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 x 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 x

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	By:	/s/ Daniel Novegil
Name:	Pablo Brizzio	Name:	Daniel Novegil
Title:	Chief Financial Officer	Title:	Chief Executive Officer

Dated: April 30, 2015

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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;

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 o 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 ;

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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In thousands of U.S. dollars (except number of shares and per share data)	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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In thousands U.S. dollars *(except number of shares and per share data)*	2014	2013	At December 31, 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	2,773,254	1,226,501	1,396,923
Current assets	3,348,869	3,219,462	3,655,628	5,547,374	5,499,306
Cash and cash equivalents	213,303	307,218	560,307	2,158,044	1,779,294
Other current assets (2)	3,120,810	2,894,474	3,083,303	3,378,956	3,710,050
Non-current assets classified as held for sale	14,756	17,770	12,018	10,374	9,961
Total assets	10,254,541	10,372,624	10,866,999	10,743,062	11,099,914
Capital and reserves attributable to the owners of the parent (3)	5,284,959	5,340,035	5,369,183	5,711,495	5,833,246
Non-controlling interest	973,523	998,009	1,065,730	1,077,055	1,127,526
Non-current liabilities	1,904,673	2,185,421	2,306,640	1,975,129	2,583,032
Borrowings	900,611	1,204,880	1,302,753	948,495	1,426,574
Deferred tax liabilities	611,126	605,883	657,211	719,061	847,044
Other non-current liabilities	392,936	374,658	346,676	307,573	309,414
Current liabilities	2,091,386	1,849,159	2,125,446	1,979,383	1,556,110
Borrowings	1,264,208	797,944	1,121,610	1,047,641	513,083
Other current liabilities	827,178	1,051,215	1,003,836	931,742	1,043,028
Total liabilities	3,996,059	4,034,580	4,432,086	3,954,512	4,139,142
Total equity and liabilities	10,254,541	10,372,624	10,866,999	10,743,062	11,099,914
Number of shares (3)	1,963,076,776	1,963,076,776	1,963,076,776	1,963,076,776	2,004,743,442

(1) As of December 31, 2014, 2013, 2012, 2011 and 2010, includes goodwill mainly related to the acquisition of our Mexican subsidiaries for a total amount of USD662.3 million, USD662.3 million, USD663.8 million, USD663.8 million and USD750.1 million, respectively.

(2) As of December 31, 2014, 2013, 2012, 2011 and 2010, includes financial assets with maturity of more than three months for a total amount of USD150.0 million, USD169.5 million, USD160.8 million, USD281.7 million and USD848.4 million, respectively.

(3) The Company s share capital as of December 31, 2014, 2013, 2012, 2011 and 2010 was represented by 2,004,743,442 shares, par value USD1.00 per share, for a total amount of USD2,004.7 million. Of the 2,004,743,442 shares, 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.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all other information contained in this annual report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition and results of operations, which could in turn affect the price of the Company s shares and ADSs.

Risks Relating to the Steel Industry

A downturn in the global economy would cause a reduction in worldwide demand for steel and would have a material adverse effect on the steel industry and Ternium.

Ternium s activities and results are affected by international economic conditions, as well as by national and regional economic conditions in the markets where Ternium operates and/or sells its products. A downturn in the global economy would reduce demand for steel products. This would have a negative effect on Ternium s business and results of operations.

If global macroeconomic conditions deteriorate, the outlook for steel producers would be adversely affected. In particular, a recession or depression in the developed economies (such as the global downturn experienced in 2008 and 2009 and the latest European crisis), or slower growth or recessionary conditions in emerging economies that are substantial consumers of steel (such as China and India, as well as emerging Asian markets, the Middle East, Latin America and the Commonwealth of Independent States regions) would exact a heavy toll on the steel industry, and would depress demand for our products and adversely affect our business and results of operations. The current slowdown in the Chinese economy has had and may continue to have adverse effects on the steel industry, and, accordingly, may adversely affect our business and results of operations.

A protracted fall in steel prices would have a material adverse effect on the results of Ternium, as could price volatility.

Steel prices are volatile and are sensitive to trends in cyclical industries, such as the construction, automotive, appliance and machinery industries, which are significant markets for Ternium s products. For example, steel prices in the international markets, which had been rising quickly during the first half of 2008, fell sharply beginning in the second half of 2008 as a result of collapsing demand and the resulting excess capacity in the industry. The fall in prices during this period adversely affected the results of steel producers generally, including Ternium, as a result of lower revenues and write-downs of finished steel products and raw material inventories. Historically, the length and nature of business cycles affecting the steel industry has been unpredictable. A downturn in steel prices would materially and adversely affect Ternium s revenues and profitability.

A sudden increase in exports from China could have a significant impact on international steel prices and adversely affect Ternium s profitability.

China is now the largest worldwide steel producing country, accounting for close to half of the worldwide steel production. Due to the size of the Chinese steel market, a significant slowdown or reduction in steel consumption in that market could cause a sizable increase in the volume of steel offered in the international steel markets, exerting a downward pressure on sales and margins of steel companies operating in other markets and regions, including Ternium. For example, exports of steel products from China to Latin America, which represent approximately 10% of the region s steel consumption, reached 8 million tons in 2014, a 56% increase year-over-year, reflecting a combination of excess steel capacity and a slight decrease in steel consumption in China.

Excess capacity may hamper the steel industry s ability to sustain adequate profitability.

In addition to economic conditions and prices, the steel industry is affected by other factors such as worldwide production capacity and fluctuations in steel imports/exports and tariffs. Historically, the steel industry has suffered, especially on downturn cycles, from substantial over-capacity. Currently, as a result of the 2008 global downturn, the latest European crisis and the increase in steel industry production capacity in recent years, there are signs of excess capacity in all steel markets, which is impacting the profitability of the steel industry. Accordingly, it is possible that the industry s excess capacity will result in an extended period of depressed margins and industry weakness.

Sales may fall as a result of fluctuations in industry inventory levels.

Inventory levels of steel products held by companies that purchase Ternium s products can vary significantly from period to period. These fluctuations can temporarily affect the demand for Ternium s products, as customers draw from existing inventory during periods of low investment in construction and the other industry sectors that purchase Ternium s products and accumulate inventory during periods of high investment and, as a result, these companies may not purchase additional steel products or maintain their current purchasing volume. Accordingly, Ternium may not be able to increase or maintain its current levels of sales volumes or prices.

Price fluctuations or shortages in the supply of raw materials, slabs and energy could adversely affect Ternium s profitability.

Like other manufacturers of steel-related products, Ternium s operations require substantial amounts of raw materials, energy and other inputs from domestic and foreign suppliers. In particular, the Ternium companies consume large quantities of iron ore, scrap, ferroalloys, electricity, coal, natural gas, oxygen and other gases in operating their blast and electric arc furnaces. In addition, Ternium is a large consumer of slabs, which are used as inputs in the production process. The prices of these raw materials, slabs, energy and other inputs can be volatile. Also, the availability and price of a significant portion of such raw materials, slabs, energy and other inputs Ternium requires are subject to market conditions and government regulation affecting supply and demand. For example, shortages of natural gas in Argentina and the consequent supply restrictions imposed by the government could lead to higher costs of production and eventually to production cutbacks at Siderar s facilities in Argentina. Similarly, in Mexico, existing constraints in natural gas transportation capacity have led to increased imports of liquefied natural gas, which, from April 1, 2013, resulted in increased natural gas transportation costs and, thus, higher steel production costs. In the past, Ternium has usually been able to procure sufficient supplies of raw materials, slabs, energy and other inputs to meet its production needs; however, it could be unable to procure adequate supplies in the future. Any protracted interruption, discontinuation or other disruption of the supply of principal inputs to the Ternium companies (including as a result of strikes, lockouts or other problems) would result in lost sales and

would have a material adverse effect on Ternium s business and results of operations. For further information related to raw materials, energy and other inputs requirements, see Item 4. Information on the Company B. Business Overview Raw Materials, Slabs, Energy and Other Inputs.

The Ternium companies depend on a limited number of key suppliers.

The Ternium companies depend on certain key suppliers for their requirements of some of their principal inputs, including Vale for iron ore and ArcelorMittal for slabs. In general, there is a trend in the industry towards consolidation among suppliers of iron ore and other raw materials. The Ternium companies have entered into long-term contracts for the supply of some (but not all) of their principal inputs and it is expected that they will maintain and, depending on the circumstances, renew these contracts. However, if any of the key suppliers fails to deliver or there is a failure to renew these contracts, the Ternium companies could face limited access to some raw materials, slabs, rolled steel products, energy or other inputs, or higher costs and delays resulting from the need to obtain their input requirements from other suppliers.

Intense competition could cause Ternium to lose its share in certain markets and adversely affect its sales and revenues.

The market for Ternium s steel products is highly competitive, particularly with respect to price, quality and service. In both the global and regional markets, Ternium competes against other global and local producers of steel products, which in some cases have greater financial and operating resources. Competition from larger steel manufacturers could result in declining margins and reductions in sales volumes and revenues.

Ternium s larger competitors could use their resources against Ternium in a variety of ways, including by making additional acquisitions, implementing modernization programs, expanding their production capacity, investing more aggressively in product development, and displacing demand for Ternium s products in certain markets. To the extent that these producers become more efficient, Ternium could confront stronger competition and could fail to preserve its current share of the relevant geographic or product markets. In addition, there has been a trend in recent years toward steel industry consolidation among Ternium s competitors, and current smaller competitors in the steel market could become larger competitors in the future. For example, in June 2006, Mittal Steel and Arcelor merged to create the world s largest steel company, ArcelorMittal, and in October 2012 Nippon Steel Corporation and Sumitomo Metal Industries merged to form Nippon Steel & Sumitomo Metal Corporation, or NSSMC, the world s second largest steel company. Regional players in Ternium s markets have also experienced consolidation through acquisitions. For further information, see Item 4. Information on the Company B. Business Overview Competition.

Moreover, competition from alternative materials (including aluminum, wood, concrete, plastic and ceramics) could adversely affect the demand for, and consequently the market prices of, certain steel products and, accordingly, could affect Ternium s sales volumes and revenues.

Competition in the global and regional markets could also be affected by antidumping and countervailing duties imposed on some producers in major steel markets and by the removal of barriers to imported products in those countries where the Ternium companies direct their sales. For further information, see Item 4. Information on the Company B. Business Overview Regulations Trade regulations.

Risks Relating to our Business

If Ternium does not successfully implement its business strategy, its opportunities for growth and its competitive position could be adversely affected.

Ternium plans to continue implementing its business strategy of enhancing its position as a competitive steel producer, focusing on higher margin value-added products, pursuing strategic growth opportunities, implementing Ternium s best practices in acquired and new businesses, providing services to a wider range of customers in the local and export markets, and improving utilization levels of our plants, increasing efficiency and further reducing production costs. Any of these components or Ternium s overall business strategy could be delayed or abandoned or could cost more than anticipated, any of which could impact its competitive position and reduce its revenue and profitability. For example, Ternium could fail to develop its projects and/or to make acquisitions to increase its steel production capacity, or may lose market share in its regional markets. Even if Ternium successfully implements its business strategy, it may not yield the desired goals.

Future acquisitions or other significant investments could have an adverse impact on Ternium s operations or profits, and Ternium may not realize the benefits it expects from these business decisions.

A key element of Ternium s business strategy is to identify and pursue growth-enhancing opportunities, and as part of that strategy we regularly consider acquisitions, greenfield and brownfield projects and other significant investments. However, any growth project

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will depend upon market and financing conditions. We must necessarily base any assessment of potential acquisitions or other investments on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Furthermore, we may fail to find suitable acquisition targets or fail to consummate our acquisitions under favorable conditions.

In the past, Ternium acquired interests in various companies, including Hylsamex, one of the main steel producers in Mexico; Grupo Imsa, a leading steel processor with operations in Mexico, the United States and Guatemala; and Ferrasa, a Colombian steel producer and processor. Ternium has also formed, together with Nippon Steel (currently, NSSMC), Tenigal for the manufacturing and sale of hot-dip galvanized and galvannealed steel sheets to serve the Mexican automobile market. In 2012, Ternium acquired a participation in the control group of Usiminas, the largest flat steel producer in Brazil, and in 2014, Ternium acquired a significant additional stake in that company. Our acquisitions or other investments may not perform in accordance with our expectations and could have an adverse impact on our operations and profits. Furthermore, we may be unable to successfully integrate any acquired businesses into our operations, realize expected synergies or accomplish the business objectives that were foreseen at the time of deciding any such investment. Moreover, we may also acquire, as part of future acquisitions, assets unrelated to our business, and we may not be able to integrate them or sell them under favorable terms and conditions. These risks, and the fact that integration of any acquired businesses will require a significant amount of time and resources of Ternium s management and employees, could have an adverse impact on Ternium s ongoing business and could have a material adverse effect on its business, financial condition and results of operations.

Ternium may be required to record a significant charge to earnings if it must reassess its goodwill, other amortizable intangible assets, or investments in non-consolidated companies.

In accordance with IFRS, management must test for impairment all of Ternium s assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets subject to testing include goodwill, intangible assets and investments in non-consolidated companies. In addition, management must test for impairment goodwill at least once a year whether or not there are indicators of impairment. IFRS requires us to recognize a non-cash charge in an amount equal to any impairment.

We recorded significant goodwill in connection with the acquisition of our Mexican subsidiaries, as well as in our investments in non-consolidated companies in connection with our acquisition of a participation in Usiminas. We performed several impairment tests on our investment in Usiminas and, as of December 31, 2012, December 31, 2014 and March 31, 2015, wrote it down by USD275.3 million, USD196.4 million and USD109.7 million, respectively, as described further below.

As of December 31, 2014, goodwill in connection with our Mexican subsidiaries amounted to USD662.3 million and, following the write-downs of our investment in Usiminas recorded as of December 31, 2012 and December 31, 2014, our investment in non-consolidated companies as of December 31, 2014 amounted to USD1.4 billion. As of March 31, 2015, following the write-down of our investment in Usiminas recorded as of March 31, 2015, our investments in non-consolidated companies amounted to USD1.0 billion. For further information on the Usiminas impairment risk and its implications, see If Usiminas is not able to successfully implement its business strategy, or the business conditions in Brazil or in the global steel and mining industries were to be worse than we expected, the Company may be required to record a significant charge to earnings in the form of an impairment to its investment in Usiminas, which could have a material adverse effect on Ternium s results, financial condition or net worth , for further information on the Usiminas impairment test performed on March 31, 2015, see Item 5 Operating and Financial Review and Prospects G. Recent Developments March 31, 2015 Impairment of Usiminas Investment and for a discussion of the SEC s review process in connection with the impairment of our investment in Usiminas, see Item 4A. Unresolved Staff Comments .

If Ternium s management determines in the future that the goodwill from our acquisitions or our investments in non-consolidated companies are impaired, Ternium will be required to recognize a non-cash charge against earnings, which could materially adversely affect Ternium s results of operations and net worth.

If Usiminas is not able to successfully implement its business strategy, or the business conditions in Brazil or in the global steel and mining industries were to be worse than we expected, the Company may be required to record a significant charge to earnings in the form of an impairment to its investment in Usiminas, which could have a material adverse effect on Ternium s results, financial condition or net worth.

On January 16, 2012, Ternium, together with its subsidiary Siderar, acquired a participation in the control group of Usiminas, the largest flat steel producer in Brazil, for a total consideration of USD2.2 billion. On October 30, 2014, Ternium acquired additional ordinary shares of Usiminas for a total consideration of USD249.0 million. Ternium owns approximately 32.9% of Usiminas ordinary shares, holds 35.6% of the voting rights within Usiminas control group and has a 16.8% participation in Usiminas results. For further information on the Usiminas transactions, see note 3 to our consolidated financial statements included elsewhere in this annual report.

Between 2012 and until September 2014, Usiminas improved its performance and results of operations as a result of the implementation of certain changes in its strategy and business practices. However, results deteriorated during the fourth quarter of 2014 as Brazilian steel-intensive industrial sectors such as the capital goods, durable goods, vehicles and machinery and equipment sectors were adversely affected by low investments, weak consumption, strong imports and high inventories. Further changes to Usiminas strategy and business practices may be required in the future in order to recover profitability, and we cannot assure you that such changes will be successful. Under the shareholders agreement governing the rights of the members of Usiminas control group, Ternium cannot, without the consensus of one or more of the other shareholder groups party to that agreement, cause the control group to adopt any decision at Usiminas shareholders meetings or cause the directors nominated by the control group to adopt any decision at Usiminas board of directors meetings (see Item 4. Information on the Company C. Organizational Structure Other Investments Usiminas). Accordingly, Ternium cannot, without the consensus of such other shareholder group or groups, implement any change to Usiminas business strategy, and therefore any necessary changes may fail to be implemented. In addition, a controversy has arisen within the Usiminas control group with respect to the governance of Usiminas and the rules applicable to the appointment of senior managers, which may make it more difficult to reach consensus within the control group. For further information related to the controversy within the Usiminas control group, see Item 4. Information on the Company C. Organizational Structure Other Investments Usiminas.

The Company reviews periodically the recoverability of its investment in Usiminas. To determine the recoverable value, the Company estimates the value in use of the investment by calculating the present value of the expected cash flows. There is a significant interaction among the principal assumptions made in estimating Usiminas cash flow projections, which include iron ore and steel prices, foreign exchange and interest rates, Brazilian GDP and steel consumption in the Brazilian market.

Many of the above mentioned drivers of the estimated recoverable value of Usiminas have exhibited a high degree of volatility in the past and may continue to do so in the future, as they are affected by fluctuations in Brazil s macro-economic variables. Brazil has experienced from time to time varying degrees of economic, political, social and regulatory developments, including fluctuating prices of commodities, fluctuating trade balances, inflation, devaluation, civil unrest, tax increases, changes (including retroactive changes) in the enforcement or interpretation of tax laws and other retroactive tax claims or challenges, and changes in laws or regulations, creating uncertainty regarding the country s future macro-economic environment. Furthermore, the business conditions in Brazil or the global steel and mining industries could turn out to be worse than those we expected when assessing the value of our investment in Usiminas, which could in turn modify our expectations for the financial return on our investment in Usiminas. For example, as of December 31, 2014 and March 31, 2015, Ternium wrote down its investment in Usiminas by USD196.4 million and USD109.7 million, respectively. The impairment performed on December 31, 2014 was mainly due to expectations of a weaker industrial environment in Brazil, and consequently lower steel demand, as a result of worsening economic activity, as well as a significant additional downturn in international prices of iron ore and steel, leading to diminished cash flow expectations. For further information on the Usiminas impairment test performed on March 31, 2015, see Item 5 Operating and Financial Review and Prospects G. Recent Developments March 31, 2015 Impairment of Usiminas Investment and for a discussion of the SEC s review process in connection with the impairment of our investment in Usiminas, see Item 4A. Unresolved Staff Comments .

As of March 31, 2015 the value of the investment in Usiminas, which is equal to its recoverable value estimation, was USD1,020.0 million. The closing price of the Usiminas ordinary shares as quoted on the São Paulo stock exchange, BM&FBOVESPA S.A *Bolsa de Valores, Mercadorias e Futuros* on March 31, 2015, was BRL21.50 (approximately USD 6.70) per share, giving Ternium s ownership stake a market value of approximately USD1,113.4 million as of that date. Since the acquisition of its investment in Usiminas, Ternium has reduced the carrying value of the investment by 59% through impairment charges, currency translation adjustments due to the devaluation of the Brazilian currency against the US dollar, and the results of the company.

Ternium reviews the economic policies of Brazil and the expectations relating to the BRL against USD exchange rate on an ongoing basis and will continue to evaluate their impact in the drivers used for calculating the recoverable value of Ternium s investment in Usiminas. These matters could lead to further reductions in the carrying value of Ternium s investment in Usiminas, either through currency translation adjustments or impairment charges. Any further write-downs to Ternium s investment in Usiminas could have a material adverse effect on Ternium s results of operations or net worth.

Labor disputes at Ternium s operating subsidiaries could result in work stoppages and disruptions to Ternium s operations.

A substantial majority of Ternium s employees at its manufacturing subsidiaries are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to or during the negotiations leading to new collective bargaining agreements, during wage and benefits negotiations or, occasionally, during other periods for other reasons. Ternium could also suffer plant stoppages or strikes if it were to implement cost reduction plans.

From time to time, Ternium takes measures in order to become more competitive in Mexico, Argentina and Colombia; none of the measures taken in the past have resulted in significant labor unrest. However, we cannot assure that this situation will remain stable or that future measures will not result in labor actions against us. Any future stoppage, strike, disruption of operations or new collective bargaining agreements could result in lost sales and could increase Ternium s costs, thereby affecting our results of operations. For more information on labor relations and collective bargaining agreements, see Item 6. Directors, Senior Management and Employees D. Employees.

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Ternium s related party transactions with companies controlled by San Faustin may not always be on terms as favorable as those that could be obtained from unaffiliated third parties.

Some of Ternium s sales and purchases are made to and from other companies controlled by San Faustin. These sales and purchases are primarily made in the ordinary course of business, and we believe that they are made on terms no less favorable than those we could obtain from unaffiliated third parties. Ternium will continue to engage in related party transactions in the future, and these transactions may not be on terms as favorable as those that could be obtained from unaffiliated third parties. For information concerning the principal transactions between Ternium and related parties see Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions.

Changes in exchange rates or any limitation in the ability of the Ternium Companies, including associates, to hedge against exchange rate fluctuations could adversely affect Ternium s business and results.

The operations of the Ternium companies expose them to the effects of changes in foreign currency exchange rates and changes in foreign exchange regulations. A significant portion of Ternium s sales are carried out in currencies other than the U.S. dollar. As a result of this foreign currency exposure, exchange rate fluctuations impact the Ternium companies results and net worth as reported in their income statements and statements of financial position in the form of both translation risk and transaction risk. In the ordinary course of business, the Ternium companies enter from time to time into exchange rate derivatives agreements to manage their exposure to exchange rate changes. Future regulatory or financial restrictions in the countries where Ternium operates may affect its ability to mitigate its exposure to exchange rate fluctuations, and thus cause an adverse impact on Ternium s results of operations, financial condition or cash flows. For information concerning the effect of the changes in exchange rates on Ternium s business and results, see Item 5. Operating and Financial Review and Prospects Overview.

Risks Relating to our Mining Activities

Mining is one of Ternium s two reporting segments, and iron ore is one of the principal raw materials used by Ternium s operating subsidiaries in its steelmaking segment. Ternium has equity interests in two iron ore mining companies in Mexico: a 100% interest in Las Encinas and a 50% interest in Consorcio Peña Colorada. In addition, Ternium may seek to expand its mining activities in the future depending upon, among other factors, market conditions and strategic needs. Our present and future mining activities are or would be subject to particular risks, as follows:

Required governmental concessions could be subject to changes or termination, and permits and rights of use and occupancy could be difficult to obtain or maintain, all of which could adversely affect our mining activities and operating costs.

Our mining activities are subject to specific regulations and depend on concessions and authorizations granted by governmental authorities. Amendments to applicable laws and regulations in Mexico may change the terms pursuant to which we are required to pursue our exploration, mining and ore processing activities. For example, on January 1, 2014 a comprehensive tax reform became effective in Mexico, including the enactment of new taxes and royalties over mining activities, which in the case of Ternium s iron ore mining subsidiaries resulted in a 7.5% royalty on mining profits, calculated on a special tax basis. Additional changes to Mexican laws and regulations may result in new taxes or royalties or require modifications to the processes and technologies used in our mining activities, leading to unexpected capital expenditures and higher costs. If the relevant government authority determines that we are not in compliance with our obligations as concessionaires, it may terminate our concession.

Furthermore, in order to explore or exploit mines it is necessary to obtain the right of use and occupancy of the land where the mines are situated. Even though government regulations frequently establish provisions intended to facilitate the establishment of such rights, in some cases it may be difficult to reach and maintain agreements with the landowners or such agreements may be excessively onerous. If we are unable to establish use and occupancy rights on acceptable terms, our mining activities may be compromised. For example, during 2014, Consorcio Peña Colorada s shareholders approved the investments required to increase the processing capacity of its crushing, grinding and concentration facilities, aimed at increasing the facility s processing capacity. If Consorcio Peña Colorada is unable to obtain the relevant environmental permits, this expansion project could be compromised. For further information on the Consorcio Peña Colorada project see Item 4. Information on the Company B. Business Overview Mining Consorcio Peña Colorada.

Our reserve estimates may differ materially from mineral quantities that we may be able to actually recover, or our estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine in the future or cause us to revise our reserve estimates.

Ternium s reserves are estimated quantities of ore that it has determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond our control. Reserve calculations involve estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment.

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Reserve estimates also depend on assumptions relating to the economic viability of extraction, which are established through the application of a life of mine plan for each operation or project providing a positive net present value on a forward-looking basis, using forecasts of operating and capital costs based on historical performance, with forward adjustments based on planned process improvements, changes in production volumes and in fixed and variable proportions of costs, and forecasted fluctuations in costs of raw material, supplies, energy and wages. These forecasts and projections involve assumptions and estimations that, although we believe are reasonable at the time of estimating our reserves, may change in the future and may fail to anticipate geological or other environmental factors or events that could make it difficult or unprofitable to mine certain ore deposits.

In addition, our reserve estimates are of in-place material after adjustments for mining depletion and mining losses and recoveries, with no adjustments made for metal losses due to processing. As a result, no assurance can be given that the indicated amount of ore will be recovered from our reserves, or that it will be recovered at the anticipated rates, or that extracted ore will be converted into saleable production over the mine life at levels consistent with our reserve estimates. Reserve estimates may vary from those included in this annual report, and results of mining and production subsequent to the date of an estimate may lead to future revisions of estimates.

Estimates of mine life may require revisions based on actual production figures, changes in reserve estimates and other factors. For example, fluctuations in the market prices of minerals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates, mining duties or other factors could affect our mine life projections. To the extent that market price fluctuations or changes in our operating and capital costs increase our costs to explore, locate, extract and process iron ore, we may be required to revise our reserve estimates if certain ore reserves become uneconomical to mine in the future.

Our exploration activities are subject to uncertainties as to the results of such exploration; even if the exploration activities lead to the discovery of ore deposits, the effective exploitation of such deposits remains subject to several risks.

Exploration activities are highly speculative, involve substantial risks and may be unproductive. We may incur substantial costs for exploration which do not yield the expected results. The failure to find sufficient and adequate reserves could adversely affect our business. In addition, even if ore deposits are discovered, our ability to pursue exploitation activities may be delayed for a long time during which market conditions may vary. Significant resources and time need to be invested in order to establish ore resources through exploration, define the appropriate processes that shall be undertaken, obtain environmental licenses, concessions and permits (including water usage permits), acquire land, build the necessary facilities and infrastructure for greenfield projects and obtain the ore or extract the metals from the ore. If a project does not turn out to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs.

Our expected costs and capital expenditure requirements for exploration or exploitation activities may vary significantly and affect our financial condition and expected results of operations.

We may be subject to increased costs or delays relating to the acquisition of adequate equipment for the exploration and exploitation of ore deposits. We may also fail to obtain any necessary permits, or experience significant delays in connection with the issuance of such permits. Moreover, we may face increasing costs or capital expenditure requirements related to several factors, including diminished iron ore reserve grades, deeper pits and operational sections of our mines, iron ore deposits within the pit area that are more difficult to locate or extract and increased energy supply requirements that may be difficult to obtain. Adverse mining conditions and other situations related to the operation of the mine, whether permanent or temporary, may lead to a significant increase in our planned capital expenditures and our costs, as well as affect our ability to produce the expected quantities of mineral. If this occurs, our financial condition and expected results of operations may also be negatively affected.

Difficulties in relationships with local communities may adversely affect our mining activities and results of operations.

Communities living or owning land near areas where we operate may take actions to oppose and interfere with our mining activities. Although we make significant efforts to maintain good relationships with such communities, actions taken by them (or by interest groups within those communities) may hamper our ability to conduct our mining activities as planned, request the government to revoke or cancel our concessions or environmental or other permits, prevent us from fulfilling agreements reached with the government in connection with our mining activities, or significantly increase the cost of exploring and/or exploiting the mines, thereby adversely affecting our business and results of operations. For example, in Aquila, Mexico, in 2011, 2012 and 2013, members of certain native communities blocked roads demanding higher compensation for the use of land for mining activities (and these actions prevented Ternium from transporting iron ore from the mines to the pelletizing facilities for periods of time that on some occasions ultimately resulted in a technical stoppage of the mining activities in Aquila). Moreover, in 2013, local communities initiated legal actions aimed at the cancellation of certain permits granted to Las Encinas and to Consorcio Peña Colorada. Although management believes that those legal actions are not likely to succeed, Mexican legislation affords judges the power to preemptively suspend environmental or other permits or concessions, or to take certain other measures, in order to protect the *ejidos* (land jointly

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owned by native communities) until a legal action is resolved. An adverse legal decision suspending or cancelling our permits could adversely impact our mining activities and results of operations.

Risks Relating to the Structure of the Company

As a holding company, the Company s ability to pay cash dividends depends on the results of operations and financial condition of its subsidiaries and could be restricted by legal, contractual or other limitations.

The Company conducts all its operations through subsidiaries. Dividends or other intercompany transfers of funds from those subsidiaries are the Company s primary source of funds to pay its expenses, debt service and dividends and to repurchase shares or ADSs. The Company does not and will not conduct operations at the holding company level.

The ability of the Company s subsidiaries to pay dividends and make other payments to the Company will depend on their results of operations and financial condition and could be restricted by, among other things, applicable corporate and other laws and regulations, including those imposing foreign exchange controls or restrictions on the repatriation of capital or the making of dividend payments, and agreements and commitments of such subsidiaries. If earnings and cash flows of the Company s operating subsidiaries are substantially reduced, the Company may not be in a position to meet its operational needs or to pay dividends. In addition, the Company s ability to pay dividends is subject to legal and other requirements and restrictions in effect at the holding company level. For example, the Company may only pay dividends out of net profits, retained earnings and distributable reserves and premiums, each as defined and calculated in accordance with Luxembourg laws and regulations.

The Company s controlling shareholder may be able to take actions that do not reflect the will or best interests of other shareholders.

As of March 31, 2015, San Faustin beneficially owned 62.02% of our outstanding voting shares and Tenaris, which is also controlled by San Faustin, also held 11.46% of our outstanding voting shares. Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, or RP STAK, controls a significant portion of the voting power of San Faustin and has the ability to influence matters affecting, or submitted to a vote of, the shareholders of San Faustin. As a result, RP STAK is indirectly able to elect a substantial majority of the members of the Company s board of directors and has the power to determine the outcome of most actions requiring shareholder approval, including, subject to the requirements of Luxembourg law, the payment of dividends. The decisions of the controlling shareholder may not reflect the will or best interests of other shareholders. For example, the Company s articles of association permit the board of directors to waive, limit or suppress preemptive rights in certain cases. Accordingly, our controlling shareholder may cause our board of directors to approve an issuance of shares for consideration without preemptive rights, thereby diluting the minority interest in the Company. See Risk Factors Risks Relating to our ADSs Holders of our shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases and Item 7. Major Shareholders and Related Party Transactions A. Major Shareholders.

Non-controlling interests in our subsidiaries could delay or impede our ability to complete our strategy.

We do not own one hundred percent of the interests in certain of our subsidiaries.

As of March 31, 2015, approximately 26.03% of Siderar is held by *Administración Nacional de la Seguridad Social*, or ANSeS, Argentina s governmental social security agency, approximately 11.68% is publicly held, and approximately 1.34% is held by certain Siderar employees. ANSeS became a significant shareholder of Siderar in the last quarter of 2008 as a result of the nationalization of Argentina s private pension system, which caused assets under administration of Argentina s private pension funds including significant interests in publicly traded companies, such as Siderar, held by such funds to be transferred to ANSeS.

Ternium holds a 51% ownership interest in Tenigal, and NSSMC holds the remaining 49%. We also have a participation in the control group of Usiminas. For further information on the Usiminas investment, see Item 4. Information on the Company C. Organizational Structure Other Investments Usiminas .

The existence of non-controlling interests in these companies could prevent Ternium from taking actions that, while beneficial to Ternium, might not be beneficial to each relevant subsidiary, considered separately. As a result, we could be delayed or impeded in the full implementation of our strategy or the maximization of Ternium s competitive strengths.

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Risks Relating to the Countries in Which We Operate

Negative economic, political and regulatory developments in certain markets where Ternium has a significant portion of its operations and assets could hurt Ternium s shipment volumes or prices, increase its costs or disrupt its manufacturing operations, thereby adversely affecting its results of operations and financial condition.

The results of Ternium s operations are subject to the risks of doing business in emerging markets, principally in Mexico and Argentina and to a lesser extent in Colombia, and have been, and could in the future be, affected from time to time to varying degrees by economic, political, social and regulatory developments, such as nationalization, expropriation or forced divestiture of assets; restrictions on production, domestic sales, imports and exports; interruptions to essential energy inputs; restrictions on the exchange or transfer of currency, repatriation of capital, or payment of dividends, debt principal or interest, or other contractual obligations; inflation; devaluation; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of our facilities; direct and indirect price controls; tax increases, changes (including retroactive) in the enforcement or interpretation of tax laws and other retroactive tax claims or challenges; changes in laws or regulations; cancellation of contract rights; and delays or denial of governmental approvals. Both the likelihood of such occurrences and their overall effect upon Ternium vary greatly from country to country and are not predictable. Realization of these risks could have an adverse impact on the results of operations and financial condition of Ternium s subsidiaries located in the affected country and, depending on their materiality, on the results of operations and financial condition of Ternium as a whole.

Mexico

Ternium has significant manufacturing operations and assets located in Mexico and a majority of its sales are made to customers in this country. The majority of Ternium s revenues from its Mexican operations, therefore, are related to market conditions in Mexico and to changes in its economic activity. Ternium s business could be materially and adversely affected by economic, political and regulatory developments in Mexico.

Economic and social conditions and government policies in Mexico could negatively impact Ternium s business and results of operations.

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation and other economic problems. Furthermore, the Mexican national economy tends to reflect changes in the economic environment in the United States. If problems such as deterioration in Mexico s economic conditions reemerge (for example, as a result of lower revenues due to oil price decline) or there is a future re-emergence of social instability, political unrest, reduction in government spending or other adverse social developments, foreign exchange and financial markets may exhibit continued volatility, which, depending on its severity and duration, could adversely affect the business, results of operations, financial condition or liquidity of Ternium. Moreover, adverse economic conditions in Mexico could result in, among other things, higher interest rates accompanied by reduced opportunities for refunding or refinancing, reduced domestic consumption of Ternium s products, decreased operating results and delays in the completion of ongoing and future capital expenditures.

Regulatory changes in Mexico could adversely impact our results of operations and net results.

Mexico has recently experienced a period of economic reform. In December 2012, new labor regulations became effective in Mexico. The most relevant aspects of those regulations were a reassessment of the status of third-party workers, changes in rest periods, and an increase in the amounts of fines and penalties applicable for violations of the regulations. In addition, in 2014 a comprehensive tax reform became effective in Mexico. Among other things, the reform maintained the corporate income tax at 30% (eliminating the scheduled reduction to 29% in 2014 and 28% in 2015); repealed the tax consolidation regime, limiting Ternium s ability to perform fiscal consolidation among its Mexican subsidiaries beginning as of January 1, 2014; introduced a 10% withholding tax on dividend distributions; and created a new royalty over mining activities, which in the case of Ternium s iron ore mining subsidiaries resulted in a 7.5% royalty on mining profits calculated on a special tax basis. These measures resulted in a deferred tax loss of USD22.3 million in Ternium s 2013 results. Any additional new changes to Mexican regulations, including regulations imposing new obligations that may be issued as part of the energy reform agenda, could adversely impact our results of operations and net results.

Violence and crime in Mexico could negatively impact Ternium s business and operations.

In recent years there have been high incidences of violence and crime related to drug trafficking in Mexico, especially in the Monterrey areas, where our main facilities are located, and in Michoacán, where some of our mining facilities are located. Security issues could affect our day-to-day operations and could also result in an economic slowdown, reducing domestic demand for our products and thereby having an adverse effect on our business. A deterioration of the security situation could result in significant obstacles or additional costs to the implementation of our growth plans in Mexico, including delays in the completion of capital expenditures.

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Argentina

Approximately 14% of Ternium s consolidated net assets are located in Argentina and a significant portion of its sales are made in Argentina through its subsidiary, Siderar. Most of Siderar s sales revenue is affected by market conditions in Argentina and changes in Argentina s gross domestic product, or GDP, and per capita disposable income. Accordingly, Siderar s business could be materially and adversely affected by economic, political, social, fiscal and regulatory developments in Argentina. For more information on Ternium s sales in Argentina, see Item 4. Information on the Company B. Business Overview Sales Southern Region.

Economic and political instability in Argentina, which on several occasions resulted in economic uncertainties and recession, may occur in the future, thereby adversely affecting our business, financial condition and results.

Our business and results of operations in Argentina depend on macroeconomic conditions, among other factors. Domestic sales of Siderar were severely affected by Argentina s political and economic crisis in 2001-2002. Steel shipments to the Argentine domestic market were again disrupted during the 2008-2009 downturn in the global economy. More recently, steel shipments to the Argentine domestic market stagnated starting in 2012, as economic growth in Argentina slowed down significantly.

The Argentine economy is currently facing significant challenges. Inflation is high, as further discussed below, leading to increasing labor unrest. In addition, the economy has been affected by supply constraints and capital investment in general has declined significantly due to, among other factors, political, economic and financial uncertainties and government actions, including price and foreign exchange controls, import restrictions, export taxes, an increased level of government intervention in, or limitations to, the conduct of business in the private sector, and other measures affecting investor confidence. For example, in February 2011, the Argentine government imposed controls on the price of steel products sold in Argentina, including products sold by Siderar, and required that sales of steel products be invoiced in Argentine pesos. Although Ternium believes that price controls are illegal under Argentine law and these measures were ultimately revoked, other price controls or similar measures could be imposed in the future. Inflation and declining capital investment may affect growth and, accordingly, cause demand for our local subsidiary s products in the domestic market to drop.

Furthermore, certain bondholders that did not participate in Argentina s restructurings of a substantial portion of its sovereign indebtedness following the Argentine default in 2002, which took place in 2005 and 2010, have sued Argentina for full payment. This litigation has effectively limited Argentina s access to international capital markets. A lack of financial alternatives could impair Argentina s ability to sustain the economy s activity level and foster economic growth.

Economic conditions in Argentina have deteriorated rapidly in the past and may deteriorate rapidly in the future. The Argentine economy may not continue to grow and economic instability may increase. Our business and results of operations in Argentina could be adversely affected by rapidly changing economic conditions in Argentina or by the Argentine government s policy response to such conditions.

Inflation may undermine economic growth in Argentina and impact our costs, thereby adversely affecting our results of operations and financial position.

In the past, inflation has undermined the Argentine economy and the government s ability to stimulate economic growth. Beginning in 2004, inflation indicators began showing significant year-over-year increases, signaling a trend characteristic of an inflationary economy. The pace of inflation has increased rapidly and significantly over the last few years. Since 2007 Argentina s official inflation data published by the *Instituto Nacional de Estadística y Censos*, or INDEC, Argentina s national statistics institute, have been subject to changes in calculation; following the implementation of such changes, the official inflation figures have been consistently disputed by independent economists. For example, the annual inflation rates based on consumer data published by INDEC (IPC GBA) during the period 2008-2013 were in all cases below 11%, while private estimates, on average, refer to annual rates of inflation significantly higher than those published by INDEC. On February 1, 2012, the International Monetary Fund s executive board approved a decision that called on Argentina to implement specific measures to address the quality of the official data reported to the International Monetary Fund. In February 2014, INDEC stopped issuing the IPC GBA index and replaced it with a new national consumer price index (IPCNu) based on a different methodology. Under the IPCNu, consumer price index rose 23.9% in 2014. As of the date of this annual report, the International Monetary Fund s executive board has not issued a final assessment regarding the compliance of the IPCNu index with the requirements imposed by its February 1, 2012 decision.

Sustained high inflation in Argentina could negatively impact our results of operations and financial position as peso-denominated costs (mainly labor-related costs) at Siderar increase, thereby affecting its cost-competitiveness and adversely affecting its margins. In addition, a high inflation economy could undermine Argentina s foreign competitiveness in international markets and negatively affect the economy s activity and employment levels. Argentine inflation rate volatility makes it impossible to estimate with reasonable certainty the extent to which activity levels and results of operations of Siderar could be affected by inflation in the future.

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The Argentine government has increased taxes on Argentine companies and could further increase the fiscal burden in the future, which could adversely affect our results of operations, net results and financial condition.

Since 1992, the Argentine government has not permitted the application of an inflation adjustment on the value of fixed assets for tax purposes. As a result of the substantial devaluation of the Argentine peso against the U.S. dollar and significant inflation over the last decade, the amounts that the Argentine tax authorities permit Siderar to deduct as depreciation for its past investments in plant, property and equipment have been substantially reduced in real terms, thus creating artificial gains for tax purposes which result in effective tax rates which are higher than statutory tax rates. In addition, provincial taxes on Siderar s sales have increased over the last few years. More recently, in October 2013 the Argentine government enacted a new 10% withholding tax on dividend distributions in Argentina. This measure resulted in a deferred tax loss of USD24.0 million in Ternium s 2013 results. If the Argentine government continues to increase the tax burden on Siderar s operations, Ternium s results of operations, net results and financial condition could be adversely affected.

Argentine exchange controls could prevent Ternium from paying dividends or other amounts from cash generated by Siderar s operations.

In the past, the Argentine government and the Argentine Central Bank introduced several rules and regulations to reduce volatility in the ARS/USD exchange rate, and implemented formal and informal restrictions on capital inflows into Argentina and capital outflows from Argentina. In addition, Siderar is currently required to repatriate U.S. dollars collected in connection with exports from Argentina (including U.S. dollars obtained through advance payment and pre-financing facilities) into Argentina and convert them into Argentine pesos at the relevant exchange rate applicable on the date of repatriation. Since the last quarter of 2011, the Argentine government tightened its controls on transactions that would represent capital outflows from Argentina, prohibiting the purchase of foreign currency for saving purposes and limiting formally or informally the ability of Argentine companies to transfer funds (including in connection with the purchase of goods or services, or the payment of interest, dividends or royalties) outside of Argentina. The existing controls, and any additional restrictions of this kind that may be imposed in the future, could expose Ternium to the risk of losses arising from fluctuations in the exchange rate or affect Ternium s ability to finance its investments and operations in Argentina or impair Ternium s ability to convert and transfer outside Argentina funds generated by Siderar, for example, to fund the payment of dividends or to undertake investments and other activities that require offshore payments. For additional information on Argentina s current exchange controls and restrictions, see Item 10. Additional Information D. Exchange Controls.

Restrictions on the imports of key steelmaking inputs for Siderar s operations in Argentina could adversely affect Siderar s production and, as a result, revenues and negatively impact Ternium s results of operations.

Some of Siderar s key steelmaking inputs, including iron ore and coking coal, are imported into Argentina. The Argentine government has implemented significant import restrictions, which may affect the availability of key steelmaking inputs for our operations in Argentina. All payments on imports of goods and services must be approved by the Argentine federal tax authority and other authorities, such as the Secretary of Commerce. The authorization criteria for such imports have not been determined in the applicable regulations. Among other factors, fluctuations in Siderar s export levels may impact our ability to obtain the necessary approvals. Such import restrictions could delay imports and, if sustained, adversely affect our business, operations and growth projects in Argentina. In addition, they could affect Siderar s exports from Argentina, considering that foreign countries may adopt and implement counter-measures. For additional information on current Argentina s current exchange controls and restrictions, see Item 10. Additional Information D. Exchange Controls.

Restrictions or an increase of the costs on the supply of energy to Siderar s operations in Argentina could curtail Siderar s production and negatively impact Ternium s results of operations.

In recent years, there has been an insufficient level of investment in natural gas and electricity supply and transport capacity in Argentina, coupled with a substantial increase in demand for natural gas and electricity. This in turn resulted in shortages of natural gas and electricity to residential and industrial users including Siderar during periods of high demand. Such shortages may, in the future, result in significant price increases for gas and electricity. Siderar s operations experienced constraints in their natural gas supply requirements and interruptions in their electricity supply at peak hours on many occasions. If demand for natural gas and electricity increases and a matching increase in natural gas and electricity supply and transport capacity fails to materialize on a timely basis, Siderar s production in Argentina (or that of its main customers and suppliers) could be curtailed, and Siderar s sales and revenues could decline. In addition, the Argentine government announced a cut-off in the government s subsidies to the price of the natural gas and electricity on several occasions. An increase in Siderar s energy costs may adversely affect Siderar s results of operations. See Risks Relating to the Steel Industry Price fluctuations or shortages in the supply of raw materials, slabs and energy could adversely affect Ternium s profitability above.

Colombia

Ternium has manufacturing operations and assets located in Colombia and some of its sales are made in Colombia. The majority of Ternium s revenues from its Colombian operations, therefore, are affected by market conditions in Colombia and to changes in Colombia s GDP, and per capita disposable income. In addition, Colombia has experienced internal security issues and political

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tensions with some of its neighboring countries, in particular Venezuela and Ecuador, which have had or could have a negative effect on the Colombian economy. Accordingly, Ternium s business could be adversely affected by economic, political and regulatory developments in Colombia.

Certain Regulatory Risks and Litigation Risks

International trade actions or regulations and trade-related legal proceedings could adversely affect Ternium s sales, revenues and overall business.

International trade-related legal actions and restrictions pose a constant risk for Ternium s international operations and sales throughout the world. We purchase steel products, including significant quantities of steel slabs, for our operations in Mexico (which we obtain from various suppliers in Mexico and overseas), and we also purchase steel products for our operations in Colombia (which we obtain from our subsidiaries overseas and from various suppliers in Colombia and overseas). Steel products are, subject to certain conditions, imported under zero or low import duties. In the future, the Mexican or Colombian governments may increase the applicable duties or impose restrictions in the quantities allowed to be imported.

Increased trade liberalization has reduced certain of Ternium s imported input costs and increased Ternium s access to many foreign markets. However, greater trade liberalization in its domestic markets is increasing competition for Ternium in such markets. In recent years, as a consequence of the global downturn and the economic slowdown in China, the number of antidumping and countervailing actions limiting trade has increased substantially. Accordingly, producers from certain countries find themselves excluded from certain markets and in need to find alternatives for their products. As a result, Ternium s domestic market share could be eroded in the face of foreign imports, and Ternium s increased exports to foreign markets where import barriers have been reduced may not completely offset domestic market share losses resulting from increased foreign competition.

Countries can impose restrictive import duties and other restrictions on imports under various national trade laws. The timing and nature of the imposition of trade-related restrictions potentially affecting Ternium s exports are unpredictable. Trade restrictions on Ternium s exports could adversely affect Ternium s ability to sell products abroad and, as a result, Ternium s profit margins, financial condition and overall business could suffer. One significant source of trade restrictions results from countries imposition of so-called antidumping and countervailing duties, as well as safeguard measures. These duties can severely limit or altogether impede an exporter s ability to export to relevant markets. In several of Ternium s export destinations, such as the United States or Europe, safeguard duties and other protective measures have been imposed against a broad array of steel imports in certain periods of excess global production capacity, as is currently the case. Furthermore, certain domestic producers have filed antidumping and/or countervailing duty actions against particular steel imports. Some of these actions have led to restrictions on Ternium s exports of certain types of steel products to certain steel markets. As domestic producers filing of such actions is largely unpredictable, additional antidumping duties, countervailing duties or other such import restrictions could be imposed in the future, limiting Ternium s export sales to and potential growth in those markets. See Item 4. Information on the Company B. Business Overview Regulations Trade regulations.

The cost of complying with environmental regulations and potential environmental and product liabilities may increase our operating costs and negatively impact our business, financial condition, results of operations and prospects.

Our steelmaking and mining activities are subject to a wide range of local, provincial and national laws, regulations, permit requirements and decrees relating to the protection of human health and the environment, including laws and regulations relating to hazardous materials and radioactive materials and environmental protection governing air emissions, water discharges and waste management due to the risks inherent in the industries in which we operate. Laws and regulations protecting the environment have become increasingly complex and more stringent in recent years, leading to higher costs of compliance.

Environmental laws and regulations may, in some cases, impose strict liability rendering a person liable for damages to natural resources or threats to public health and safety without regard to negligence or fault. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. These laws and regulations may expose us to liability for the conduct of, or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed.

Compliance with applicable requirements and the adoption of new requirements could have a material adverse effect on our consolidated statement of financial position, results of operations or cash flows. The ultimate impact of complying with environmental laws and regulations is not always clearly known or determinable since regulations under some of these laws have not yet been promulgated or are undergoing revision. The expenditures necessary to remain in compliance with these laws and regulations, including site or other remediation costs, or costs incurred from potential environmental liabilities, could have a material adverse effect on our financial condition and profitability. While we incur and will continue to incur expenditures to comply with applicable laws and regulations, there always remains a risk that environmental incidents or accidents may occur that may negatively affect our reputation or our operations.

Some of the activities for which Ternium supplies products, such as canning for consumption, construction and the automotive industry, are subject to inherent risks that could result in death, personal injury, property damage or environmental pollution, and subject us to potential product liability risks that could extend to being held liable for the damages produced by such products. Furthermore, Ternium s products are also sold to, and used in, certain safety-critical appliances. Actual or claimed defects in our products may give rise to claims against us for losses suffered by our customers and expose us to claims for damages. The insurance we maintain may not be adequate or available to protect us in the event of a claim, its coverage may be limited, canceled or otherwise terminated, or the amount of our insurance may be less than the related impact on enterprise value after a loss.

Risks Relating to our ADSs

The market price for our ADSs could be highly volatile.

Volatility in the price of our ADSs may be caused by factors within or outside of our control and may be unrelated or disproportionate to Ternium s operating results. In particular, announcements of potentially adverse developments, such as proposed regulatory changes, new government investigations or the commencement or threat of litigation against Ternium, as well as announcements of transactions, investments, or changes in strategies or business plans of Ternium or its competitors, could adversely affect the trading price of our ADSs, regardless of the likely outcome of those developments. Broad market and industry factors could adversely affect the market price of our ADSs, regardless of its actual operating performance. As an example of this volatility, the price of our ADSs closed at USD45.18 on June 2, 2008, and fell to a low of USD4.55 on November 20, 2008. In 2009 and 2010, the price of our ADSs generally recovered to a high closing price of USD43.26 on January 5, 2011, but then fell to a 2011 low of USD15.54 on November 29, 2011. The price of our ADSs was generally in the range of USD17.6 to USD24.9 in 2012, in the range of USD19.2 to USD31.3 in 2013 and in the range of USD16.2 to USD32.2 in 2014. See Item 9 The Offer and Listing A. Offer and Listing Details.

Furthermore, the trading price of our ADSs could suffer as a result of developments in emerging markets. Although the Company is organized as a Luxembourg corporation, almost all of its assets and operations are located in Latin America. Financial and securities markets for companies with a substantial portion of their assets and operations in Latin America are, to varying degrees, influenced by political, economic and market conditions in emerging market countries. Although market conditions are different in each country, investor reaction to developments in one country can have significant effects on the securities of issuers with assets or operations in other emerging markets, including Mexico, Argentina and Colombia. See Risks Relating to the Countries in Which We Operate.

In deciding whether to purchase, hold or sell our ADSs, you may not be able to access as much information about us as you would in the case of a U.S. company.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, Luxembourg regulations governing the securities of Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Furthermore, IFRS differ in certain material aspects from the accounting standards used in the United States.

Holders of our ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders.

Certain shareholders rights under Luxembourg law, including the right to vote, to receive dividends and distributions, to bring actions, to examine the books and records and to exercise appraisal rights may not be available to holders of ADSs, or may be subject to restrictions and special procedures for their exercise, as holders of ADSs only have those rights that are expressly granted to them in the deposit agreement. The Bank of New York Mellon, or BNY Mellon, as depositary, through its custodian agent, is the registered shareholder of the deposited shares underlying the ADSs and therefore only the depositary can exercise the shareholders rights in connection with the deposited shares. For example, if we make a distribution in the form of securities, the depositary is allowed, at its discretion, to sell that right to acquire those securities on your behalf and to instead distribute the net proceeds to you. Also, under certain circumstances, such as our failure to provide the depositary with voting materials on a timely basis, you may not be able to vote by giving instructions to the depositary. In the circumstances specified in the deposit agreement, if the depositary does not receive voting instructions from the holder of ADSs or the instructions are not in proper form, then the depositary shall deem such holder to have instructed the depositary to give, and the depositary shall give, a proxy to a person designated by the Company with respect to that amount of shares underlying such ADSs to vote that amount of shares underlying such ADSs in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote that amount of shares underlying such

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ADSs on any issue in accordance with the majority shareholders vote on that issue) as determined by the appointed proxy. No instruction shall be deemed given and no proxy shall be given with respect to any matter as to which the Company informs the depositary that (x) it does not wish such proxy given, (y) substantial opposition exists, or (z) the matter materially and adversely affects the rights of the holders of ADSs.

Holders of our shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases.

Pursuant to Luxembourg corporate law, existing shareholders of the Company are generally entitled to preemptive subscription rights in the event of capital increases and issues of shares against cash contributions. Under the Company s articles of association, the board of directors is authorized to waive, limit or suppress such preemptive subscription rights until July 15, 2015, and the renewal of such authorization will be submitted for consideration by the Company s general extraordinary meeting of shareholders to be held on May 6, 2015 or any adjournment thereof. The Company, however, may issue shares without preemptive rights only if the newly issued shares are issued:

- for, within, in conjunction with or related to, an initial public offering of the shares of the Company on one or more regulated markets (in one or more instances);
- for consideration other than cash;
- upon conversion of convertible bonds or other instruments convertible into shares of the Company; provided, however, that the preemptive subscription rights of the then existing shareholders shall apply in connection with any issuance of convertible bonds or other instruments convertible into shares of the Company for cash; or
- subject to a certain maximum percentage, as compensation to directors, officers, agents or employees of the Company, its direct or indirect subsidiaries or its affiliates, including without limitation the direct issuance of shares or the issuance of shares upon exercise of options, rights convertible into shares or similar instruments convertible or exchangeable into shares issued or created to provide compensation or incentives to directors, officers, agents or employees of the Company, its direct or indirect subsidiaries or its affiliates.

For further details, see Item 10. Additional Information B. Memorandum and Articles of Association.

Furthermore, holders of our shares and ADSs in the United States may, in any event, not be able to exercise any preemptive rights, if granted, for shares unless those shares are registered under the U.S. Securities Act of 1933, as amended (the Securities Act) with respect to those rights or an exemption from registration is available. We intend to evaluate, at the time of any rights offering, the costs and potential liabilities associated with the exercise by holders of shares and ADSs of the preemptive rights for shares, and any other factors we consider appropriate at the time, and then to make a decision as to whether to register additional shares. We may decide not to register any additional shares, requiring a sale by the depositary of the holders rights and a distribution of the proceeds thereof. Should the depositary not be permitted or otherwise be unable to sell preemptive rights, the rights may be allowed to lapse with no consideration to be received by the holders of the ADSs.

It may be difficult to obtain or enforce judgments against the Company in U.S. courts or courts outside of the United States.

The Company is a public limited liability company (*société anonyme*) organized under the laws of Luxembourg, and most of its assets are located outside of the United States. Furthermore, most of the Company s directors and officers named in this annual report reside outside the United States. As a result, investors may not be able to effect service of process within the United States upon the Company or its directors or officers or to enforce against the Company or them in U.S. courts judgments predicated upon the civil liability provisions of U.S. federal securities law. Likewise, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the Company, its directors or its officers. There is also uncertainty with regard to the enforceability of original actions in courts outside the United States of civil liabilities predicated upon the civil liability provisions of U.S. federal securities laws. Furthermore, the enforceability in courts outside the United States of judgments entered by U.S. courts predicated upon the civil liability provisions of U.S. federal securities law will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction.

Item 4. Information on the Company

Overview

Ternium is a leading steel producer in Latin America. We manufacture and process a broad range of value-added steel products, including galvanized and electro-galvanized sheets, pre-painted sheets, tinplate, welded pipes, hot-rolled flat products, cold-rolled products, bars and wire rods as well as slitted and cut-to-length offerings through our service centers. Our customers range from large global companies to small businesses operating in the construction, automotive, home appliances, capital goods, container, food and energy industries.

With approximately 16,900 employees and an annual production capacity of 11.0 million tons of finished steel products and 4.0 million tons of iron ore pellets (most of which are used in our steelmaking activities) as of December 31, 2014, Ternium has production facilities located in Mexico, Argentina, Colombia, the southern United States and Guatemala, iron ore mines in Mexico, and a network of service and distribution centers throughout Latin America that provide it with a strong position from which to serve its core markets. In addition, Ternium participates in the control group of Usiminas, a leading steel company in the Brazilian steel market. Our proximity to local steel consuming markets enable us to differentiate from our competitors by offering valuable services to our customer base across Latin America. Our favorable access to iron ore sources and proprietary iron ore mines in Mexico provide reduced logistics costs, and our diversified steel production technology enables us to adapt to fluctuating input-cost conditions.

Ternium primarily sells its steel products in the regional markets of the Americas. Ternium provides specialized products and delivery services, mainly to customers in Mexico, Argentina, Colombia and various Central American countries, through its network of manufacturing facilities and service centers. We believe that Ternium is the leading supplier of flat steel products in Mexico and Argentina, a significant supplier of steel products in Colombia and in various other countries in Latin America, and a competitive player in the international steel market for steel products. Through its network of commercial offices in several countries in Latin America, the United States and Spain, Ternium maintains an international presence that allows it to reach customers outside its local markets, achieve improved effectiveness in the supply of its products and in the procurement of semi-finished steel, and maintain a fluid commercial relationship with its customers by providing continuous services and assistance.

In 2014, 56.1% of Ternium s net sales of steel products were made to Mexico, 30.5% to the Southern Region (which is comprised of sales to customers in Argentina, Bolivia, Chile, Paraguay and Uruguay), and 13.4% to other markets (including major shipment destinations, such as Colombia, the United States and Central America, as well as other international destinations). In 2014, Ternium s net sales were USD8.7 billion, operating income was USD1.1 billion, and net income attributable to equity holders was USD452.4 million.

A. History and Development of the Company
The Company

Our legal and commercial name is Ternium S.A. The Company was organized as a public limited liability company (*société anonyme*) under the laws of the Grand-Duchy of Luxembourg on December 22, 2003. Our Luxembourg office is located at 29, Avenue de la Porte-Neuve 3rd floor, L-2227 Luxembourg, telephone number +352 2668 3152. Our agent for U.S. federal securities law purposes is Ternium International U.S.A. Corporation, located at 2200 West Loop South, Suite 945, Houston, TX 77027, United States.

Ternium

Ternium s origins began in September 1961 with the founding of Propulsora Siderúrgica, or Propulsora, by San Faustin s predecessor in Argentina. Propulsora began its operations as a producer of cold-rolled coils in December 1969 and in the early 1990s began to evolve through a series of strategic investments aimed at transforming Propulsora into an integrated steel producer. In 1993, Propulsora merged with Aceros Paraná S.A. (a company formed by the Argentine government in connection with the privatization of Somisa, at that time the main integrated producer of flat steel in Argentina) and three other affiliated steel industry companies. After the merger, Propulsora changed its name to Siderar S.A.I.C. San Faustin held a controlling interest in Siderar, with the remainder being held mainly by Usiminas, certain former employees of Somisa, and the public.

In December 1997, a consortium formed by San Faustin, Siderar, Usiminas, Hylsamex and Sivensa won the bid in the privatization of a controlling interest in Sidor, the largest steel company in Venezuela.

As part of a multiple-step corporate reorganization in 2005, San Faustin reorganized its investments in steel manufacturing, processing and distribution businesses by contributing its controlling interests in Siderar, Sidor and Ternium Internacional to the Company, and Usiminas and Sivensa exchanged their interests in Siderar and Sidor for shares of the Company. In 2005, we acquired, together with Siderar, an indirect 99.3% interest in the Mexican company Hylsamex and its subsidiaries.

On January 11, 2006, the Company launched an initial public offering of 24,844,720 ADSs, each representing 10 shares of the Company, in the United States, and subsequently granted the underwriters of the Company s initial public offering an option to purchase up to 3,726,708 additional ADSs to cover over-allotments in the sale of the ADSs.

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On December 28, 2006, we acquired an additional 4.85% interest in Siderar from CVRD Internacional S.A, thereby increasing our ownership in Siderar to 60.93%.

On April 29, 2007, the Company entered into an agreement with Grupo Imsa and Grupo Imsa s controlling shareholders pursuant to which Grupo Imsa came under our control on July 26, 2007. Under the agreement, the Company, through a wholly owned subsidiary, made a cash tender offer under applicable Mexican law for all of the issued and outstanding share capital of Grupo Imsa, which resulted in the acquisition of 25,133,856 shares, representing 9.3% of the issued and outstanding capital of Grupo Imsa. Concurrently with the consummation of the tender offer, on July 26, 2007, all the shares of Grupo Imsa that were not tendered into the tender offer (including the shares owned by Grupo Imsa s majority shareholders), representing 90.7% of Grupo Imsa s issued and outstanding share capital, were redeemed for cash pursuant to a capital reduction effected at the same price per share. Following this capital reduction, we became the sole shareholder of Grupo Imsa.

In 2007, Grupo Imsa was renamed Ternium Mexico and, effective March 31, 2008, Hylsamex merged with and into Ternium Mexico. In connection with this merger, Siderar became a shareholder of Ternium Mexico with a 28.7% interest.

On April 29, 2008, the National Assembly of Venezuela passed a resolution declaring that the shares of Sidor, together with all of its assets, were of public and social interest, and authorizing the Venezuelan government to take any action it deemed appropriate in connection with any such assets, including expropriation. On May 11, 2008, the President of Venezuela issued Decree Law 6058 ordering that Sidor and its subsidiaries and associated companies were transformed into state-owned enterprises (*empresas del Estado*), with Venezuela owning not less than 60% of their share capital. On May 7, 2009, Ternium completed the transfer of its entire 59.7% interest in Sidor to Corporación Venezolana de Guayana, or CVG, a Venezuelan state-owned entity.

On August 25, 2010, Ternium completed the acquisition of a 54% ownership interest in Ferrasa and, on April 7, 2015, Ternium acquired the remaining 46% minority interest. Ferrasa has a 100% ownership interest in Siderúrgica de Caldas S.A.S., Figuraciones S.A.S. and Perfilamos del Cauca S.A.S., all of which are also Colombian companies. Through this investment, Ternium expanded its business and commercial presence in Colombia.

In November 2010, Ternium and NSSMC established Tenigal, with each company holding 51% and 49% participations, respectively. Tenigal completed the construction of a hot dip galvanizing plant in the vicinity of Monterrey City, Mexico, which commenced production in the third quarter of 2013. Tenigal was designed to produce high grade and high quality galvanized and galvannealed automotive steel sheets, including outer panel and high strength qualities.

On January 16, 2012, the Company s wholly-owned Luxembourg subsidiary Ternium Investments S.à r.l., or Ternium Investments , Siderar and its wholly-owned subsidiary Prosid Investments S.A. or Prosid , and Confab Industrial S.A., a subsidiary of Tenaris, or TenarisConfab, joined the existing control group of Usiminas, a leading steel company in the Brazilian flat steel market, through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively, and formed the so called Ternium/Tenaris (T/T) Group. Ternium Investments, Siderar (and Prosid) and TenarisConfab entered into an amended and restated Usiminas shareholders agreement with NSSMC, Mitsubishi and Metal One (comprising the so-called Nippon Group) and *Previdência Usiminas* or CEU , Usiminas employee pension fund. The shareholders agreement governs the rights and obligations of Ternium Investments, Siderar (and Prosid) and TenarisConfab within the Usiminas control group.

On October 30, 2014, Ternium Investments acquired 51.4 million additional ordinary shares of Usiminas from *Caixa de Previdência dos Funcionários do Banco do Brasil* - PREVI. Following this transaction, Ternium, through its subsidiaries Ternium Investments, Siderar and Prosid, owns 166.1 million ordinary shares of Usiminas, representing 32.9% of Usiminas ordinary shares (and a 16.8% participation in Usiminas results). Of these, 114.7 million ordinary shares are subject to the shareholders agreement that governs the rights and obligations of the members of Usiminas control group (representing a 35.6% interest within that group), while the 51.4 million shares acquired in October 2014 as described above are not subject to the shareholders agreement, although during the term of that agreement Ternium is required to vote such shares in accordance with the control group s decisions. For further information on the Usiminas investment, see note 3 to our consolidated financial statements included elsewhere in this annual report.

For information on Ternium s capital expenditures, see B. Business Overview Capital Expenditure Program.

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B. Business Overview
Our Business Strategy

Our main strategic objective is to enhance shareholder value by strengthening Ternium s position as a competitive producer of steel products, in a manner consistent with minority shareholders rights, while further consolidating Ternium s position as a leading steel producer in Latin America and a strong competitor in the Americas. The main elements of this strategy are:

- ***Focus on higher margin value-added products.*** We intend to continue to shift Ternium s sales mix towards higher margin value-added products, such as cold-rolled sheets and coated and tailor-made products, and services, such as just-in-time delivery and inventory management;

- ***Pursue strategic growth opportunities.*** We have a history of strategically growing our businesses through acquisitions and joint ventures. In addition to strongly pursuing organic growth, we intend to identify and actively pursue growth-enhancing strategic opportunities to consolidate Ternium s presence in its main markets and expand it to the rest of Latin America, increase its upstream integration, expand its offerings of value-added products, increase its steel production, and increase its distribution capabilities. For a description of some of the risks associated with Ternium s growth strategy, see Item 3. Key Information D. Risk Factors Risks Relating to our Business Future acquisitions or other significant investments could have an adverse impact on Ternium s operations or profits, and Ternium may not realize the benefits it expects from these business decisions.

- ***Implement Ternium s best practices.*** We believe that the implementation of Ternium s managerial, commercial and production best practices in acquired and new businesses should generate benefits and savings;

- ***Maximize the benefits arising from Ternium s broad distribution network.*** We intend to maximize the benefits arising from Ternium s broad network of distribution, sales and marketing services to reach customers in major steel markets with a comprehensive range of value-added products and services and to continue to expand its customer base and improve its product mix; and

- ***Enhance Ternium s position as a competitive steel producer.*** We are focused on improving utilization levels of our plants, increasing efficiency and further reducing production costs from levels that we already consider to be among the most competitive in the steel industry through, among other measures, capital investments and further integration of our facilities.

Our Products

The Ternium companies produce mainly finished and semi-finished steel products and iron ore, which are sold either directly to steel manufacturers, steel processors or end-users, after different value-adding processes.

In the steel segment, steel products include slabs, billets and round bars (steel in its basic, semi-finished state), hot-rolled coils and sheets, bars and stirrups, wire rods, cold-rolled coils and sheets, tin plate, hot dipped galvanized and electrogalvanized sheets and pre-painted sheets, steel pipes and tubular products, beams, roll formed products, and other products. Galvanized and pre-painted sheets can be further processed into a variety of corrugated sheets, trapezoidal sheets and other tailor-made products to serve Ternium s customer requirements.

In the mining segment, iron ore is sold as concentrates (fines) and pellets.

Steel products

Slabs, billets and round bars: these products are semi-finished steel forms with dimensions suitable for its processing into specific product types. Slabs are processed into hot-rolled flat products. The use of slabs is determined by their dimensions and by their chemical and metallurgical characteristics. Billets are processed into long steel products, such as wire rods, bars and other shapes. Round bars are processed into seamless tubes.

Hot-rolled products: hot-rolled flat products are used by a variety of industrial consumers in applications such as the manufacturing of wheels, auto parts, pipes, gas cylinders and containers. They are also directly used for the construction of buildings, bridges and railroad cars, and for the chassis of trucks and automobiles. Hot-rolled flat products can be supplied as coils or as sheets cut to a specific length. These products also serve as inputs for the production of cold-rolled products. Merchant bars include specific shape features, such as rounds, flats, angles, squares and channels, which are used by customers to manufacture a wide variety of products such as furniture, stair railings and farm equipment. Reinforcing bars (rebars) and stirrups, obtained from the mechanical transformation of rebars, are used to strengthen concrete highways, bridges and buildings. Rods are commonly drawn into wire products or used to make bolts and nails. Wire rod can be produced in different qualities according to customers demands.

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Cold-rolled products: cold-rolled products are applied mainly to the automotive, home appliance and capital goods industries, as well as to galvanizers, drummers, distributors and service centers. Cold-rolled coils are sold as coils or cut into sheets or blanks to meet customers needs. These products also serve as inputs for the production of coated products.

Coated products: galvanized sheets are produced by adding a layer of zinc to cold-rolled coils, which are afterwards cut into sheets. Galvanized sheets are used in the automotive, construction and home appliances industries. Galvanized coils can also be further processed with a color coating to produce pre-painted sheets, resulting in a product that is mainly sold for building coverings, manufacturing of ceiling systems, panels, air conditioning ducts, refrigerators, air conditioners, washing machines and several other uses. Ternium also offers, under the trademark Zintroalum in Mexico and Cincalum in Argentina, a distinctive type of galvanized product with coating composition that contains approximately 55% aluminum and 44% zinc to improve product performance for the construction industry, including rural, industrial and marine sites. Tinplate, given its resistance to corrosion and its mechanical and chemical characteristics, is mainly sold to the packaging industry for food canning, sprays and paint containers. Tinplate is produced by coating cold-rolled coils with a layer of tin.

Roll-formed and tubular products: these products include tubes for general use, structural tubes, tubes for mechanical applications, conduction tubes, conduction electrical tubes and oil tubes. Tubular products, uncoated or galvanized, have applications in several sectors including home accessories, furniture, scaffolding, automotive, bicycles, hospital equipment, posts for wire mesh garden and poultry tools, handrails, guard-rails, agricultural machinery, industrial equipment, conduction of water, air, gas, oil, high-pressure liquids and special fluids and internal building electrical installations. Beams, including C and Z section steel profiles (purlings) and tubular section beams, are obtained by roll-forming of steel strips and have applications in window frames, stilts, mainstays, crossbeams, building structures, supports, guides and crossbars for installing windows, doors, frames and boards. Other products include insulated panels, roofing and cladding, roof tiles and steel decks. Obtained from the mechanical transformation of flat steel, uncoated, galvanized or pre-painted, these products are used mainly in the construction industry in warehouses, commercial and industrial refrigeration installations, grain storage, poultry and porcine confinement facilities, roofing and side walls for buildings, and terraces and mezzanine floorings.

Other steel products: these products include pre-engineered metal building systems, which are steel construction systems designed for use in low-rise non-residential buildings, and are constructed from the mechanical transformation of flat steel such as frames, secondary steel members, roofs and walls panels, as well as finishing and accessories; and pig iron, a semifinished product obtained in the blast furnace that is mostly used as metallic charge in the steel shop for the production of crude steel, and also marketed to other steel producers and to manufacturers of iron-based cast products.

Within each of the basic product categories, there is a range of different items of varying qualities and prices that are produced either to meet the particular requirements of end users or sold as commodity items.

Iron ore products

Concentrates (fines) and pellets: these products are raw materials used for the production of steel. Iron ore concentrates are iron ore fines with high iron content. Iron ore pellets are produced from iron ore concentrates. Ternium ships most of the pellets to its own steel manufacturing operations and it also markets the surplus portion of its iron ore pellets and concentrates, if any, to other steel manufacturers.

Production Facilities and Processes

Ternium has steel production facilities, service centers, distribution centers, or DCs, and mining operations in Mexico, steel production facilities and service centers in the Southern Region, and steel production facilities, service centers and DCs in other markets, specifically Colombia, the United States and Central America.

Ternium s aggregate production capacity of finished steel products as of December 31, 2014[1], calculated based on management estimates of standard productivity, product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process, was approximately 11.0 million tons, of which 7.2 million tons correspond to facilities located in Mexico, 2.9 million tons correspond to facilities located in the Southern Region and 0.9 million tons correspond to facilities located in other markets. Ternium s aggregate production capacity of iron ore pellets as of December 31, 2014, was 4.0 million tons. Such iron ore products are mainly sold inter-company for the production of steel products by our steel segment.

[1] The capacity information as of December 31, 2014, excludes our service center in Panama, sold on January 20, 2015, and our service center in Honduras, permanently closed in the first quarter of 2015. Our customers in Honduras are now served from other facilities. For more

information related to the sale of our service center in Panama, see Item 5 Operating and Financial Review and Prospects G. Recent Developments .

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Steel production facilities, service centers and distribution centers

The assets described in this section are owned by Ternium s operating subsidiaries. The following table provides an overview, by type of asset, of Ternium s production capacity as of December 31, 2014[1]

		Capacity (thousand tons per year) [2]			
Production asset	Quantity	Mexico	Argentina	Other	Total
Coke Plant	4		1,100		1,100
Sinter Plant	1		1,480		1,480
Direct Reduced Iron Plant	3	2,710			2,710
Blast Furnace	2		3,220		3,220
Electric Arc Furnace	5	4,010		190	4,200
Basic Oxygen Furnace	3		3,500		3,500
Vacuum Degassing	2	840	1,200		2,040
Thin Slab Continuous Caster	1	2,330			2,330
Slab Continuous Caster	2		5,630		5,630
Billet Continuous Caster	3	1,600		190	1,790
Hot-rolling Mill (flat products)	4	5,990	2,850		8,840
Skin Pass Mill	4	2,630	990		3,620
Hot-rolling Mill (long products)	4	1,110		200	1,310
Pickling Line	9	5,150	1,910		7,060
Cold-Rolling Mill (Tandem or Reversing)	10	3,620	1,840		5,460
Electrolytic Cleaning	5	1,940	230		2,170
Annealing Line	5	1,590	1,330		2,920
Temper Mill	7	2,040	2,020		4,060
Tension-Leveling / Inspection Line	9	1,130	1,150		2,280
Electro-Tinplating line	1		160		160
Hot Dip Galvanizing Line	13	1,810	600	380	2,790
Electro-Galvanizing Line	1		110		110
Color-Coating Line	8	620	120	190	930
Slitter	33	1,990	420	310	2,720
Cut to length	36	570	1,000	190	1,760
Roll forming Line	35	510	460	230	1,200
Panel Line	4	80			80
Profile Line	16	180		110	290
Tube Line	21	540	190	60	790
Wire drawing Lines	14			100	100
Wire Mesh Lines	2			40	40
Rebar Processing Lines[3]	41			180	180

1 The capacity information as of December 31, 2014, excludes our service center in Panama, sold on January 20, 2015, and our service center in Honduras, permanently closed in the first quarter of 2015. Our customers in Honduras are now served from other facilities. For more information related to the sale of our service center in Panama, see Item 5 Operating and Financial Review and Prospects G. Recent Developments .

2 In this annual report annual production capacity is calculated based on management estimates of standard productivity, product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.

3 Includes shears, straighteners, stirrup benders and shaping centers.

Mexico. Ternium has twelve steel production and/or processing units in Mexico, consisting of three integrated steel-making plants (two of which produce long steel products and one of which produces flat steel products and includes two steel service centers), five downstream flat steel processing plants, combining hot-rolling, cold-rolling and/or coating facilities (two of which include steel service centers), and four steel service centers. In addition, Ternium has ten distribution centers in this region, aimed at serving customers mainly in the construction sector.

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The following table sets forth key items of information regarding Ternium s principal production locations and production units:

Unit	Country	Type of Plant				Location
		Integrated	Downstream	Service Center	Distribution Center	
Guerrero	Mexico	X		X		San Nicolás d.l.G., Nuevo León
Norte	Mexico	X				Apodaca, Nuevo León
Puebla	Mexico	X				Puebla, Puebla
Juventud	Mexico		X	X		San Nicolás d.l.G., Nuevo León
Churubusco	Mexico		X	X		Monterrey, Nuevo León
Monclova	Mexico		X			Monclova, Coahuila
Universidad	Mexico		X			San Nicolás d.l.G., Nuevo León
Pesquería	Mexico		X			Pesquería, Nuevo León
Apodaca Industrial	Mexico			X		Apodaca, Nuevo León
Apodaca Comercial	Mexico			X		Apodaca, Nuevo León
Varco-Pruden	Mexico			X		Ciénaga de Flores, Nuevo León
San Luis	Mexico			X		San Luis, San Luis Potosí
DC Chihuahua	Mexico				X	Chihuahua, Chihuahua
DC BC	Mexico				X	Tijuana, Baja California
DC Norte	Mexico				X	Escobedo, Nuevo León
DC Puebla	Mexico				X	Puebla, Puebla
DC Guadalajara	Mexico				X	Guadalajara, Jalisco
DC Mexico	Mexico				X	Tultitlán, Estado De México
DC Culiacán	Mexico				X	Culiacán, Sinaloa
DC Veracruz	Mexico				X	Veracruz, Veracruz
DC Mérida	Mexico				X	Mérida, Yucatán
DC Tuxtla	Mexico				X	Tuxtla Gtz, Chiapas

Guerrero unit: located in the metropolitan area of Monterrey, Nuevo León, Mexico, the Guerrero unit produces hot-rolled and cold-rolled coils for the industrial, construction and home appliance sectors and for further processing in other Ternium Mexico s units. It also produces slitted and cut-to-length products for the industrial sector, and profiles and tubes for the industrial and construction sectors. This unit includes two steel service centers, a slab-rolling mill, and an integrated facility based on direct reduced iron, or DRI, mini-mill steelmaking and thin-slab casting/rolling mill technologies that uses iron ore pellets and steel scrap as main raw materials. The facility sources all of the iron ore from Ternium Mexico s mining operations and the electricity and natural gas from the Mexican grid. In addition, the facility sources its net requirements of slabs from Mexican and international producers. Ternium s procurement policy for these products is described in greater depth in Item 4. Information on the Company B. Business Overview Raw Materials, Slabs, Energy and Other Inputs.

Ternium made progress in several projects under the Guerrero investment plan launched in 2013 encompassing industrial safety, environmental sustainability, maintenance and facility overhaul. During 2014, civil works started in a number of projects in the iron ore reduction facilities, the steel shop and the cold-rolling mills, and engineering studies started for additional projects in the mentioned facilities. These capital expenditure programs aim at implementing the world s most stringent environmental and safety norms at Ternium s Guerrero unit in Mexico. For more information on Ternium s environmental and safety projects see B. Business Overview Capital Expenditure Program.

Norte unit: located in Nuevo León, Mexico, the Norte unit produces billets and rebar for the construction industry. It is an integrated facility based on mini-mill steelmaking technology that uses steel scrap as its main raw material. The facility sources electricity from the Mexican grid. Ternium s procurement policy for these products is described in greater depth in Item 4. Information on the Company B. Business Overview Raw Materials, Slabs, Energy and Other Inputs.

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Puebla unit: located in Puebla, Mexico, the Puebla unit produces rebar, wire rod and round bar mainly for the construction and industrial sectors, including high-carbon, low-carbon and micro-alloyed wire rod. It is an integrated facility based on DRI and mini-mill steelmaking technologies that uses iron ore pellets and steel scrap as main raw materials. The facility sources all of the iron ore from Ternium Mexico s mining operations and the electricity and natural gas from the Mexican grid. Ternium s procurement policy for these products is described in greater depth in Item 4. Information on the Company B. Business Overview Raw Materials, Slabs, Energy and Other Inputs.

Juventud unit: located in Nuevo León, Mexico, the Juventud unit produces galvanized and color coated coils for the construction, home appliance and other industries and has a steel service center that produces slitted and roll-formed products, panels and tubes for the construction and industrial sectors. This plant processes hot-rolled and cold-rolled coils received from Ternium Mexico s units in Nuevo León.

Churubusco unit: located in Nuevo León, Mexico, the Churubusco unit produces hot-rolled and cold-rolled coils for the industrial, construction and home appliance sectors and for further processing in other Ternium Mexico s units. It also produces slitted and cut-to-length products for the industrial sector. The facility sources its requirements of slabs from other Mexican producers and from the international markets. Ternium s procurement policy for slabs is described in greater depth in Item 4. Information on the Company B. Business Overview Raw Materials, Slabs, Energy and Other Inputs.

Monclova unit: located in Coahuila, Mexico, the Monclova unit produces galvanized and color coated sheets for the home appliance industry. This plant processes cold-rolled coils mainly received from Ternium Mexico s units in Nuevo León.

Universidad unit: located in Nuevo León, Mexico, and across the street from the Guerrero unit, the Universidad unit produces galvanized and color coated coils for the construction, home appliance and industrial sectors. This plant, which also has a cold-rolling mill, processes hot-rolled coils received from Ternium Mexico s units in Nuevo León.

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