tax				714				714	192	906
Others				905				905	68	973
Total comprehensive loss for the year	-	-	-	(1,599)	-	(464,278)	8,127	(457,750)	(122,915)	(580,665)
Dividends paid in cash (5)							(176,677)	(176,677)	-	(176,677)
								-	(32,743)	(32,743)

Dividends paid in cash to non-controlling interest (6)									
Contributions from non-controlling shareholders in consolidated subsidiaries (7)						-	30,870	30,870	
Sale of participation in subsidiary companies (8)						-	1,509	1,509	
Acquisition of non-controlling interest (9)	29,626					(29,626)	(44,374)	(44,374)	(74,374)
Balance as of December 31, 2015	2,004,743 (150,000)	(23,295)	1,444,394	(2,324,866)	(2,300,335)	5,382,507	4,033,148	769,849	4,803,148

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

(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 December 31, 2015, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of December 31, 2015, the Company held 41,666,666 shares as treasury shares.

(3) Include mainly 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 (0.4) 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) Represents USD 0.090 per share (USD 0.90 per ADS). Related to the dividends distributed on May 6, 2015, and as 41,666,666 shares are held as treasury shares by Ternium, the dividends attributable to these treasury shares amounting to USD 3.7 million were included in equity as less dividend paid.

(6) Corresponds to the dividends paid by Ternium Argentina S.A. (formerly Siderar S.A.I.C.).

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

(8) Corresponds to the sale of the participation in Ferrasa Panamá S.A. See note 2.b.

(9) Corresponds to the acquisition on the non-controlling interest in Ternium Colombia S.A.S. (formerly Ferrasa S.A.S.) See note 2.b.

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 financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

(All amounts in USD thousands)

Consolidated Statements of Cash Flows

	Notes	Year ended December 31,		
		2017	2016	2015
Cash flows from operating activities				
Profit (Loss) for the year		1,022,927	706,929	59,779
Adjustments for:				
Depreciation and amortization	12 & 13	474,299	406,890	433,788
Income tax accruals less payments	27 (b)	(273,443)	182,332	(23,932)
Equity in (earnings) losses of non-consolidated companies	3 & 14	(68,115)	(14,624)	272,810
Interest accruals less payments	27 (b)	19,484	12,699	5,496
Results on the sale of participation in subsidiary companies	2 (b)	-	-	1,739
Changes in provisions	19	2,783	1,678	3,180
Changes in working capital (1)	27 (b)	(864,970)	(162,373)	509,144
Net foreign exchange results and others		70,894	(33,936)	61,487
Net cash provided by operating activities		383,859	1,099,595	1,323,491
Cash flows from investing activities				
Capital expenditures	12 & 13	(409,402)	(435,460)	(466,643)
Loans to non-consolidated companies	14	(23,904)	(92,496)	(10,416)
Decrease (Increase) in other investments	18	14,986	86,340	(85,946)
Acquisition of business				
Purchase consideration	3	(1,890,989)	-	-
Cash acquired	3	278,162	-	-
Investment in non-consolidated companies	3 & 14	-	(114,449)	(9,600)
Proceeds from the sale of property, plant and equipment		1,124	1,212	1,217
Dividends received from non-consolidated companies		65	183	-
Sale of participation in subsidiary company, net of cash disposed	2 (b)	-	-	(673)
Net cash used in investing activities		(2,029,958)	(554,670)	(572,061)
Cash flows from financing activities				
		(196,308)	(176,677)	(176,677)

Dividends paid in cash to company's shareholders			
Dividends paid in cash to non-controlling interests	(30,573)	(50,829)	(32,743)
Finance Lease payments	(4,157)	-	-
Contributions from non-controlling shareholders in consolidated subsidiaries	-	-	30,870
Acquisition of non-controlling interest	2 (b)	-	(74,000)
Proceeds from borrowings	3,239,121	910,577	822,663
Repayments of borrowings	(1,205,827)	(1,191,770)	(1,379,747)
Net cash provided by (used in) financing activities	1,802,256	(508,699)	(809,634)
Increase (Decrease) in cash and cash equivalents	156,157	36,226	(58,204)
Movement in cash and cash equivalents			
At January 1,	183,463	151,491	213,303
Effect of exchange rate changes	(1,841)	(4,254)	(3,608)
Increase (Decrease) in cash and cash equivalents	156,157	36,226	(58,204)
Cash and cash equivalents at December 31, (2)	337,779	183,463	151,491
Non-cash transactions:			
Acquisition of PP&E under lease contract agreements	77,035	-	-

(1) The working capital is impacted by non-cash movement of USD (70.0) million as of December 31, 2017 (USD (73.8) million and USD (210.6) million as of December 31, 2016 and 2015, respectively) 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 50, USD 83 and USD 88 as of December 31, 2017, 2016 and 2015, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 135,864, USD 150,851 and USD 237,191 as of December 31, 2017, 2016 and 2015, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Page
1General information	10
2Basis of presentation	11
3Acquisition of business	14
4Accounting policies	20
5Segment information	40
6Cost of sales	43
7Selling, general and administrative expenses	44
8Labor costs (included in cost of sales and selling, general and administrative expenses)	44
9Other operating income (expenses), net	45
10Other financial income (expenses), net	45
11Income tax expense	46
12Property, plant and equipment, net	47
13Intangible assets, net	48
14Investments in non-consolidated companies	49
15Receivables, net - non-current and current	51
16Trade receivables, net – non-current and current	52
17Inventories, net	52
18Cash, cash equivalents and other investments	53
19Allowances and provisions – non-current and current	53
20Deferred income tax	54
21Other liabilities – non-current and current	56
22Derivative financial instruments	58
23Finance leases	60
24Borrowings	61
25Contingencies, commitments and restrictions on the distribution of profits	63
26Related party transactions	68
27Other required disclosures	70
28Recently issued accounting pronouncements	71
29Financial risk management	73
30 Subsequent events - Agreement Regarding Governance Of Usiminas	80

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

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 December 31, 2017, 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 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 Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

1. GENERAL INFORMATION (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, 2017 and 2016, this special tax reserve amounted to USD 6.9 billion and USD 7.0 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.

2. BASIS OF PRESENTATION

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) issued and effective or issued and early adopted as at the time of preparing these statements (February 2018), as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union ("EU"). These consolidated financial statements are presented in thousands of United States dollars ("USD"), except otherwise indicated.

These Consolidated financial statements fairly present the consolidated equity and consolidated financial situation of Ternium as of December 31, 2017, and the consolidated results of its operations, the Changes in the Consolidated Statement of Comprehensive Income, the Changes in Consolidated Net Equity and the Consolidated Cash Flows of Ternium for the year then ended.

Elimination of all material intercompany transactions and balances between the Company and their respective subsidiaries has been made in consolidation.

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These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

These consolidated financial statements have been approved for issue by the Board of Directors on February 20, 2018.

Detailed below are the companies whose financial statements have been consolidated and accounted for interest in these consolidated financial statements.

Page 11 of 81

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2017	2016	2015
Ternium S.A.	Luxembourg	Holding	100.00%	100.00%	100.00%
Ternium Investments S.à.r.l.	Luxembourg	Holding	100.00%	100.00%	100.00%
Ternium Solutions A.G. (1)	Switzerland	Services	100.00%	100.00%	100.00%
Ternium Participações S.A. (formerly Ternium Brasil S.A.) (1)	Brazil	Holding	100.00%	100.00%	100.00%
Ternium Investments Switzerland AG (1)	Switzerland	Holding	100.00%	100.00%	100.00%
Ternium Internacional España S.L.U. (1)	Spain	Marketing of steel products	100.00%	100.00%	100.00%
Ternium USA Inc. (1)	USA	Manufacturing and selling of steel products	100.00%	100.00%	100.00%
Ternium Argentina S.A. (formerly Siderar S.A.I.C.) (2)	Argentina	Manufacturing and selling of flat steel products	60.94%	60.94%	60.94%
Impeco S.A. (3)	Argentina	Manufacturing of pipe products	60.97%	60.97%	60.97%
Prosid Investments S.A. (4)	Uruguay	Holding	60.94%	60.94%	60.94%
Ternium Mexico S.A. de C.V. (5)	Mexico	Holding	88.78%	88.78%	88.72%
Hylsa S.A. de C.V. (6)	Mexico	Manufacturing and selling of steel products	88.78%	88.78%	88.72%
Las Encinas S.A. de C.V. (6)	Mexico	Exploration, exploitation and pelletizing of iron ore	88.78%	88.78%	88.72%
Ferropak Comercial S.A. de C.V. (6)	Mexico	Scrap services company	88.78%	88.78%	88.72%
Galvamet America Corp (6)	USA	Manufacturing and selling of insulated panel products	88.78%	88.78%	88.72%
Transamerica E. & I. Trading Corp. (6)	USA	Scrap services company	88.78%	88.78%	88.72%
Técnica Industrial S.A. de C.V. (6)	Mexico	Services	88.78%	88.78%	88.72%
Acedor, S.A. de C.V. (6)	Mexico	Holding	88.78%	88.78%	88.72%
Galvacer America Inc (7)	USA	Distributing company	-	88.78%	88.72%

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Ternium Gas México S.A. de C.V. (8)	Mexico	Energy services company	88.78%	88.78%	88.72%
Ternium Internacional Guatemala S.A. (9)	Guatemala	Selling of steel products	99.98%	99.98%	99.98%
Consorcio Minero Benito Juarez Peña Colorada S.A.de C.V. (10)	Mexico	Exploration, exploitation and pelletizing of iron ore	44.39%	44.39%	44.36%
Peña Colorada Servicios S.A. de C.V. (10)	Mexico	Services	44.39%	44.39%	44.36%
Exiros B.V. (10)	Netherlands	Procurement and trading services	50.00%	50.00%	50.00%
Servicios Integrales Nova de Monterrey S.A. de C.V. (11)	Mexico	Medical and Social Services	66.14%	66.14%	66.09%
Ternium Internacional Nicaragua S.A.	Nicaragua	Manufacturing and selling of steel products	99.38%	99.38%	99.38%
Ternium Internacional Honduras S.A. de C.V.	Honduras	Manufacturing and selling of steel products	99.18%	99.18%	99.18%
Ternium Internacional El Salvador S.A. de C.V.	El Salvador	Manufacturing and selling of steel products	99.92%	99.92%	99.91%
Ternium Internacional Costa Rica S.A.	Costa Rica	Manufacturing and selling of steel products	99.98%	99.98%	99.98%
Ternium Colombia S.A.S. (formerly Ferrasa S.A.S.) (12)	Colombia	Manufacturing and selling of steel products	100.00%	100.00%	100.00%
Ternium del Cauca S.A.S. (formerly Perfilamos del Cauca S.A.S.) (12)	Colombia	Manufacturing and selling of steel products	100.00%	100.00%	100.00%
Ternium Siderúrgica de Caldas S.A.S. (formerly Siderúrgica de Caldas S.A.S.) (12)	Colombia	Manufacturing and selling of steel products	100.00%	100.00%	100.00%
Tenigal S. de R.L. de C.V. (13)	Mexico	Manufacturing and selling of steel products	51.00%	51.00%	51.00%
Ternium Internacional S.A. (14)	Uruguay	Holding and marketing of steel products	100.00%	100.00%	100.00%

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2017	2016	2015
Ternium Treasury Services S.A. (14)	Uruguay	Financial Services	100.00%	100.00%	100.00%
Ternium Internationaal B.V. (15)	Netherlands	Marketing of steel products	100.00%	100.00%	100.00%
Ternium International Inc. (15)	Panama	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Procurement S.A. (16)	Uruguay	Procurement services	100.00%	100.00%	100.00%
Technology & Engineering Services S.A. (16)	Uruguay	Engineering and other services	100.00%	100.00%	100.00%
Ternium International USA Corporation (17)	USA	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Internacional de Colombia S.A.S. (18)	Colombia	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Ingeniería y Servicios de México S.A. de C.V.	Mexico	Engineering and other services	100.00%	100.00%	100.00%
Soluciones Integrales de Gestión S.A. (19)	Argentina	Other services	100.00%	100.00%	100.00%
Procesadora de Materiales Industriales S.A. (20)	Colombia	Scrap services company	-	-	100.00%
Ferropak Servicios S.A. de C.V. (21)	Mexico	Services	-	-	88.72%
Corporativo Grupo Imsa S.A. de C.V. (21)	Mexico	Services	-	-	88.72%
Ternium International Ecuador S.A. (22)	Ecuador	Marketing of steel products	-	-	100.00%
Ternium Staal B.V. (23)	Netherlands	Holding and marketing of steel products	100.00%	-	-
Ternium Brasil Ltda. (23)	Brazil	Manufacturing and selling of steel products	100.00%	-	-
Ecosteel Gestao de Efuentes Industriais S.A. (23)	Brazil	Other services	100.00%	-	-
	Brazil	Other services	100.00%	-	-

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Ecosteel Gestao de Águas
Industriais S.A. (23)

Ternium del Atlántico S.A.S (24)	Colombia	Manufacturing and selling of steel products	100.00%	-	-
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(1) Indirectly through Ternium Investments S.à.r.l. Total voting rights held: 100.00%.

(2) During the fourth quarter of 2017, Siderar S.A.I.C. changed its business name to Ternium Argentina S.A. Indirectly through Ternium Internacional España S.L.U. Total voting rights held: 60.94%.

(3) Since the fourth quarter of 2017, indirectly through Ternium Argentina S.A. and Soluciones Integrales S.A. Total voting rights held 100.00%. Before that, indirectly through Ternium Argentina S.A. and Ternium Internacional S.A.

(4) Since the fourth quarter of 2017, indirectly through Ternium Argentina S.A. and Ternium Procurement S.A. Total voting rights held 100.00%. Before that, indirectly through Ternium Argentina S.A. and Ternium Internacional S.A.

(5) Since the fourth quarter of 2017, indirectly through Ternium Argentina S.A. and Ternium Internacional España S.L.U. Total voting rights held 100.00%. Before that, indirectly through Ternium Argentina S.A., Ternium Internacional S.A. and Ternium Internacional España S.L.U.

(6) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 100.00%.

(7) This company dissolved as of December 11, 2017.

(8) Indirectly through Ternium Mexico S.A. de C.V. and Tenigal S. de R.L. de C.V. Total voting rights held: 100.00%.

(9) Indirectly through Ternium Internacional España S.L.U. Total voting rights held: 100%.

(10) Total voting rights held: 50.00%.

(11) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 74.50%.

(12) Indirectly through Ternium Internacional España S.L.U.. Total voting rights held: 100.00%. See note 2 (b).

(13) Indirectly through Ternium Internacional España S.L.U.. Total voting rights held: 51.00%.

(14) Indirectly through Ternium Investments Switzerland AG. Total voting rights held: 100.00%.

(15) Since the third quarter of 2017, indirectly through Ternium Investments S.à r.l. Total voting rights held: 100.00%. Before that, indirectly through Ternium Investments Switzerland AG.

(16) Since the third quarter of 2017, indirectly through Ternium Internacional España S.L.U. Total voting rights held: 100.00%. Before that, indirectly through Ternium Investments Switzerland AG.

(17) Since the fourth quarter of 2017, indirectly through Ternium Investments S.à r.l. Total voting rights held: 100.00%. Before that, indirectly through Ternium Internacional S.A.

(18) Indirectly through Ternium Internacional S.A. Total voting rights held 100.00%.

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(19) Since the third quarter of 2017, indirectly through Ternium Investments S.à r.l. and Ternium Internacional España S.L.U. Total voting rights held 100.00%. Before that, indirectly through Ternium Investments S.à r.l. and Technology and Engineering Services S.A.

(20) This company was dissolved as of December 6, 2016.

(21) Merged with Hylsa S.A. de C.V. during the fourth quarter of 2016.

(22) This company was dissolved as of September 27, 2016.

(23) Indirectly through Ternium Investments S.à r.l. Total voting rights held: 100.00%.

(24) Indirectly through Ternium Internacional España S.L.U.. Total voting rights held: 100.00%.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2017 and 2016

and for the years ended December 31, 2017, 2016 and 2015

2. BASIS OF PRESENTATION (continued)

The most important non-controlling interest is related to the investment in Ternium Argentina S.A., which is a company listed in the Buenos Aires Stock Exchange. Ternium Argentina stated in its annual accounts as of and for the year ended December 31, 2017, that revenues amounted to USD 2,301 million (2016: USD 1,892 million), net profit from continuing operations to USD 337 million (2016: USD 251 million), total assets to USD 2,820 million (2016: USD 2,415 million), total liabilities to USD 874 million (2016: USD 607 million) and shareholders' equity to USD 1,945 million (2016: USD 1,807 million). All the information related to this investment could be found in the Buenos Aires Stock Exchange webpage.

b) Acquisition of non-controlling interest in Ternium Colombia S.A.S. (formerly Ferrasa S.A.S.)

On January 20, 2015, Ternium entered into an agreement to acquire the remaining 46% interest in Ternium Colombia for a total consideration of USD 74.0 million. The Ternium Colombia transaction closed on April 7, 2015 and it was accounted for as an acquisition of non-controlling interest resulting in a decrease of equity attributable to the owners of the parent company amounting to USD 29.6 million. In addition, on January 20, 2015, Ternium sold its 54% interest in Ferrasa Panamá S.A. for a total consideration of USD 2.0 million, with no significant impact in these consolidated financial statements.