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Ternium S.A.  
Form 6-K  
August 02, 2006

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 08/01/2006

Ternium S.A.  
(Translation of Registrant's name into English)

Ternium S.A.  
46a, Avenue John F. Kennedy - 2nd floor  
L-1855 Luxembourg  
(352) 4661-11-3815  
(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b): Not applicable

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 press release announcing its results for the  
second quarter of the year 2006.

Ternium Announces Second Quarter 2006 Results

LUXEMBOURG--(BUSINESS WIRE)--Aug. 1, 2006--Ternium S.A. (NYSE:TX)  
announced today its results for the second quarter ended June 30,  
2006.

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The financial and operational information contained in this press release is based on consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and presented in U.S. dollars.

### Summary of Second Quarter 2006 Results

- Net sales of US\$1.7 billion.
  - Shipments of flat and long products of 2.4 million tons.
  - Operating income of US\$476.7 million, or 28% of net sales.
  - EBITDA(a) of US\$582.2 million, or 34% of net sales.
  - Equity holders net income of US\$232.6 million.
  - Earnings per American Depositary Share (ADS) of US\$1.16 (each ADS represents 10 shares of Ternium's common stock).
- (a) EBITDA equals operating income plus depreciation, amortization and other non cash transactions

Ternium's results continued to improve in the second quarter 2006. Revenue increased compared to the first quarter of 2006 as a result of better prices and higher sales volumes. The Company's EBITDA margin also improved due to better prices and relatively stable costs.

### Market Background and Outlook

Demand for steel products in Ternium's core markets maintained a positive trend during the second quarter, as the main economies in the South & Central America Region continued to perform well. Additionally, steel prices increased in the period mainly in Ternium's North American markets. In the immediate future, Ternium expects demand and prices for its products to remain stable, and does not foresee any sizeable impact related to fluctuations in raw material and energy costs.

### Production

Ternium's consolidated production increased during the second quarter of 2006 versus the first quarter of the year. The Company's production reached 2.5 million tons of crude steel, while 1.9 million tons of hot rolled coils and 0.5 million tons of long products were manufactured from semi-finished products, 0.9 million tons of cold rolled coils were manufactured from hot rolled coils, and 0.4 million tons of flat products were processed in the coating lines.

### Analysis of Second Quarter 2006 Results versus First Quarter 2006 Results

As a result of the consolidation of Amazonia's and Hylsamex's results and other financial data since February 15, 2005, and August 22, 2005, respectively, Ternium's results and other financial data for the year 2006 or any quarters in 2006 are likely to vary significantly from the results and other financial data for the year 2005 or the corresponding quarters in 2005. Accordingly, Ternium currently intends to make quarterly comparisons on a sequential basis until the third quarter of 2006. From the fourth quarter of 2006 onwards, comparisons are intended to be made on a quarterly year-over-year basis.

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Second quarter of 2006 and first quarter of 2006 figures consolidate the results of Hylsamex, Siderar and Sidor together with all other consolidating subsidiaries.

Net income for the second quarter was US\$289.2 million, compared to US\$194.5 million in the first quarter. Net income attributable to the Company's equity holders was US\$232.6 million in the second quarter compared to US\$165.0 million in the first quarter. Earnings per ADS were US\$1.16 in the second quarter, based on 2,004,743,442 shares outstanding and a conversion rate of 10 shares of common stock per ADS.

Net sales for the second quarter increased 12% to US\$1.7 billion, compared to net sales of US\$1.5 billion in the previous quarter due to higher volumes and prices. Shipments of flat and long products reached 2.4 million tons, while revenue per ton shipped increased 3% to US\$681 in the second quarter.

	Net Sales (million US\$)			Shipments (thousand tons)			Revenue / ton (US\$/ton)		
	2Q	1Q	Dif.	2Q	1Q	Dif.	2Q	1Q	Dif.
	2006	2006		2006	2006		2006	2006	
South & Central America	772.1	691.2	12%	1,161.9	1,044.7	11%	665	662	1%
North America	520.1	491.8	6%	656.2	643.2	2%	792	765	4%
Europe & other	7.8	14.3	-45%	15.9	26.6	-40%	493	537	-8%
<b>Total flat products</b>	<b>1,300.0</b>	<b>1,197.3</b>	<b>9%</b>	<b>1,834.1</b>	<b>1,714.5</b>	<b>7%</b>	<b>709</b>	<b>698</b>	<b>2%</b>
South & Central America	130.8	121.5	8%	237.3	236.9	0%	551	513	7%
North America	211.9	161.4	31%	341.5	296.5	15%	620	544	14%
<b>Total long products</b>	<b>342.7</b>	<b>282.9</b>	<b>21%</b>	<b>578.8</b>	<b>533.4</b>	<b>9%</b>	<b>592</b>	<b>530</b>	<b>12%</b>
<b>Total flat and long products</b>	<b>1,642.7</b>	<b>1,480.2</b>	<b>11%</b>	<b>2,412.9</b>	<b>2,247.9</b>	<b>7%</b>	<b>681</b>	<b>658</b>	<b>3%</b>
Other products (1)	66.4	48.7	36%						
<b>Total Net Sales</b>	<b>1,709.1</b>	<b>1,528.9</b>	<b>12%</b>						

(1) Includes pig iron and pellets.

Sales of flat products during the second quarter totaled US\$1.3 billion, an increase of 9% compared to the first quarter of the year. This was the result of higher volumes and prices. Shipments were 1.8 million tons in the second quarter, an increase of 7% compared to the

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previous quarter as a result of improved demand in Ternium's core markets and increased production of hot and cold rolled products. Revenue per ton shipped increased 2% to US\$709 in the second quarter from the prior quarter. While prices of flat products increased in several of Ternium's markets, the sales mix during the second quarter was not as favorable as that of the previous quarter.

Sales of long products were US\$342.7 million during the second quarter, an increase of 21% compared to the previous quarter. This increase was mainly due to higher volumes and prices. Shipments increased to 578.8 thousand tons in the second quarter, representing a 9% increase versus the first quarter, due to higher production and a tighter demand/supply balance for Ternium's long products in the North America Region. Within this context, revenue per ton shipped increased 12% quarter-over-quarter to US\$592.

Sales of other products were US\$66.4 million during the second quarter, an increase of 36% compared to the previous quarter, as pellet sales recovered from low levels in the first quarter. This increase was the result of the planned revamping of Ternium's pellet production facilities in Venezuela during the first quarter.

Flat and long products sales in the South & Central America Region were US\$902.9 million during the second quarter, an increase of 11% versus the previous quarter. This increase was mainly due to higher volumes and prices. Shipments reached 1.4 million tons during the second quarter, or 9% higher than the previous quarter, mainly as a result of higher shipments of flat products. Revenue per ton shipped increased 2% quarter-over-quarter to US\$645 during the second quarter mainly supported by increases in long products.

Sales of flat and long products in the North America Region were US\$732.0 million in the second quarter, an increase of 12% compared to the previous quarter, due to higher volumes and prices. Shipments totaled 1.0 million tons during the second quarter, or 6% higher than the previous quarter. This increase was mainly attributable to higher sales of billets and cold rolled coils. Revenue per ton shipped increased 6% quarter-over-quarter to US\$734 in the second quarter, mainly due to price increases implemented in both product categories.

Cost of sales totaled US\$1.1 billion for the second quarter, or 63% of net sales, compared to US\$987.2 million, or 65% of net sales, in the previous quarter. The increase in shipments drove the increased cost of sales in the second quarter. Higher prices for raw materials were offset by the normalization of iron ore pellets production at Sidor following the revamping of its pellet production facilities carried out in the previous quarter that allowed the Company to reduce its purchases of hot briquetted iron.

Natural gas and electricity prices for the Central and South America operations remained relatively stable compared to the previous quarter, while Ternium's Mexican subsidiary experienced a decrease in electricity prices and stable natural gas costs. Labor costs remained at similar levels to those of the previous quarters.

Selling, general and administrative (SG&A) expenses in the second quarter were US\$155.4 million, or 9% of net sales, compared to US\$151.0 million, or 10% of net sales, in the previous quarter. The increase in the SG&A figure versus the previous quarter is mainly due to higher freight charges for Ternium's finished products caused by the increase in shipments during the second quarter.

Operating income in the second quarter was US\$476.7 million, or 28% of net sales, compared to US\$392.5 million, or 26% of net sales, in the previous quarter. EBITDA(b) in the second quarter was US\$582.2 million, or 34% of net sales, compared to US\$500.5 million, or 33% of net sales, in the previous quarter.

Net financial expenses were US\$108.2 million in the second quarter, compared to US\$123.5 million in the previous quarter. This reduction was primarily the result of a US\$6.0 million decrease in net

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interest expenses mainly associated with a reduction in net debt, US\$8.6 million in lower bank commissions related to the absence of a one-time charge for debt issuance recognized in the previous quarter and US\$9.1 million in lower excess cash distribution related to the participation accounts in Sidor. This was partially offset by a higher loss of US\$10.4 million related to changes in the fair value of some derivative instruments entered into by Ternium in order to mitigate energy prices and interest rates fluctuations.

Sidor's excess cash distribution related to the participation account was US\$184.4 million in the second quarter compared to US\$206.9 million in the previous quarter. Ternium subsidiaries received US\$110.2 million in the second quarter compared to US\$123.6 million in the first quarter, while payments to minority shareholders of Sidor resulted in expenses of US\$74.2 million in the second quarter, compared to expenses of US\$83.3 million in the previous quarter.

Income tax expense for the second quarter was US\$80.2 million, or 22% of income before income tax and minority interest.

Income attributable to minority interest for the second quarter was US\$56.6 million, compared to income of US\$29.5 million in the previous quarter.

- (b) EBITDA equals operating income of US\$476.7 million plus depreciation and amortization of US\$105.4 million and other non-cash items of US\$0.1 million.

### Cash Flow and Liquidity

Net cash provided by operating activities in the second quarter was US\$357.0 million. This included an increase in working capital of US\$71.4 million mainly due to a higher activity level partially offset by a decrease in tax credits.

Net cash used in investing activities during the second quarter was US\$140.1 million, mainly due to capital expenditures of US\$98.2 million and Ternium's purchase of Worthington Industries' remaining 50% equity interest in Acerex for US\$44.6 million, which was approved by Mexico's antitrust authorities on May 11, 2006.

Net cash used in financing activities during the second quarter was US\$203.4 million. Financial debt decreased by US\$176.2 million quarter-over-quarter to US\$1.6 billion, mainly due to the repayment of certain borrowings. Net debt as of June 30, 2006 was US\$670.2 million. In addition, dividends paid to minority shareholders in Siderar and Acerex totaled US\$27.2 million during the second quarter.

### Forward-Looking Statements

Some of the statements contained in this press release are "forward-looking statements." Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to gross domestic product, related market demand, global production capacity, tariffs, cyclicalities in the industries that purchase steel products and other factors beyond Ternium's control.

### About Ternium

Ternium is one of the leading steel companies in the Americas, offering a wide range of flat and long steel products. Ternium has operating locations in Mexico, Argentina and Venezuela that provide it

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with a strong position from which to serve its core markets. In addition, Ternium reaches the global markets through its own distribution network. More information about Ternium is available at [www.ternium.com](http://www.ternium.com).

### Consolidated income statement

US\$ million	2Q 2006	1Q 2006	6M 2006	2Q 2005 (1)	1Q 2005 (1)	6M 2005 (1)
Net sales	1,709.1	1,528.9	3,238.0	1,060.3	767.6	1,827.8
Cost of sales	(1,078.1)	(987.2)	(2,065.2)	(493.4)	(418.2)	(911.5)
Gross profit	631.0	541.7	1,172.7	566.9	349.4	916.3
SG&A expenses	(155.4)	(151.0)	(306.4)	(114.6)	(65.0)	(179.6)
Other operating income (expense), net	1.1	1.8	2.9	(6.8)	(1.0)	(7.8)
Operating income	476.7	392.5	869.2	445.5	283.4	728.9
Financial expenses, net	(108.2)	(123.5)	(231.7)	(63.8)	(38.9)	(102.7)
Excess of fair value of net assets acquired over cost	--	--	--	--	188.4	188.4
Equity in earnings (losses) of associated companies	0.9	(1.8)	(0.9)	(0.2)	19.3	19.1
Income before income tax expense	369.4	267.2	636.5	381.5	452.2	833.7
Income tax expense	(80.2)	(72.7)	(152.8)	(57.1)	(48.6)	(105.7)
Net income for the period	289.2	194.5	483.7	324.4	403.6	727.9
Attributable to:						
Equity holders of the Company	232.6	165.0	397.6	140.0	337.6	477.6
Minority interest	56.6	29.5	86.1	184.4	66.0	250.3
	289.2	194.5	483.7	324.4	403.6	727.9

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(1) Combined consolidated financial information on the basis of common control.

### Consolidated balance sheet

US\$ million	June 30, 2006	December 31, 2005
Property, plant and equipment, net & other assets	5,332.0	5,464.8
Intangible assets, net	524.6	552.9
Investment in associated companies, net	8.2	9.1
Other investments, net	12.4	12.6
Deferred tax assets	35.2	29.1
Trade & other receivables, net	60.2	47.9
<b>Total non-current assets</b>	<b>5,972.7</b>	<b>6,116.4</b>
Receivables	219.4	291.3
Other assets	--	3.2
Derivative financial instruments	11.6	5.4
Inventories, net	1,113.4	1,000.1
Trade receivables, net	551.9	472.8
Other investments	--	5.2
Cash and cash equivalents	915.6	765.6
<b>Total current assets</b>	<b>2,812.0</b>	<b>2,543.6</b>
Non-current assets classified as held for sale	9.4	--
<b>Total assets</b>	<b>8,794.1</b>	<b>8,660.0</b>
Shareholders' equity	3,276.9	1,842.5
Minority interest in subsidiaries	1,693.3	1,733.5
<b>Minority interest &amp; shareholders' equity</b>	<b>4,970.2</b>	<b>3,575.9</b>
Provisions	57.9	53.5
Deferred income tax liabilities	991.2	1,048.2
Other liabilities	206.3	187.9
Trade payables	1.1	1.2
Borrowings	1,088.0	2,399.9
<b>Total non-current liabilities</b>	<b>2,344.5</b>	<b>3,690.6</b>
Provisions	--	0.7
Current tax liabilities	143.0	127.0
Other liabilities	179.7	194.1
Trade payables	648.8	555.3
Derivative financial instruments	10.2	--
Borrowings	497.8	516.4
<b>Total current liabilities</b>	<b>1,479.4</b>	<b>1,393.4</b>
<b>Total liabilities</b>	<b>3,823.9</b>	<b>5,084.1</b>

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Liabilities, minority interest & shareholders' equity	8,794.1	8,660.0
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Consolidated cash flow statement

US\$ million	2Q 2006	1Q 2006	6M 2006	6M 2005 (1)
Net income	289.2	194.5	483.7	727.9
Adjustments for:				
Depreciation and amortization	105.5	106.3	211.8	117.6
Income tax accruals				
less payments	(7.4)	10.9	3.5	(87.3)
Excess of fair value of net assets acquired over cost	--	--	--	(188.4)
Equity in (earnings) losses of associated companies	(0.9)	1.8	0.9	(19.1)
Derecognition of property, plant & equipment	0.1	1.6	1.7	--
Interest accruals less payments	17.8	(15.9)	1.9	0.2
Changes in provisions	13.6	11.4	25.0	4.5
Changes in working capital	(71.4)	(12.6)	(84.0)	(17.1)
Currency translation adjustment and others	10.6	(3.0)	7.6	62.8
Net cash provided by operating activities	357.0	295.2	652.1	601.1
Capital expenditures	(98.2)	(88.1)	(186.3)	(81.4)
Change in trust funds	5.2	--	5.2	88.8
Acquisition of business(2)	(47.9)	(55.2)	(103.1)	--
Proceeds from sale of property, plant & equipment	0.7	0.5	1.3	1.4
Net cash (used in) provided by investing activities	(140.1)	(142.8)	(282.9)	8.8
Dividends paid in cash and other distributions to company's equity shareholders	--	--	--	(171.4)
Dividends paid in cash and other distributions to minority shareholders	(27.2)	--	(27.2)	(108.7)
Net proceeds				
from Initial Public Offering	--	525.0	525.0	--
Contributions from shareholders	--	3.1	3.1	54.8
Proceeds from borrowings	25.2	11.4	36.5	102.4
Repayment of borrowings	(201.4)	(553.5)	(754.8)	(367.2)
Net cash used in financing activities	(203.4)	(14.0)	(217.4)	(490.2)
Increase (decrease) in cash and cash equivalents	13.4	138.4	151.9	119.7

(1) Combined consolidated financial information on the basis of common

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control.

- (2) Corresponds to the purchase of Impeco and other assets from Acindar in 1Q 2006 and to the purchase of Worthington Industries' 50% equity interest in Acerex in 2Q 2006.

Thousand tons	Shipments					
	2Q 2006	1Q 2006	6M 2006	2Q 2005 (1)	1Q 2005 (1)	6M 2005 (1)
South & Central America	1,161.9	1,044.7	2,206.6	926.9	593.5	1,520.4
North America	656.2	643.2	1,299.5	260.3	245.6	505.9
Europe & other	15.9	26.6	42.5	145.4	171.5	316.9
<b>Total flat products</b>	<b>1,834.1</b>	<b>1,714.5</b>	<b>3,548.6</b>	<b>1,332.6</b>	<b>1,010.6</b>	<b>2,343.2</b>
South & Central America	237.3	236.9	474.3	168.4	89.0	257.4
North America	341.5	296.5	638.0	30.2	37.8	68.0
<b>Total long products</b>	<b>578.8</b>	<b>533.4</b>	<b>1,112.2</b>	<b>198.7</b>	<b>126.8</b>	<b>325.4</b>
<b>Total flat and long products</b>	<b>2,412.9</b>	<b>2,247.9</b>	<b>4,660.8</b>	<b>1,531.3</b>	<b>1,137.3</b>	<b>2,668.6</b>

- (1) Combined consolidated financial information on the basis of common control.

US\$/ton	Revenue / ton					
	2Q 2006	1Q 2006	6M 2006	2Q 2005 (1)	1Q 2005 (1)	6M 2005 (1)
South & Central America	665	662	663	725	704	717
North America	792	765	779	549	577	562
Europe & other	493	537	520	607	712	664
<b>Total flat products</b>	<b>709</b>	<b>698</b>	<b>704</b>	<b>677</b>	<b>674</b>	<b>676</b>
South & Central America	551	513	532	498	550	516
North America	620	544	585	526	556	542

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Total long products	592	530	562	502	552	521
Total flat and long products	681	658	670	655	661	657

(1) Combined consolidated financial information on the basis of common control.

Net Sales						
US\$ million	2Q 2006	1Q 2006	6M 2006	2Q 2005 (1)	1Q 2005 (1)	6M 2005 (1)
South & Central America	772.1	691.2	1,463.3	671.7	417.9	1,089.5
North America	520.1	491.8	1,011.9	142.9	141.6	284.5
Europe & other	7.8	14.3	22.1	88.2	122.1	210.4
<b>Total flat products</b>	<b>1,300.0</b>	<b>1,197.3</b>	<b>2,497.3</b>	<b>902.8</b>	<b>681.6</b>	<b>1,584.4</b>
South & Central America	130.8	121.5	252.3	83.9	48.9	132.8
North America	211.9	161.4	373.3	15.9	21.0	36.9
<b>Total long products</b>	<b>342.7</b>	<b>282.9</b>	<b>625.6</b>	<b>99.8</b>	<b>69.9</b>	<b>169.7</b>
<b>Total flat and long products</b>	<b>1,642.7</b>	<b>1,480.2</b>	<b>3,122.9</b>	<b>1,002.6</b>	<b>751.5</b>	<b>1,754.1</b>
Other products (2)	66.4	48.7	115.1	57.7	16.1	73.8
<b>Total net sales</b>	<b>1,709.1</b>	<b>1,528.9</b>	<b>3,238.0</b>	<b>1,060.3</b>	<b>767.6</b>	<b>1,827.8</b>

(1) Combined consolidated financial information on the basis of common control.

(2) Includes pig iron and pellets.

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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/ Roberto Philipps

-----  
Name: Roberto Philipps  
Title: Chief Financial Officer

By: /s/ Daniel Novegil

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Name: Daniel Novegil  
Title: Chief Executive Officer

Dated: August 1, 2006