

Ternium S.A.
Form 6-K
May 05, 2008

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 5/5/2008

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 R Form 40-F 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 F No R

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 first quarter 2008 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/ Roberto Philipps
Name: Roberto Philipps
Title: Chief Financial Officer

By: /s/ Daniel Novegil
Name: Daniel Novegil
Title: Chief Executive Officer

Dated: May 5, 2008

Sebastián Martí
 Ternium - Investor Relations
 +1 (866) 890 0443
 +52 (81) 8865 2111
 +54 (11) 4018 2389
 www.ternium.com

Ternium Announces First Quarter 2008 Results

Luxembourg, May 5, 2008 – Ternium S.A. (NYSE: TX) today announced its results for the first quarter ended March 31, 2008.

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 and metric tons.

Summary of First Quarter 2008 Results

	1Q 2008	4Q 2007		1Q 2007	
Shipments (million tons)	2.7	2.8	-3%	2.5	9%
Net Sales (US\$ million)	2,427.7	2,267.2	7%	1,798.3	35%
Operating Income (US\$ million)	434.9	297.2	46%	415.4	5%
EBITDA (US\$ million)	592.5	469.0	26%	530.7	12%
EBITDA Margin (% of net sales)	24%	21%		30%	
Net Income (US\$ million)	483.6	220.6	119%	251.6	92%
Equity Holders' Net Income (US\$ million)	422.1	165.6	155%	222.1	90%
Earnings per ADS* (US\$)	2.11	0.83	155%	1.11	90%

Operating income was US\$434.9 million in the first quarter 2008, an increase of 46% when compared to the fourth quarter 2007, mainly as a result of higher steel prices partially offset by higher costs and lower volume. Shipments decreased 3% in the first quarter 2008 when compared to the fourth quarter 2007, as lower shipments in the South & Central America Region that resulted from the work stoppages at Sidor were partially offset by higher shipments in the North America Region. Ternium's operating income increased 5% in the first quarter 2008 when compared to the first quarter 2007. Excluding the effect of the consolidation of Grupo Imsa, operating income decreased slightly year-over-year, as higher costs and lower volumes were partially offset by higher steel prices.

Net income during the first quarter 2008 was US\$483.6 million, an increase of 119% when compared to the fourth quarter 2007. The sequential increase in net income was due mainly to higher operating income and two non-recurring items: an income tax gain of US\$96.3 million related to Hylsa's lower deferred tax liability and an after-tax gain of US\$101.4 million related to the sale of non-strategic interests to BlueScope Steel. Ternium's net income during the first quarter 2008 increased 92% when compared to the first quarter 2007. Excluding the effect of the consolidation of Grupo Imsa, the year-over-year increase was mainly due to the above mentioned non-recurring items.

Ternium's net sales were US\$2.4 billion in the first quarter 2008, an increase of 7% when compared to the fourth quarter 2007. Net sales increased sequentially mainly as a result of higher revenue per ton partially offset by lower shipments. Excluding the effect of the consolidation of Grupo Imsa, net sales increased slightly year-over-year in the first quarter 2008 mainly due to higher revenue per ton partially offset by lower shipment levels as a result of the work stoppages at Sidor.

Sidor Nationalization Process

On March 31, 2008, Ternium controlled approximately 59.7% of Sidor, while CVG Corporación Venezolana de Guayana (a company owned by the Venezuelan government) held approximately 20.4% of Sidor and certain Sidor employees and former employees held the remaining 19.9% interest.

On April 8, 2008, the Venezuelan government announced its intention to take control over Sidor. Following the confirmation of the Venezuelan government's decision to nationalize Sidor on April 16, 2008, Ternium, Sidor and the Venezuelan government entered into an agreement providing for the creation of a transition committee, composed of representatives of the government, the labor union and class B employee shareholders. This committee is charged with overseeing Sidor's operations during the transition period until the nationalization is completed, acting in coordination with Sidor's board of directors.

On April 29, 2008, the National Assembly of the Republic of Venezuela passed a resolution declaring that the shares of Sidor, together with all of its assets, are of public and social interest. This resolution authorizes the Venezuelan government to take any action it may deem appropriate in connection with any such assets, which may include expropriation.

The discussions among representatives of Ternium and the Venezuelan government regarding adequate and fair terms and conditions upon which all or a significant part of Ternium's interest in Sidor would be transferred to the government began with the formation of a negotiating committee and are presently under way. The date on which control over Sidor would be transferred to the government is uncertain at this time.

The impact of the potential government actions with respect to Sidor on Ternium's financial position is not determinable at this time.

Ternium continues to preserve all of its rights under contracts, investment treaties and Venezuelan and international law and will continue to evaluate its options in realizing the fair value of its interest in Sidor.

From an accounting perspective (book value), total assets and total liabilities of Sidor were \$3.1 billion and \$855.5 million, respectively, at March 31, 2008. None of such book values represents the fair market value of Sidor as a going concern. Sidor's revenue and EBITDA for the first quarter 2008 were \$513.9 million and US\$114.21 million, respectively. Ternium's equity holders' net income for the first quarter 2008 includes a gain of US\$50.3 million related to its interest in Sidor.

¹ Sidor's EBITDA in the first quarter 2008 equals operating income of US\$63.4 million plus depreciation and amortization of US\$50.8 million.

Outlook

Global steel prices are increasing as a result of sustained demand coupled with certain supply limitations that have resulted mainly from continued tightness in the raw materials markets. In the North America Region, a restocking process is supporting today's strong pricing environment, while demand for steel products is expected to remain at current levels, reflecting continued weakness in the construction and automobile industries. Demand and prices in the South & Central America Region are expected to remain at their current, healthy levels.

Ternium expects its operating margin will improve in the second quarter 2008 compared to the operating margin it achieved in the first quarter 2008. Higher steel prices should be only partially offset by higher raw material costs since such costs are expected to be gradually reflected in the cost of sales, as Ternium consumes raw materials from its inventories over time.

As discussed above, the impact of the Sidor nationalization process on Ternium's financial position is not determinable at this time.

Analysis of First Quarter 2008 Results

Net income attributable to the Company's equity holders in the first quarter 2008 was US\$422.1 million, compared with US\$222.1 million in the first quarter 2007. Including minority interest, net income for the first quarter 2008 was US\$483.6 million, compared with US\$251.6 million in the first quarter 2007. Earnings per ADS for the first quarter 2008 were US\$2.11, compared with US\$1.11 in the first quarter 2007.

Net sales for the first quarter 2008 increased 35% to US\$2.4 billion compared with the same period in 2007. Net sales increased mainly due to the consolidation of Grupo Imsa. Shipments of flat and long products were 2.7 million tons during the first quarter 2008, an increase of 9% compared to shipment levels in the first quarter 2007, mainly due to the consolidation of Grupo Imsa partially offset by lower shipment levels as a result of the work stoppages at Sidor. Revenue per ton shipped increased 24% to US\$869 in the first quarter 2008 versus the same quarter in 2007, mainly as a result of higher steel prices and the consolidation of Grupo Imsa's higher value added product mix.

Edgar Filing: Ternium S.A. - Form 6-K

	Net Sales (million US\$)			Shipments (thousand tons)			Revenue / ton (US\$/ton)		
	1Q 2008	1Q 2007	Dif.	1Q 2008	1Q 2007	Dif.	1Q 2008	1Q 2007	Dif.
South & Central America	960.1	821.8	17%	1,088.4	1,111.8	-2%	882	739	19%
North America	1,021.0	522.5	95%	1,080.0	698.4	55%	945	748	26%
Europe & other	9.5	48.7	-81%	9.7	82.7	-88%	978	589	66%
Total flat products	1,990.6	1,392.9	43%	2,178.1	1,892.9	15%	914	736	24%
South & Central America	179.5	164.9	9%	265.2	292.8	-9%	677	563	20%
North America	186.4	192.9	-3%	265.3	313.3	-15%	703	616	14%
Europe & other	5.2	0.0		8.8	0.0		587		
Total long products	371.1	357.7	4%	539.3	606.1	-11%	688	590	17%