

Ternium S.A.
Form 6-K
August 04, 2010

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 8/4/2010

Ternium S.A.

(Translation of Registrant's name into English)

**Ternium S.A.
46a, Avenue John F. Kennedy 2nd floor**

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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 second quarter 2010 results.

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

Name: Pablo Brizzio

Title: Chief Financial Officer

By: /s/ Daniel Novegil

Name: Daniel Novegil

Title: Chief Executive Officer

Dated: August 4, 2010

Sebastián Martí

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Ternium Announces Second Quarter and First Half 2010 Results

Luxembourg, August 3, 2010 Ternium S.A. (NYSE: TX) today announced its results for the second quarter and six-month period ended June 30, 2010.

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

Second Quarter 2010 Highlights

Shipments (tons)	2,031,000	1,908,000	6%	1,519,000	34%
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Net Sales (US\$ million)	1,926.6	1,650.6	17%	1,140.3	69%
Operating Income (US\$ million)	359.2	293.5	22%	(52.1)	
EBITDA (US\$ million)	453.2	384.8	18%	43.4	945%
EBITDA Margin (% of net sales)	23.5%	23.3%		3.8%	
EBITDA per Ton, Flat & Long Steel (US\$)	213	190	12%	19	991%
Net Foreign Exchange Result (US\$ million)	(32.8)	101.0		219.1	
Discontinued Operations Result (US\$ million)	-	-		428.0	
Net Income (US\$ million)	230.7	245.1	-6%	584.7	-61%
Equity Holders' Net Income (US\$ million)	187.6	205.2	-9%	562.8	-67%
Earnings per ADS (US\$)	0.94	1.02	-9%	2.81	-67%

- EBITDA¹ of US\$453.2 million in the second quarter 2010, up 18% compared to the first quarter 2010, mainly due to higher EBITDA per ton and slightly higher shipments.
- Earnings per American Depositary Share (ADS)² of US\$0.94 in the second quarter 2010 compared to US\$1.02 in the first quarter 2010. The second quarter 2010 result includes a US\$0.10 after-tax non-cash foreign exchange loss per ADS on Ternium's Mexican subsidiary's US dollar denominated net debt, compared to a US\$0.32 after-tax non-cash foreign exchange gain per ADS on Ternium's Mexican subsidiary's US dollar denominated net debt in the first quarter 2010.
- Positive free cash flow³ of US\$123.6 million in the second quarter 2010.
- Collection of US\$263.2 million in May 2010 in connection with the transfer of the Sidor shares to Venezuela.
- Net cash position of US\$0.6 billion at the end of the second quarter 2010.

¹ EBITDA in the second quarter 2010 equals operating income of US\$359.2 million plus depreciation and amortization of US\$94.0 million.

² Each American Depositary Share (ADS) represents 10 shares of Ternium's common stock. Results are based on a weighted average number of shares of common stock outstanding of 2,004,743,442.

³ Free cash flow in the second quarter 2010 equals net cash provided by operating activities of US\$219.1 million less capital expenditures of US\$95.5 million.

Ternium's operating income in the second quarter 2010 was US\$359.2 million, an increase of 22% from US\$293.5 million in the first quarter 2010, mainly due to higher shipments and revenue per ton, partially offset by higher operating cost per ton. Shipments increased 123,000 tons in the second quarter 2010 compared to the first quarter 2010, mainly as a result of a 106,000-ton increase in shipments in the South & Central America Region and relatively stable shipments in the North America Region. Revenue per ton increased US\$86 in the second quarter 2010 compared to the first quarter 2010, mainly due to higher average prices in all of Ternium's regions. The increase in average prices was partially offset by higher operating cost per ton, mainly as a result of higher raw material, maintenance and labor costs.

Operating income in the second quarter 2010 increased US\$411.3 million when compared to the second quarter 2009, mainly due to higher revenue per ton, higher shipments and relatively stable average operating cost per ton. Shipments in the second quarter 2009 were negatively affected by the global economic downturn that began in the second half of 2008. Revenue per ton in the second quarter 2009 was also significantly affected by the global economic downturn, and only began to gradually recover in the second half of 2009.

Ternium's net income in the second quarter 2010 was US\$230.7 million, a decrease of US\$14.4 million compared to the first quarter 2010, mainly due to a US\$135.0 million decrease in non-cash net foreign exchange results on Ternium's Mexican subsidiary's US dollar denominated net debt (which was offset by changes in Ternium's net equity position), partially offset by a US\$65.7 million increase in operating income and a US\$59.9 million decrease in income tax expense.

Net income in the second quarter 2010 was US\$230.7 million compared to US\$584.7 million in the second quarter 2009, a decrease of US\$354.0 million. Factoring into the net income decline was the fact that there were no discontinued operations results in the second quarter 2010, whereas there was a US\$428.0 million discontinued operations gain in the second quarter 2009 related to the transfer of the Sidor shares to Venezuela. The year-over-year change in net income was also driven by the above mentioned US\$411.3 million increase in operating income, offset by a US\$251.7 million decrease in non-cash foreign exchange results on Ternium's Mexican subsidiary's US dollar denominated net debt (which was offset by changes in Ternium's net equity position), a US\$51.5 million increase in income tax expense and a US\$39.3 million reduction in interest income related to the transfer of the Sidor shares to Venezuela.

First Half 2010 Highlights

Shipments (tons)	3,939,000	3,023,000	30%
Net Sales (US\$ million)	3,577.2	2,314.9	55%
Operating Income (US\$ million)	652.7	(78.6)	
EBITDA (US\$ million)	838.0	138.3	506%
EBITDA Margin (% of net sales)	23.4%	6.0%	
EBITDA per Ton, Flat & Long Steel (US\$)	202	37	439%
Net Foreign Exchange Result (US\$ million)	68.2	58.5	
Discontinued Operations Result (US\$ million)	-	428.0	
Net Income (US\$ million)	475.8	467.7	2%
Equity Holders' Net Income (US\$ million)	392.9	469.6	-16%
Earnings per ADS (US\$)	1.96	2.34	-16%

- EBITDA ⁴ of US\$838.0 million in the first half 2010, an increase of US\$699.6 million compared to the first half 2009, mainly due to higher shipments and revenue per ton.
- Earnings per ADS of US\$1.96 in the first half 2010, which included a US\$0.22 after-tax non-cash foreign exchange gain per ADS on Ternium's Mexican subsidiary's US dollar denominated net debt.
- Positive free cash flow ⁵ of US\$382.2 million in the first half 2010.
- Collection of US\$563.4 million in connection with the transfer of the Sidor shares to Venezuela.

Ternium's operating income in the first half 2010 was US\$652.7 million, compared to a US\$78.6 million operating loss in the first half 2009. The increase was mainly due to an additional 915,000 tons in shipments and US\$139 in revenue per ton. Shipments and revenue per ton in the first half of 2009 were significantly impacted by the global economic downturn during the period.

Net income was US\$475.8 million in the first half 2010, relatively stable compared to net income in the first half 2009, mainly due to a US\$731.3 million increase in operating income that was mostly offset by the lack of discontinued operations results in the first half 2010 compared to a US\$428.0 million discontinued operations gain in the first half 2009 related to the transfer of the Sidor shares to Venezuela and a US\$304.9 million change in income tax results.

⁴ EBITDA in the first half 2010 equals operating income of US\$652.7 million plus depreciation and amortization of US\$185.3 million.

⁵ Free cash flow in the first half 2010 equals net cash provided by operating activities of US\$532.3 million less capital expenditures of US\$150.1 million.

Corporate reorganization in light of the impending termination of Luxembourg's 1929 holding company regime

The Company was established as a *société anonyme holding* under Luxembourg's 1929 holding company regime. 1929 holding companies are exempt from Luxembourg corporate and withholding tax over dividends distributed to holders of shares and ADSs. These benefits will terminate effective December 31, 2010. On January 1st, 2011, the Company will become an ordinary public limited liability company (*société anonyme*) and, effective as from that date, the Company will be 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 from high income tax subsidiaries will continue to be tax-exempt under Luxembourg's participation exemption.

At its August 3, 2010 meeting, the Company's board of directors approved a multi-step corporate reorganization plan. This reorganization, which is expected to be completed prior to year-end, will include the contribution of all of the Company's assets and liabilities to a wholly-owned Luxembourg subsidiary and the restructuring of holdings in certain subsidiaries. Following the completion of the reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company will record a special reserve for tax purposes in a significant amount. The Company expects that its current overall tax burden will not increase and that any potential future dividend distributions out of such special reserve should be exempt from Luxembourg withholding tax.

Outlook

Ternium expects the business recovery underway in the NAFTA region to moderate from its year-to-date pace during the remainder of the year, leading to a stabilization of the company's shipment levels in the region. The company also anticipates that shipments in the South & Central America Region will remain relatively stable through the end of the year. Ternium expects a decrease in operating margin in the second half 2010 compared to the second quarter 2010 mainly as a result of higher raw material costs.

Analysis of Second quarter 2010 Results

Net income attributable to Ternium's equity holders in the second quarter 2010 was US\$187.6 million, compared to US\$562.8 million in the second quarter 2009. Including minority interest, net income for the second quarter 2010 was US\$230.7 million, compared to US\$584.7 million in the second quarter 2009. Earnings per ADS for the second quarter 2010 were US\$0.94, compared to US\$2.81 in the second quarter 2009.

Net sales in the second quarter 2010 were US\$1.9 billion, 69% higher than net sales in the second quarter 2009. Shipments of flat and long products were 2.0 million tons during the second quarter 2010, an increase of 34% compared to shipments in the second quarter 2009, mainly due to an increase in demand in Ternium's main steel markets. Revenue per ton shipped was US\$924 in the second quarter 2010, an increase of 27% compared to the same quarter in 2009, mainly as a result of higher prices in all of Ternium's regions.

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	Net Sales (million US\$)			Shipments (thousand tons)			Revenue / ton (US\$/ton)		
South & Central America	726.7	368.9	97%	726.6	424.2	71%	1,000	870	15%
North America	929.4	557.8	67%	972.6	765.5	27%	956	729	31%
Europe & other	5.7	45.7		9.0	77.5		628	590	
Total flat products	1,661.7	972.4	71%	1,708.2	1,267.1	35%	973	767	27%
South & Central America	41.1	13.4	207%	64.5	31.5	105%	638	425	50%
North America	172.3	118.6	45%	255.4	220.6	16%			