

Ternium S.A.  
Form 20-F  
April 29, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 20-F**

**“Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934**

**or**

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended  
<sup>x</sup>December 31, 2015**

**or**

**“Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**or**

**“Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Commission file number: 001-32734**

**TERNIUM S.A.**

**(Exact Name of Registrant as Specified in its Charter)**

N/A

**(Translation of registrant's name into English)**

**Grand Duchy of Luxembourg**

**(Jurisdiction of incorporation or organization)**

**29, Avenue de la Porte-Neuve — 3rd floor**

**L-2227 Luxembourg**

**(Address of registrant's registered office)**

**Alejandra Hryzkiewicz**

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**L-2227 Luxembourg**

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**(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)**

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Name of Each Exchange On Which Registered</b>
<b>American Depositary Shares</b>	<b>New York Stock Exchange</b>
<b>Ordinary Shares, par value USD1.00 per share</b>	<b>New York Stock Exchange*</b>

\* Ordinary shares of Ternium S.A. are not listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

**None**

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**2,004,743,442 ordinary shares, par value USD1.00 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Note—checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated Filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued  
by the International Accounting Standards Board  Other

If “Other” has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

*Please send copies of notices and communications from the Securities and Exchange Commission to:*

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## CERTAIN DEFINED TERMS

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

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

- References in this annual report to “Ternium,” “we,” “us” or “our” are 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 “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” are to Exiros B.V., a Netherlands corporation, and its subsidiaries under the brand “Exiros”;
- References to “Tecpetrol” are to Tecpetrol International S.A., a wholly-owned subsidiary of San Faustin;

References to “Tenigal” are 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” are 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.

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“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.

This annual report includes our audited consolidated financial statements for the years ended December 31, 2015, 2014 and 2013. Information as of and for the year ended December 31, 2014 included in this annual report is derived from our audited restated consolidated financial statements for the year ended December 31, 2014.

### 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, 2015, the U.S. dollar sell exchange rate in Mexico (as published by *Banco de México*, or the Mexican Bank) was MXN17.2487=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 ARP13.005=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 BRL3.9048=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](http://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.

## 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,” “show,” “pursue,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and words and terms of similar substance to identify forward-looking statements, but they are not the only 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 uncertainties associated with the performance of our investment in Usiminas (including those concerning the operating and financial performance of Usiminas and the Brazilian economy in general and the trading price of Usiminas' ordinary and preferred shares), with the ongoing controversies relating to our acquisitions of Usiminas shares in January 2012 and October 2014, and with the existing conflicts within the Usiminas' control group and its board. 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.

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. Information as of AND FOR THE YEAR ENDED December 31, 2014 included in this annual report is derived from our audited restated consolidated financial statements for the year ended December 31, 2014. 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,				
	2015	2014	2013	2012 <sup>(1)</sup>	2011 <sup>(1)(2)</sup>
Selected consolidated income statement data					
Net sales	7,877,449	8,726,057	8,530,012	8,608,054	9,122,832
Cost of sales	(6,477,272 )	(6,925,169 )	(6,600,292 )	(6,866,379 )	(7,016,322 )
Gross profit	1,400,177	1,800,888	1,929,720	1,741,675	2,106,510
Selling, general and administrative expenses	(770,292 )	(816,478 )	(843,311 )	(809,181 )	(839,362 )
Other operating income (expenses), net	9,454	71,751	23,014	(11,881 )	(11,495 )
Operating income	639,339	1,056,161	1,109,423	920,613	1,255,653
Finance expense	(89,489 )	(117,866 )	(132,113 )	(150,302 )	(105,570 )
Finance income	7,981	7,685	9,517	17,047	25,563
Other financial income (expenses), net	(17,922 )	40,731	(12,879 )	11,623	(220,414 )
Equity in (losses) earnings of non-consolidated companies <sup>(3)</sup>	(272,810 )	(751,787 )	(31,609 )	(346,833 )	10,137
Income before income tax expense	267,099	234,924	942,339	452,148	965,368
Income tax expense	(207,320 )	(339,105 )	(349,426 )	(261,227 )	(312,555 )
Profit (Loss) for the year	59,779	(104,181 )	592,913	190,921	652,813
Attributable to:					
Owners of the parent	8,127	(198,751 )	455,425	142,043	517,668
Non-controlling interest	51,652	94,570	137,488	48,878	135,145
Profit (Loss) for the year	59,779	(104,181 )	592,913	190,921	652,813
Depreciation and amortization	433,788	414,797	377,133	370,855	395,988
Weighted average number of shares outstanding <sup>(4)</sup>	1,963,076,776	1,963,076,776	1,963,076,776	1,963,076,776	1,968,327,917
Basic earnings (losses) per share (in USD per share) <sup>(5) (6)</sup>	0.00	(0.10 )			