

Ternium S.A.
Form 6-K
February 21, 2013

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

As of 2/20/2012

Ternium S.A.

(Translation of Registrant's name into English)

Ternium S.A.

29, Avenue de la Porte-Neuve

L-2227 Luxembourg

(352) 2668-3152

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

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

Not applicable

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

This report contains Ternium S.A.'s consolidated financial statements as of December 31, 2012.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TERNIUM S.A.

By: /s/ Pablo Brizzio

By: /s/ Daniel Novegil

Name: Pablo Brizzio

Name: Daniel Novegil

Title: Chief Financial Officer

Title: Chief Executive Officer

Dated: February 20, 2013

TERNIUM S.A.

Consolidated Financial Statements

as of December 31, 2012 and 2011 and

for the years ended on December 31, 2012, 2011 and 2010

29 Avenue de la Porte-Neuve, 3rd floor

L – 2227

R.C.S. Luxembourg: B 98 668

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Page |
|--|-------------|
| Report of Independent Registered Public Accounting Firm | |
| Consolidated Income Statements for the years ended December 31, 2012, 2011 and 2010 | 2 |
| Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010 | 3 |
| Consolidated Statements of Financial Position as of December 31, 2012 and 2011 | 4 |
| Consolidated Statements of Changes in Equity for the years ended December 31, 2012, 2011 and 2010 | 5 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010 | 8 |
| Index to the Notes to the Consolidated Financial Statements | 9 |

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Income Statements

| | | Year ended December 31, | | |
|--|--------|-------------------------|----------------|----------------|
| | Notes | 2012 | 2011 | 2010 |
| Net sales | 5 | 8,608,054 | 9,122,832 | 7,339,901 |
| Cost of sales | 6 | (6,871,090) | (7,020,127) | (5,560,201) |
| Gross profit | | 1,736,964 | 2,102,705 | 1,779,700 |
| Selling, general and administrative expenses | 7 | (809,181) | (839,362) | (738,304) |
| Other operating (expenses) income, net | 9 | (11,881) | (11,495) | 2,162 |
| Operating income | | 915,902 | 1,251,848 | 1,043,558 |
| Interest expense | | (144,439) | (100,712) | (72,953) |
| Interest income | | 19,226 | 39,981 | 87,323 |
| Other financial (expenses) income, net | 10 | 7,865 | (239,691) | 114,867 |
| Equity in (losses) earnings of non-consolidated companies | 3 & 14 | (346,833) | 10,137 | 12,867 |
| Income before income tax expense | | 451,721 | 961,563 | 1,185,662 |
| Income tax expense | 11 | (264,567) | (311,656) | (406,193) |
| Profit for the year | | 187,154 | 649,907 | 779,470 |
| Attributable to: | | | | |
| Equity holders of the Company | | 139,235 | 513,540 | 622,076 |
| Non-controlling interest | | 47,919 | 136,367 | 157,394 |
| Profit for the year | | 187,154 | 649,907 | 779,470 |
| Weighted average number of shares outstanding | | 1,963,076,776 | 1,968,327,917 | 2,004,743,442 |
| Basic and diluted earnings per share for profit attributable to the equity holders of the company (expressed in USD per share) | | 0.07 | 0.26 | 0.31 |

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

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Comprehensive Income

| | 2012 | Year ended December 31, 2011 | 2010 |
|---|------------------|---------------------------------|----------------|
| Profit for the period | 187,154 | 649,907 | 779,470 |
| Other comprehensive income: | | | |
| Currency translation adjustment | (149,551) | (422,230) | 30,494 |
| Changes in the fair value of derivatives classified as cash flow hedges | 17,556 | 14,134 | 14,729 |
| Income tax relating to cash flow hedges | (2,808) | (6,701) | (4,419) |
| Other comprehensive income from participation in non-consolidated companies: | | | |
| Currency translation adjustment | (275,897) | (11,403) | 5,421 |
| Changes in the fair value of derivatives classified as cash flow hedges | 1,438 | - | - |
| Others | (1,961) | - | - |
| Other comprehensive (loss) income for the period, net of tax | (411,223) | (426,200) | 46,225 |
| Total comprehensive income for the period | (224,069) | 223,707 | 825,695 |
| Attributable to: | | | |
| Equity holders of the Company | (188,258) | 172,862 | 684,635 |
| Non-controlling interest | (35,811) | 50,845 | 141,060 |
| Total comprehensive income for the period | (224,069) | 223,707 | 825,695 |

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

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Financial Position

| | Notes | Balance as of | |
|--|-------|-------------------|-------------------|
| | | December 31, 2012 | December 31, 2011 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment, net | 12 | 4,438,117 | 3,969,187 |
| Intangible assets, net | 13 | 965,206 | 977,711 |
| Investments in non-consolidated companies | 14 | 1,710,514 | 94,875 |
| Other investments | 15 | 7,137 | 14,087 |
| Deferred tax assets | 21 | 12,541 | 8,101 |
| Receivables, net | 16 | 72,827 | 124,201 |
| Trade receivables, net | 17 | 5,029 | 7,526 |
| | | 7,211,371 | 5,195,688 |
| Current assets | | | |
| Receivables | 16 | 187,212 | 91,516 |
| Derivative financial instruments | 23 | 64 | 50 |
| Inventories, net | 18 | 2,000,137 | 2,123,516 |
| Trade receivables, net | 17 | 735,140 | 745,904 |
| Sidor financial asset | 27 | - | 136,294 |
| Other investments | 19 | 160,750 | 281,676 |
| Cash and cash equivalents | 19 | 560,307 | 2,158,044 |
| | | 3,643,610 | 5,537,000 |
| Non-current assets classified as held for sale | | 12,018 | 10,374 |
| | | 3,655,628 | 5,547,374 |
| Total assets | | 10,866,999 | 10,743,062 |
| EQUITY | | | |
| Capital and reserves attributable to the company's equity holders | | | |
| | | 5,420,883 | 5,756,371 |
| Non-controlling interest | | 1,074,763 | 1,084,827 |
| Total equity | | 6,495,646 | 6,841,198 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Provisions | 20 | 17,499 | 15,340 |

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| | | | | | |
|-------------------------------------|-----------|-----------|-------------------|-----------|-------------------|
| Deferred income tax | 21 | 682,091 | | 740,576 | |
| Other liabilities | 22 | 224,956 | | 196,974 | |
| Trade payables | | 18,337 | | 21,096 | |
| Derivative financial instruments | 23 | 271 | | - | |
| Borrowings | 24 | 1,302,753 | 2,245,907 | 948,495 | 1,922,481 |
| Current liabilities | | | | | |
| Current tax liabilities | | 153,071 | | 106,625 | |
| Other liabilities | 22 | 88,540 | | 112,923 | |
| Trade payables | | 762,225 | | 682,292 | |
| Derivative financial instruments | 23 | - | | 29,902 | |
| Borrowings | 24 | 1,121,610 | 2,125,446 | 1,047,641 | 1,979,383 |
| Total liabilities | | | 4,371,353 | | 3,901,864 |
| Total equity and liabilities | | | 10,866,999 | | 10,743,062 |

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

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

| | Attributable to the Company's equity holders (1) | | | | | | | | | |
|--|--|-----------------|----------------------------------|--------------|----------------------------------|---------------------------------|-------------------|-----------|--------------------------|--------------|
| | Capital stock (2) | Treasury shares | Initial public offering expenses | Reserves (3) | Capital stock issue discount (4) | Currency translation adjustment | Retained earnings | Total | Non-controlling interest | Total Equity |
| Balance at January 1, 2012 | 2,004,743 | (150,000) | (23,295) | 1,542,040 | (2,324,866) | (864,353) | 5,572,102 | 5,756,371 | 1,084,827 | 6,841,198 |
| Profit for the period | | | | | | | 139,235 | 139,235 | 47,919 | 187,154 |
| Other comprehensive income (loss) for the period | | | | | | | | | | |
| Currency translation adjustment | | | | | | (340,531) | | (340,531) | (84,916) | (425,447) |
| Cash flow hedges, net of tax | | | | 14,800 | | | | 14,800 | 1,385 | 16,185 |
| Others | | | | (1,761) | | | | (1,761) | (200) | (1,961) |
| Total comprehensive income for the period | - | - | - | 13,039 | - | (340,531) | 139,235 | (188,257) | (35,812) | (224,061) |
| Dividends paid in cash (5) | | | | | | | (147,231) | (147,231) | - | (147,231) |
| Dividends paid in cash by subsidiary companies | | | | | | | | - | (15,902) | (15,902) |
| Contributions from non-controlling shareholders in consolidated subsidiaries (6) | | | | | | | | - | 41,650 | 41,650 |
| | 2,004,743 | (150,000) | (23,295) | 1,555,079 | (2,324,866) | (1,204,884) | 5,564,106 | 5,420,883 | 1,074,763 | 6,495,646 |

**Balance at
December 31,
2012**

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of December 31, 2012, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD 1.2 million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.5) million.

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

(5) Represents USD 0.075 per share (USD 0.75 per ADS).

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

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

| | Attributable to the Company's equity holders (1) | | | | | | | Total | Non-controlling interest | Total Equity |
|--|--|---------------------|----------------------------------|--------------|----------------------------------|---------------------------------|-------------------|------------------|--------------------------|------------------|
| | Capital stock (2) | Treasury shares (3) | Initial public offering expenses | Reserves (4) | Capital stock issue discount (5) | Currency translation adjustment | Retained earnings | | | |
| Balance at January 1, 2011 | 2,004,743 | - | (23,295) | 1,635,126 | (2,324,866) | (517,432) | 5,106,464 | 5,880,740 | 1,135,361 | 7,016,101 |
| Profit for the period | | | | | | | 513,540 | 513,540 | 136,367 | 649,907 |
| Other comprehensive income (loss) for the period | | | | | | | | | | |
| Currency translation adjustment | | | | | | (346,921) | | (346,921) | (86,712) | (433,633) |
| Cash flow hedges, net of tax | | | | 6,243 | | | | 6,243 | 1,190 | 7,433 |
| Total comprehensive income for the period | - | - | - | 6,243 | - | (346,921) | 513,540 | 172,862 | 50,845 | 223,729 |
| Dividends paid in cash (6) | | | | (99,329) | | | (47,902) | (147,231) | | (147,231) |
| Dividends paid in cash by subsidiary companies | | | | | | | | - | (140,579) | (140,579) |
| Repurchase of own shares to Usiminas (3) | (150,000) | | | | | | | (150,000) | | (150,000) |
| Contributions from non-controlling shareholders in | | | | | | | | - | 39,200 | 39,200 |

consolidated
subsidiaries (7)

**Balance at
December 31,**

2011 **2,004,743 (150,000) (23,295) 1,542,040 (2,324,866) (864,353) 5,572,102 5,756,371 1,084,827 6,841,1**

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of December 31, 2011, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) See note 30.

(4) Include legal reserve under Luxembourg law for USD 200.5 million, distributable reserves under Luxembourg law for USD 101.4 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (14.9) million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.5) million.

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

(6) Represents USD 0.075 USD per share (USD 0.75 per ADS).

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

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

| | Attributable to the Company's equity holders (1) | | | | | | Total | Non-controlling interest | Total Equity |
|---|--|---|------------------|---|---------------------------------------|----------------------|------------------|-----------------------------|------------------|
| | Capital stock (2) | Initial public offering expenses | Reserves (3) | Capital stock issue discount (4) | Currency translation adjustment | Retained earnings | | | |
| Balance at January 1, 2010 | 2,004,743 | (23,295) | 1,726,216 | (2,324,866) | (570,844) | 4,484,388 | 5,296,342 | 964,897 | 6,261,239 |
| Profit for the period | | | | | | 622,076 | 622,076 | 157,394 | 779,470 |
| Other comprehensive income (loss) for the period | | | | | | | | | |
| Currency translation adjustment | | | | | 53,412 | | 53,412 | (17,497) | 35,915 |
| Cash flow hedges, net of tax | | | 9,147 | | | | 9,147 | 1,163 | 10,310 |
| Total comprehensive income for the period | - | - | 9,147 | - | 53,412 | 622,076 | 684,635 | 141,060 | 825,695 |
| Dividends paid in cash (5) | | | (100,237) | | | | (100,237) | | (100,237) |
| Dividends paid in cash by subsidiary companies | | | | | | | - | (38,304) | (38,304) |
| Contributions from non-controlling shareholders in consolidated subsidiaries | | | | | | | - | 4,900 | 4,900 |
| | | | | | | | - | 62,808 | 62,808 |

Acquisition of
business

**Balance at
December 31,**

| | | | | | | | | | |
|-------------|------------------|-----------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| 2010 | 2,004,743 | (23,295) | 1,635,126 | (2,324,866) | (517,432) | 5,106,464 | 5,880,740 | 1,135,361 | 7,016,101 |
|-------------|------------------|-----------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of December 31, 2010, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, distributable reserves under Luxembourg law for USD 101.4 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (22.4) million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.5) million.

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

(5) Represents USD 0.05 USD per share (USD 0.50 per ADS).

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Cash Flows

| | Notes | 2012 | Year ended December 31, 2011 | 2010 |
|--|--------------------|--------------------|---------------------------------|------------------|
| Cash flows from operating activities | | | | |
| Profit for the period | | 187,154 | 649,907 | 779,470 |
| Adjustments for: | | | | |
| Depreciation and amortization | 12 & 13 | 370,855 | 395,989 | 374,201 |
| Income tax accruals less payments | 31 (b) | 44,370 | (260,264) | 226,355 |
| Equity in losses (earnings) of non-consolidated companies | 3 & 14 | 346,833 | (10,137) | (12,867) |
| Interest accruals less payments | 31 (b) | 816 | 43,047 | (59) |
| Changes in provisions | 20 | 5,754 | 29,932 | 5,543 |
| Changes in working capital | 31 (b) | 23,533 | (399,292) | (437,079) |
| Net foreign exchange results and others | | 75,777 | 173,188 | (138,308) |
| Net cash provided by operating activities | | 1,055,092 | 622,370 | 797,256 |
| Cash flows from investing activities | | | | |
| Capital expenditures | 12 & 13 | (1,022,592) | (577,001) | (339,378) |
| Acquisition of business/stake - purchase consideration | | | | |
| Purchase consideration | 3 | (2,243,610) | - | (75,000) |
| Cash acquired | 3 | - | - | 6,593 |
| Decrease (Increase) in other investments | 15 & 19 | 127,875 | 588,212 | (820,672) |
| Proceeds from the sale of property, plant and equipment | | 2,143 | 1,696 | 1,693 |
| Proceeds from Sidor financial asset | 27 | 136,719 | 133,084 | 767,382 |
| Dividends received from non-consolidated companies | 14 | 4,718 | - | 302 |
| Contributions in non-consolidated companies | 14 | - | - | (302) |
| Net cash (used in) provided by investing activities | | (2,994,747) | 145,991 | (459,382) |
| Cash flows from financing activities | | | | |
| Dividends paid in cash to company's shareholders | | (147,231) | (147,231) | (100,237) |
| Dividends paid in cash by subsidiary companies | | (15,902) | (140,579) | (38,304) |
| Contributions from non-controlling shareholders in consolidated subsidiaries | | 41,650 | 39,200 | 4,900 |
| Repurchase of treasury shares | 30 | - | (150,000) | - |
| Proceeds from borrowings | | 1,284,659 | 666,180 | 35,441 |

| | | | |
|--|--------------------|------------------|------------------|
| Repayments of borrowings | (814,976) | (632,140) | (555,216) |
| Net cash provided by (used in) financing activities | 348,200 | (364,570) | (653,416) |
| (Decrease) Increase in cash and cash equivalents | (1,591,455) | 403,791 | (315,542) |
| Movement in cash and cash equivalents | | | |
| At January 1, | 2,158,044 | 1,779,295 | 2,093,800 |
| Effect of exchange rate changes | (6,282) | (25,042) | 1,037 |
| (Decrease) Increase in cash and cash equivalents | (1,591,455) | 403,791 | (315,542) |
| Cash and cash equivalents at December 31, (1) | 560,307 | 2,158,044 | 1,779,295 |

(1) It includes restricted cash of USD 941, USD 248 and USD 12,343 as of December 31, 2012, 2011 and 2010, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 160,750, USD 281,676 and USD 848,800 as of December 31, 2012, 2011 and 2010, respectively.

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

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Page |
|--|-------------|
| 1General information | 10 |
| 2Basis of presentation | 11 |
| 3Acquisition of business – Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS | 14 |
| 4Accounting policies | 17 |
| 5Segment information | 36 |
| 6Cost of sales | 40 |
| 7Selling, general and administrative expenses | 40 |
| 8Labor costs (included in cost of sales and selling, general and administrative expenses) | 41 |
| 9Other operating income (expenses), net | 41 |
| 10Other financial income (expenses), net | 41 |
| 11Income tax expense | 42 |
| 12Property, plant and equipment, net | 43 |
| 13Intangible assets, net | 44 |
| 14Investments in non-consolidated companies | 45 |
| 15Other investments, net – non current | 46 |
| 16Receivables, net - non-current and current | 46 |
| 17Trade receivables, net – non-current and current | 47 |
| 18Inventories, net | 47 |
| 19Cash, cash equivalents and other investments | 48 |
| 20Allowances and provisions – non-current and current | 48 |
| 21Deferred income tax | 49 |
| 22Other liabilities – non-current and current | 50 |
| 23Derivative financial instruments | 52 |
| 24Borrowings | 54 |
| 25Contingencies, commitments and restrictions on the distribution of profits | 56 |
| 26Earnings per share | 60 |
| 27Discontinued operations – Nationalization of Sidor | 61 |
| 28Related party transactions | 61 |
| 29Investments in Mexico | 63 |
| 30Repurchase of shares from Usiminas concurrently with secondary public offering | 63 |
| 31Other required disclosures | 64 |
| 32Recently issued accounting pronouncements | 65 |
| 33Financial risk management | 66 |
| 34Subsequent events | 73 |

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of December 31, 2012, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Following a corporate reorganization carried out during fiscal year 2005, in January 2006 the Company successfully completed its registration process with the United States Securities and Exchange Commission (“SEC”). Ternium’s ADSs began trading on the New York Stock Exchange under the symbol “TX” on February 1, 2006. The Company’s initial public offering was settled on February 6, 2006. On January 31, 2011, the Company filed with the SEC a registration statement on form F-3 relating to sales of equity and debt securities.

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

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

As part of the Company’s corporate reorganization in connection with the termination of Luxembourg’s 1929 holding company regime, on December 6, 2010, the Company contributed its equity holdings in all its subsidiaries and all its financial assets to its Luxembourg wholly-owned subsidiary Ternium Investments S.à.r.l., or Ternium Investments, in exchange for newly issued corporate units of Ternium Investments. As the assets contributed were recorded at their historical carrying amount in accordance with Luxembourg GAAP, the Company’s December 2010 contribution of

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

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

1. GENERAL INFORMATION (continued)

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2012 and 2011, this special tax reserve amounted to USD 7.6 billion and USD 7.7 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions. In addition, the Company expects that dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should be exempt from Luxembourg withholding tax under current Luxembourg law.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) issued and effective or issued and early adopted as at the time of preparing these statements (February 2013), as issued by the International Accounting Standards Board, and adopted by the European Union ("EU"). These consolidated financial statements are presented in thousands of United States dollars ("USD"), except otherwise indicated.

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

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on February 20, 2013.

Detailed below are the companies whose financial statements have been consolidated in these consolidated financial statements.

Page **11** of **73**

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

2. BASIS OF PRESENTATION (continued)

| Company | Country of Organization | Main activity | Percentage of ownership at December 31, | | |
|--|-------------------------|---|---|---------|---------|
| | | | 2012 | 2011 | 2010 |
| Ternium S.A. | Luxembourg | Holding | 100.00% | 100.00% | 100.00% |
| Ternium Investments S.à.r.l. (1) | Luxembourg | Holding | 100.00% | 100.00% | 100.00% |
| Ternium Solutions A.G. (2) | Switzerland | Services | 100.00% | 100.00% | - |
| Ternium Brasil S.A. (3) | Brazil | Holding | 100.00% | 100.00% | 100.00% |
| Siderúrgica do Norte Fluminense S.A. (4) | Brazil | Manufacturing and selling of steel products | 100.00% | 100.00% | 100.00% |
| Ylopa - Servicos de Consultadoria Lda. (5) | Portugal | Holding | - | - | 94.38% |
| Consortio Siderurgia Amazonia S.L. (formerly Consortio Siderurgia Amazonia S.L.U.) (6) | Spain | Holding | 94.38% | 94.38% | 94.38% |
| Secor - Servicios Corporativos S.A. (6) | Venezuela | Holding | 94.53% | 94.38% | 94.38% |
| Ternium Internacional España S.L.U. (3) | Spain | Marketing of steel products | 100.00% | 100.00% | 100.00% |
| Siderar S.A.I.C. (7) | Argentina | Manufacturing and selling of flat steel products | 60.94% | 60.94% | 60.94% |
| Impeco S.A. (8) | Argentina | Manufacturing of pipe products | 60.97% | 60.97% | 60.97% |
| Prosid Investments S.C.A. (8) | Uruguay | Holding | 60.94% | 60.94% | 60.94% |
| Inversiones Basilea S.A. (9) | Chile | Purchase and sale of real estate and other | - | 60.94% | 60.94% |
| Ternium Mexico S.A. de C.V. (10) | Mexico | Holding | 88.72% | 88.72% | 88.72% |
| Hylsa S.A. de C.V. (11) | Mexico | Manufacturing and selling of steel products | 88.72% | 88.72% | 88.72% |
| Las Encinas S.A. de C.V. (11) | Mexico | Exploration, exploitation and pelletizing of iron ore | 88.72% | 88.72% | 88.72% |
| Ferropak Comercial S.A. de C.V. (11) | Mexico | Scrap services company | 88.72% | 88.72% | 88.72% |
| Ferropak Servicios S.A. de C.V. (11) | Mexico | Services | 88.72% | 88.72% | 88.72% |
| Galvacer America Inc (11) | USA | Distributing company | 88.72% | 88.72% | 88.72% |
| Galvamet America Corp (11) | USA | Manufacturing and selling of insulated panel products | 88.72% | 88.72% | 88.72% |
| Transamerica E. & I. Trading Corp. (11) | USA | Scrap services company | 88.72% | 88.72% | 88.72% |
| Técnica Industrial S.A. de C.V. (11) | Mexico | Services | 88.72% | 88.72% | 88.72% |
| Ternium Gas México S.A. de C.V. (formerly Sefimsa S.A. de C.V.) (12) | Mexico | Financial Services | 88.72% | 88.72% | 88.72% |
| Ecore Holding S. de R.L. de C.V. (11) | Mexico | Holding | 88.72% | 88.72% | 88.72% |
| Neotec L.L.C. (11) | USA | Holding | 88.72% | 88.72% | 88.72% |

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| | | | | | |
|---|-----------|---|--------|--------|--------|
| Treasury Services S.A. de C.V. (11) | Mexico | Financial Services | 88.72% | 88.72% | 88.72% |
| APM, S.A. de C.V. (11) | Mexico | Manufacturing and selling of steel products | 88.72% | 88.72% | 88.72% |
| Acedor, S.A. de C.V. (11) | Mexico | Holding | 88.72% | 88.72% | 88.72% |
| Empresas Stabilit S.A. de C.V. (13) | Mexico | Holding | - | - | 88.72% |
| Acerus S.A. de C.V. (11) | Mexico | Manufacturing and selling of steel products | 88.72% | 88.72% | 88.72% |
| Imsa Monclova S.A. de C.V. (11) | Mexico | Services | 88.72% | 88.72% | 88.72% |
| Ternium Internacional Guatemala S.A. (14) | Guatemala | Selling of steel products | 99.98% | 99.98% | 88.72% |
| Corporativo Grupo Imsa S.A. de C.V. (11) | Mexico | Services | 88.72% | 88.72% | 88.72% |

TERNIUM S.A.

Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

2. BASIS OF PRESENTATION (continued)

| Company | Country of Organization | Main activity | Percentage of ownership at December 31, | | |
|--|-------------------------|---|---|--------|--------|
| | | | 2012 | 2011 | 2010 |
| Ternium USA Inc. (11) | USA | Manufacturing and selling of steel products | 88.72% | 88.72% | 88.72% |
| Servicios Integrales Nova de Monterrey S.A. de C.V. (15) | Mexico | Medical and Social Services | 66.09% | 66.09% | 66.09% |
| Ternium Guatemala S.A. (16) | Guatemala | Manufacturing and selling of steel products | - | - | 88.72% |
| Ternium Internacional Nicaragua S.A. | Nicaragua | Manufacturing and selling of steel products | 99.38% | 99.38% | 88.18% |
| Ternium Internacional Honduras S.A. de C.V. | Honduras | Manufacturing and selling of steel products | 99.18% | 99.18% | 88.01% |
| Ternium Internacional El Salvador S.A. de C.V. | El Salvador | Manufacturing and selling of steel products | 99.91% | 99.91% | 88.66% |
| Ternium Internacional Costa Rica S.A. | Costa Rica | Manufacturing and selling of steel products | 99.98% | 99.98% | 88.72% |
| Ferrasa S.A.S. (17) | Colombia | Manufacturing and selling of steel products | 54.00% | 54.00% | 54.00% |
| Perfilamos del Cauca S.A.S. (17) | Colombia | Manufacturing and selling of steel products | 54.00% | 54.00% | 54.00% |
| Figuraciones S.A.S. (17) | Colombia | Manufacturing and selling of steel products | 54.00% | 54.00% | 54.00% |
| Siderúrgica de Caldas S.A.S. (17) | Colombia | Manufacturing and selling of steel products | 54.00% | 54.00% | 54.00% |
| Procesadora de Materiales Industriales S.A. | Colombia | Scrap services company | 32.40% | 32.40% | 32.40% |
| Recolectora Industrial de Colombia S.A. (18) | | | | | |