



TERNIUM S.A.

**Consolidated Condensed Interim Financial Statements
as of September 30, 2013
and for the nine-month periods
ended on September 30, 2013 and 2012**

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Consolidated Condensed Interim Financial Statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012

(All amounts in USD thousands)

Consolidated Condensed Interim Income Statements

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2013	2012	2013	2012
		(Unaudited)		(Unaudited)	
Net sales	4	2,143,824	2,197,955	6,413,994	6,537,102
Cost of sales	4 & 5	(1,679,194)	(1,749,856)	(4,990,078)	(5,135,471)
Gross profit	4	464,630	448,099	1,423,916	1,401,631
Selling, general and administrative expenses	4 & 6	(209,919)	(197,638)	(632,869)	(612,208)
Other operating income, net	4	11,345	3,599	22,822	7,783
Operating income	4	266,056	254,060	813,868	797,206
Interest expense		(29,646)	(35,198)	(93,366)	(112,501)
Interest income		3,000	3,418	9,615	14,907
Other financial (expenses) income, net	7	840	(5,978)	(21,314)	3,334
Equity in losses of non-consolidated companies (1)		(926)	(16,029)	(27,091)	(51,032)
Income before income tax expense		239,324	200,273	681,712	651,914
Income tax expense		(103,306)	(64,699)	(259,860)	(229,787)
Profit for the period		136,018	135,574	421,852	422,127
Profit for the period attributable to:					
Equity holders of the Company		97,848	112,455	329,823	355,812
Non-controlling interest		38,170	23,119	92,029	66,315
Profit for the period		136,018	135,574	421,852	422,127
Weighted average number of shares outstanding		1,963,076,776	1,963,076,776	1,963,076,776	1,963,076,776
Basic and diluted earnings per share for profit attributable to the equity holders of the company (expressed in USD per share)		0.05	0.06	0.17	0.18

(1) In connection with the acquisition of Usinas Siderúrgicas de Minas Gerais ("Usiminas"), the Company has completed the purchase price allocation in December 31, 2012. Accordingly, following the provisions of IFRS 3, the Company has retrospectively adjusted the reported figures as of September 30, 2012, modifying mainly equity in losses of non-consolidated companies by USD 41.7 million.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

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Consolidated Condensed Interim Financial Statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Comprehensive Income

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	(Unaudited)		(Unaudited)	
Profit for the period	136,018	135,574	421,852	422,127
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(86,628)	(35,288)	(186,574)	(90,518)
Currency translation adjustment from participation in non-consolidated companies	(9,274)	(9,168)	(131,068)	(269,865)
Changes in the fair value of derivatives classified as cash flow hedges	(553)	1,051	1,313	17,658
Income tax relating to cash flow hedges	166	(315)	(394)	(2,839)
Changes in the fair value of derivatives classified as cash flow hedges from participation in non-consolidated companies	160	1,021	6,870	(332)
Others from participation in non-consolidated companies	3,749	(2,310)	463	(5,347)
Items that may not be reclassified subsequently to profit or loss:				
Actuarial loss on post employment benefit obligations	185	147	105	(1,532)
Other comprehensive loss for the period, net of tax	(92,195)	(44,862)	(309,285)	(352,775)
Total comprehensive income for the period	43,823	90,712	112,567	69,352
Attributable to:				
Equity holders of the Company	40,272	83,992	105,638	67,112
Non-controlling interest	3,551	6,720	6,929	2,240
Total comprehensive income for the period	43,823	90,712	112,567	69,352

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

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and for the nine-month periods ended September 30, 2013 and 2012

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Financial Position

	Notes	Balances as of	
		September 30, 2013 (Unaudited)	December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment, net	8	4,763,427	4,438,117
Intangible assets, net	9	964,836	965,206
Investments in non-consolidated companies	10	1,443,926	1,710,722
Other investments		-	6,950
Derivative financial instruments		1,042	-
Deferred tax assets		14,630	12,541
Receivables, net		31,938	72,806
Trade receivables, net		2,507	5,029
		7,222,306	7,211,371
Current assets			
Receivables		165,035	187,212
Derivative financial instruments		-	64
Inventories, net		1,831,380	2,000,137
Trade receivables, net		751,944	735,140
Other investments		161,112	160,750
Cash and cash equivalents		323,354	560,307
		3,232,825	3,643,610
Non-current assets classified as held for sale		16,289	12,018
		3,249,114	3,655,628
		10,471,420	10,866,999
Total Assets			
EQUITY			
Capital and reserves attributable to the company's equity holders		5,346,817	5,369,183
Non-controlling interest		1,044,690	1,065,730
		6,391,507	6,434,913
LIABILITIES			
Non-current liabilities			
Provisions		14,832	17,499
Deferred income tax		629,221	657,211
Other liabilities		333,872	310,569
Trade payables		16,032	18,337
Derivative financial instruments		-	271
Borrowings		653,133	1,302,753
		1,647,090	2,306,640
Current liabilities			
Current tax liabilities		179,849	153,071
Other liabilities		128,181	88,540
Trade payables		682,068	762,225
Borrowings		1,442,725	1,121,610
		2,432,823	2,125,446
		4,079,913	4,432,086
		10,471,420	10,866,999
Total Liabilities			
Total Equity and Liabilities			

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(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the Company's equity holders (1)								Non-controlling interest	Total Equity
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total		
Balance at January 1, 2013 (as previously reported)	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
Adjustments (5)				(57,050)		5,112	238	(51,700)	(9,033)	(60,733)
Balance at January 1, 2013 (adjusted)	2,004,743	(150,000)	(23,295)	1,498,029	(2,324,866)	(1,199,772)	5,564,344	5,369,183	1,065,730	6,434,913
Profit for the period							329,823	329,823	92,029	421,852
Other comprehensive income (loss) for the period										
Currency translation adjustment						(231,302)		(231,302)	(86,340)	(317,642)
Actuarial loss on post employment benefit obligations				64				64	41	105
Cash flow hedges, net of tax				6,637				6,637	1,152	7,789
Others				416				416	47	463
Total comprehensive income for the period	-	-	-	7,117	-	(231,302)	329,823	105,638	6,929	112,567
Acquisition of non-controlling interest (6)				(404)				(404)	(525)	(929)
Dividends paid in cash (7)							(127,600)	(127,600)		(127,600)
Dividends paid in cash by subsidiary companies								-	(27,444)	(27,444)
Balance at September 30, 2013 (unaudited)	2,004,743	(150,000)	(23,295)	1,504,742	(2,324,866)	(1,431,074)	5,766,567	5,346,817	1,044,690	6,391,507

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 12 (v).

(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 September 30, 2013, 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 0.7 million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.9) million.

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

(5) See note 3.

(6) Corresponds to the acquisition of the non-controlling interest held by Siderúrgica de Caldas S.A.S., a subsidiary of Ternium S.A., in Procesadora de Materiales Industriales S.A. in April 2013.

(7) See note 11.

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 12 (v).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

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(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the Company's equity holders (1)								Non-controlling interest	Total Equity
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total		
Balance at January 1, 2012 (as previously reported)	2,004,743	(150,000)	(23,295)	1,542,040	(2,324,866)	(864,353)	5,572,103	5,756,372	1,084,827	6,841,199
Adjustments (5)				(50,295)		5,190	228	(44,877)	(7,772)	(52,649)
Balance at January 1, 2012 (adjusted)	2,004,743	(150,000)	(23,295)	1,491,745	(2,324,866)	(859,163)	5,572,331	5,711,495	1,077,055	6,788,550
Profit for the period							355,812	355,812	66,315	422,127
Other comprehensive income (loss) for the period										
Currency translation adjustment						(296,419)		(296,419)	(63,964)	(360,383)
Actuarial loss on post employment benefit obligations				(727)				(727)	(805)	(1,532)
Cash flow hedges, net of tax				13,247				13,247	1,240	14,487
Others				(4,801)				(4,801)	(546)	(5,347)
Total comprehensive income for the period	-	-	-	7,719	-	(296,419)	355,812	67,112	2,240	69,352
Dividends paid in cash							(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
Balance at September 30, 2012 (unaudited)	2,004,743	(150,000)	(23,295)	1,499,464	(2,324,866)	(1,155,582)	5,780,912	5,631,376	1,105,044	6,736,419

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 12 (v).

(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 September 30, 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 (10.1) 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) See note 3.

(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 12 (v).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

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Consolidated Condensed Interim Financial Statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Cash Flows

	Notes	Nine-month period ended September 30,	
		2013	2012
		(Unaudited)	
Cash flows from operating activities			
Profit for the period		421,852	422,127
Adjustments for:			
Depreciation and amortization	8 & 9	282,644	266,675
Income tax accruals less payments		(53,772)	65,803
Equity in losses of non-consolidated companies		27,091	51,032
Interest accruals less payments		(18,482)	(13,093)
Changes in provisions		5,529	4,676
Changes in working capital		124,276	(80,153)
Net foreign exchange results and others		56,364	61,558
Net cash provided by operating activities		845,502	778,625
Cash flows from investing activities			
Capital expenditures	8 & 9	(725,143)	(710,197)
Acquisition of business - Purchase consideration		-	(2,243,610)
Decrease in other investments		6,588	126,458
Proceeds from the sale of property, plant and equipment		1,558	1,480
Dividends received from non-consolidated companies		-	4,718
Acquisition of non-controlling interest		(929)	-
Net cash used in investing activities		(717,926)	(2,821,151)
Cash flows from financing activities			
Dividends paid in cash to company's shareholders		(127,600)	(147,231)
Dividends paid in cash by subsidiary companies		(27,444)	(15,902)
Contributions from non-controlling shareholders in consolidated subsidiaries		-	41,650
Proceeds from borrowings		972,953	1,038,233
Repayments of borrowings		(1,190,899)	(699,838)
Net cash (used in) provided by financing activities		(372,990)	216,912
Decrease in cash and cash equivalents		(245,414)	(1,825,614)
Movement in cash and cash equivalents			
At January 1,		560,307	2,158,044
Effect of exchange rate changes		(3,766)	(4,842)
Initial cash - Proportional consolidation of Peña Colorada and Exiros	10	12,227	-
Decrease in cash and cash equivalents		(245,414)	(1,825,614)
Cash and cash equivalents at September 30, (1)		323,354	327,588

(1) It includes restricted cash of USD 1,315 and USD 48 as of September 30, 2013 and 2012, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 161,112 as of September 30, 2013.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

Notes to the Financial Statements

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 September 30, 2013, 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.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (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.

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements is disclosed in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2012.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period, and also to reflect the changes necessary for September 30, 2012 in connection with the completion of the purchase price allocation of Usiminas.

The preparation of Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position, and also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances have been eliminated in consolidation. However, the fact that the functional currency of the Company's subsidiaries differ, results in the generation of foreign exchange gains and losses that are included in the Consolidated Condensed Interim Income Statement under "Other financial income (expenses), net".

These Consolidated Condensed Interim Financial Statements have been approved for issue by the Board of Directors of Ternium on November 5, 2013.

2. ACCOUNTING POLICIES

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and are unaudited. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and adopted by the European Union. Recently issued accounting pronouncements were applied by the Company as from their respective dates.

These Consolidated Condensed Interim Financial Statements have been prepared following the same accounting policies used in the preparation of the audited Consolidated Financial Statements for the year ended December 31, 2012, except for the changes described in note 3.

In September 2013, Argentina enacted a law that amends its income tax law. The law includes a new 10% withholding tax on dividend distributions made by Argentine companies to foreign beneficiaries. Accordingly, as of September 30, 2013, the Company recorded an income tax provision of USD 24.0 million, for the deferred tax liability on reserves for future dividends at our Argentine subsidiaries.

3. NEW OR AMENDED ACCOUNTING STANDARDS ADOPTED

The Company has applied the following standards as of January 1, 2013:

- IAS 19, "Employee benefits"

In June 2011, the IASB issued IAS 19 (amended 2011), "Employee benefits", which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

As a consequence of this application of this standard, the following note should replace note 4 (n)(1) paragraphs 1 to 5 as included in the audited Consolidated Financial Statements for the year ended December 31, 2012:

(1) Pension obligations and other post-employment obligations

The Company has defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually (at year end) by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income.

For defined benefit plans, net interest income/expense is calculated based on the surplus or deficit derived by the difference between the defined benefit obligations less plan assets.

The effect of these adjustments in the pension obligations and other post-employment obligations is as follows:

	Period ended		
	December 31, 2012	September 30, 2012	December 31, 2011
Effect in Equity	(60,733)	(54,926)	(52,649)
Effect in Liabilities	60,733	54,926	52,649
Deferred income tax liability	(24,880)	(22,453)	(21,515)
Other liabilities	85,613	77,379	74,164

3. NEW OR AMENDED ACCOUNTING STANDARDS ADOPTED (continued)

- Amendments to IAS 1, "Financial statement presentation"

In June 2011, the IASB issued IAS 1 (amended 2011), "Financial statement presentation". The amendment requires entities to separate items presented in Other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. See impact of the application in the Consolidated Condensed Interim Statements of Comprehensive Income.

- IFRS 13, "Fair value measurement"

In May 2011, the IASB issued IFRS 13, "Fair value measurement". The standard explains how to measure fair value and aims to enhance fair value disclosures. See information related to this standard in note 14.

4. SEGMENT INFORMATION

REPORTABLE OPERATING SEGMENTS

The Company is organized in two reportable segments: Steel and Mining.

The Steel segment includes the sales of steel products, which comprises slabs, hot rolled coils and sheets, cold rolled coils and sheets, tin plate, welded pipes, hot dipped galvanized and electro-galvanized sheets, pre-painted sheets, billets (steel in its basic, semi-finished state), wire rod and bars and other tailor-made products to serve its customers' requirements.

The Steel segment comprises three operating segments: Mexico, Southern Region and Other markets. These three segments have been aggregated considering the economic characteristics and financial effects of each business activity in which the entity engages; the related economic environment in which it operates; the type or class of customer for the products; the nature of the products; and the production processes. The Mexico operating segment comprises the Company's businesses in Mexico. The Southern region operating segment manages the businesses in Argentina, Paraguay, Chile, Bolivia and Uruguay. The Other markets operating segment includes businesses mainly in United States, Colombia, Guatemala, Costa Rica, El Salvador, Nicaragua and Honduras.

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest. Starting on January 1, 2013, it also includes the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest. Both mining operations are located in Mexico. In the comparative information as of September 30, 2012, the 50% of the operations and results performed by Peña Colorada are only included under management view, see explanation included in note 10.

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4. SEGMENT INFORMATION (continued)

Ternium's Chief Operating Decision Maker (CEO) holds monthly meetings with senior management, in which operating and financial performance information is reviewed, including financial information that differs from IFRS principally as follows:

-The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.

-The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).

- Under IFRS, the results of Peña Colorada are aggregated in equity in earnings of non-consolidated companies until December 31, 2012. Starting on January 1, 2013, these results are included considering 50% of the operations on a line by line basis, see note 10 for further detail. In the comparative information as of September 30, 2012, the 50% of the operations and results performed by Peña Colorada are only included under management view.

-Other timing and non-significant differences.

Most information on segment assets is not disclosed as it is not reviewed by the CODM.

	Nine-month period ended September 30, 2013 (Unaudited)			
	Steel	Mining	Inter-segment eliminations	Total
IFRS				
Net sales	6,351,259	276,344	(213,609)	6,413,994
Cost of sales	(4,998,852)	(201,918)	210,692	(4,990,078)
Gross profit	1,352,407	74,426	(2,917)	1,423,916
Selling, general and administrative expenses	(614,805)	(18,064)	-	(632,869)
Other operating income, net	22,717	105	-	22,822
Operating income - IFRS	760,319	56,467	(2,917)	813,869
Management view				
Net sales	6,351,259	388,620	(325,885)	6,413,994
Operating income	583,526	166,176	(2,917)	746,785
Reconciliation items:				
Differences in Cost of sales				67,084
Operating income - IFRS				813,869
Financial income (expense), net				(105,065)
Equity in earnings of non-consolidated companies				(27,091)
Income before income tax expense - IFRS				681,713
Depreciation and amortization - IFRS	(261,376)	(21,268)	-	(282,644)

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4. SEGMENT INFORMATION (continued)

	Nine-month period ended September 30, 2012 (Unaudited)			
	Steel	Mining	Inter-segment eliminations	Total
IFRS				
Net sales	6,536,868	143,639	(143,405)	6,537,102
Cost of sales	(5,163,754)	(107,687)	135,970	(5,135,471)
Gross profit	1,373,114	35,952	(7,435)	1,401,631
Selling, general and administrative expenses	(608,108)	(4,100)	-	(612,208)
Other operating income, net	7,408	375	-	7,783
Operating income - IFRS	772,414	32,227	(7,435)	797,206
Management view				
Net sales	6,536,868	384,973	(384,739)	6,537,102
Operating income	649,286	208,932	(7,669)	850,549
Reconciliation items:				
Differences in Cost of sales				(39,792)
Differences related to Peña Colorada (Line by line vs Equity method)				(13,551)
Operating income - IFRS				797,206
Financial income (expense), net				(94,260)
Equity in earnings of non-consolidated companies				(51,032)
Income before income tax expense - IFRS				651,914
Depreciation and amortization - IFRS	(255,340)	(11,334)	-	(266,674)

GEOGRAPHICAL INFORMATION

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg).

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of non-current assets is based on the geographical location of the underlying assets.

	Nine-month period ended September 30, 2013 (Unaudited)			
	Mexico	Southern region	Other markets	Total
Net sales	3,167,794	2,201,550	1,044,650	6,413,994
Non-current assets (1)	4,278,646	1,172,088	277,529	5,728,263
	Nine-month period ended September 30, 2012 (Unaudited)			
	Mexico	Southern region	Other markets	Total
Net sales	3,427,893	2,054,248	1,054,961	6,537,102
Non-current assets (1)	3,774,934	1,196,999	308,372	5,280,305

(1) Includes Property, plant and equipment and Intangible assets

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5. COST OF SALES

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
Inventories at the beginning of the year	2,000,137	2,123,516
Opening inventories - Peña Colorada (see note 10)	18,006	-
Translation differences	(112,777)	(70,418)
Plus: Charges for the period		
Raw materials and consumables used and other movements	3,827,735	4,149,400
Services and fees	67,678	89,949
Labor cost	454,138	422,536
Depreciation of property, plant and equipment	232,564	220,081
Amortization of intangible assets	12,093	6,976
Maintenance expenses	324,006	285,814
Office expenses	5,392	5,424
Insurance	11,170	4,769
Recovery of obsolescence allowance	(2,259)	9,219
Recovery from sales of scrap and by-products	(31,458)	(32,945)
Others	15,033	12,648
Less: Inventories at the end of the period	(1,831,380)	(2,091,498)
Cost of Sales	4,990,078	5,135,471

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
Services and fees	55,637	73,731
Labor cost	174,367	161,765
Depreciation of property, plant and equipment	10,195	6,347
Amortization of intangible assets	27,792	33,271
Maintenance and expenses	6,106	4,638
Taxes	107,237	84,770
Office expenses	30,527	34,196
Freight and transportation	207,647	201,118
Increase of allowance for doubtful accounts	(260)	629
Others	13,621	11,743
Selling, general and administrative expenses	632,869	612,208

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7. OTHER FINANCIAL INCOME (EXPENSES), NET

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
Net foreign exchange (loss) gain	(2,064)	2,209
Change in fair value of financial instruments	(9,172)	11,710
Debt issue costs	(5,227)	(4,455)
Others	(4,851)	(6,130)
Other financial (loss) income, net	(21,314)	3,334

8. PROPERTY, PLANT AND EQUIPMENT, NET

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
At the beginning of the year	4,438,117	3,969,187
Currency translation differences	(196,134)	(102,618)
Additions	691,175	675,967
Disposals	(6,667)	(6,478)
Depreciation charge	(242,759)	(226,428)
Capitalized borrowing costs	1,078	-
Transfers and other movements (see note 10)	78,617	-
At the end of the period	4,763,427	4,309,630

9. INTANGIBLE ASSETS, NET

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
At the beginning of the year	965,206	977,711
Acquisition of business	-	-
Currency translation differences	(2,062)	(1,019)
Additions	33,968	34,230
Amortization charge	(39,885)	(40,247)
Transfers and other movements (see note 10)	7,609	-
At the end of the period	964,836	970,675

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10. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Company	Country of incorporation	Main activity	Voting rights at		Value at	
			September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	Brazil	Manufacturing and selling of steel products	22.71%	22.71%	1,438,678	1,592,340
Consorcio Minero Benito Juarez Peña Colorada S.A.de C.V. (1)	Mexico	Exploration, exploitation and pelletizing of iron ore	50.00%	50.00%	-	106,167
Exiros B.V. (2)	Netherlands	Holding company	50.00%	50.00%	-	8,986
Other non-consolidated companies (3)					5,248	3,229
					1,443,926	1,710,722

(1) Until December 31, 2012, Ternium's investment in Consorcio Minero Benito Juarez Peña Colorada S.A. de C.V. and Peña Colorada Servicios S.A. de C.V. was presented as an investment in non-consolidated companies and its results under the equity in earnings (losses) in non-consolidated companies within the consolidated income statement. Starting on January 1, 2013, and in connection with certain new agreements, the Company applied the provisions of IFRS 11 and began to recognize its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.

(2) Formerly Lomond Holdings B.V. Until December 31, 2012, Ternium's investment in Exiros B.V. was presented as an investment in non-consolidated companies and its results under the equity in earnings (losses) in non-consolidated companies within the consolidated income statement. Starting on January 1, 2013, and in connection with an amendment in the shareholders' agreement, the Company applied the provisions of IFRS 11 and began to recognize its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.

(3) It includes the investment held in Finma S.A.I.F., Arhsa S.A., Techinst S.A., Recrotek S.R.L. de C.V. and Gas Industrial de Monterrey S.A. de C.V.

On January 16, 2012, the Company's wholly-owned Luxembourg subsidiary Ternium Investments S.à r.l., together with the Company's Argentine majority-owned subsidiary Siderar S.A.I.C. (and Siderar's wholly-owned Uruguayan subsidiary Prosid Investments S.C.A.), and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. ("TenarisConfab"), joined Usiminas' existing control group through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively. As a result of these transactions, the control group, which holds 329.4 million ordinary shares representing the majority of Usiminas' voting rights, is now formed as follows: Nippon Group 47.2%, Ternium/Tenaris Group 42.4%, and CEU 10.4%. As of September 30, 2013 the value of the investment is comprised as follows:

Value of investment	USIMINAS
At January 1, 2013	1,592,340
Share of results	(29,927)
Other comprehensive income	(123,735)
At September 30, 2013	1,438,678

10. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

On October 29, 2013, Usiminas approved its interim accounts as of and for the nine-months ended September 30, 2013, which state that revenues, post-tax losses from continuing operations and shareholders' equity amounted to USD 4,566 million, USD 75 million and USD 7,444 million, respectively.

Summarized balance sheet (in million USD)	USIMINAS	
	As of September 30, 2013	
Assets		
Non-current		9,681
Current		4,680
Total Assets		14,361
Liabilities		
Non-current		3,674
Current		2,297
Total Liabilities		5,971
Minority interest		946
Shareholders' equity		7,444

Summarized income statement (in million USD)	USIMINAS	
	Nine-month period ended September 30, 2013	
Net sales		4,566
Cost of sales		(4,082)
Gross Profit		484
Selling, general and administrative expenses		(322)
Other operating income, net		(3)
Operating income		159
Financial expenses, net		(303)
Equity in earnings of associated companies		60
Income before income tax		(84)
Income tax expense		62
Net loss before minority interest		(22)
Minority interest in other subsidiaries		(53)
Net loss for the period		(75)

11. DISTRIBUTION OF DIVIDENDS

During the annual shareholders' meeting held on May 2, 2013, the shareholders approved the consolidated financial statements and unconsolidated annual accounts for the year ended December 31, 2012, and a distribution of dividends of USD 0.065 per share (USD 0.65 per ADS), or approximately USD 130.3 million. The dividends were paid on May 10, 2013.

12. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

This note should be read in conjunction with Note 25 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2012. Significant changes or events since the date of issue of such financial statements are as follows:

(i) *Siderar*. AFIP – Income tax claim for fiscal years 1995 to 1999

The Administración Federal de Ingresos Públicos ("AFIP" – the Argentine tax authority) has challenged the charge to income of certain disbursements that Siderar has treated as expenses necessary to maintain industrial installations, which as such should be deducted in the year in which they take place. The AFIP asserts that these are investments or improvements that must be capitalized and, therefore, it made a jeopardy assessment of income tax due on a nominal tax basis plus fines and interest in fiscal years 1995 to 1999 amounting to approximately USD 15.5 million as of September 30, 2013.

The Company appealed these assessments before the National Tax Court, as in the view of its legal and tax advisors, there are reasons that would likely result in a favorable ruling for the Company.

On April 13, 2005 the Company was notified of a ruling issued by the National Tax Court reducing the assessments made by the AFIP for fiscal years 1995 and 1996. The ruling was appealed both by the Company and the AFIP.

On June 10, 2010 the Company was notified of a ruling issued by the Court of Appeals in federal administrative law which mainly resulted in favor of the Company. The ruling was appealed both by the Company and the AFIP.

On June 8, October 31 and October 15, 2012 the Company was notified of rulings issued by the National Tax Court reducing partially the assessments made by the AFIP for the fiscal years 1997, 1998 and 1999, respectively. The ruling was appealed both by the Company and the AFIP.

Based on the above, the Company recognized a provision amounting to USD 1.6 million as of September 30, 2013 as management considers there could be a potential cash outflow.

(ii) Companhia Siderúrgica Nacional (CSN) – Lawsuit

In 2013, the Company was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Ternium Investments S.à r.l., its subsidiary Siderar, and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. The entities named in the CSN lawsuit had acquired a participation in Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (Usiminas) in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all minority holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL 28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group; Ternium Investments and Siderar's respective shares in the offer would be 60.6% and 21.5%.

On September 23, 2013, the first instance court issued its decision finding in favor of the defendants and dismissing the CSN lawsuit. Such decision is not final and is subject to appeal. Ternium believes that CSN's allegations are groundless and without merit, as confirmed by several opinions of Brazilian counsel and previous decisions by Brazil's securities regulator Comissão de Valores Mobiliários (including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement) and, more recently, the first instance court decision on this matter referred to above. Accordingly, the Company did not record any provision in connection with this lawsuit.

12. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(iii) Ternium Mexico. SAT – Income tax claim for fiscal year 2004

On January 26, 2012, the Mexican tax authorities notified Ternium Mexico and its subsidiary Acerus S.A. de C.V. of a tax assessment that challenged the value attributed by a predecessor of Acerus to a capital reduction made in 2004 (i.e., prior to the Company's investment in Ternium Mexico's predecessor Grupo Imsa in 2007) and assessed an income tax deficiency. The tax authorities asserted that the capital reduction should have been valued at a price significantly higher than the value attributed at the time by the shareholder. The proposed assessment represented an amount of MXN 4,300 million (approximately USD 348 million). On April 2, 2012, Ternium Mexico filed an appeal to this assessment before the Mexican tax authorities and reserved the right to further appeal to the tax courts. Following the enactment of a tax amnesty program in Mexico, in May 2013 Ternium Mexico elected to avoid further litigation and settled this claim, without admitting any liability or wrongdoing, through the payment of a total amount of MXN 420 million (approximately USD 34 million).

(iv) Siderar

Siderar entered into a contract with Tenaris, a related company of Ternium, for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris has to provide 250 tn/hour of steam, and Siderar has the obligation to take or pay this volume. The amount of this outsourcing agreement totals USD 69.6 million and is due to terminate in 2018.

Siderar, within the investment plan, has entered into several commitments to acquire new production equipment for a total consideration of USD 68.0 million.

Siderar assumed fixed commitments for the purchase of raw materials for a total amount of USD 276.3 million to be expended during the next 4 years.

(v) Restrictions on the distribution of profits

Under Luxembourg law, at least 5% of net income per year calculated in accordance with Luxembourg law and regulations must be allocated to a reserve until such reserve equals 10% of the share capital. At December 31, 2012, this reserve reached the above-mentioned threshold.

As of December 31, 2012, Ternium may pay dividends up to USD 6.0 billion in accordance with Luxembourg law and regulations.

Shareholders' equity under Luxembourg law and regulations comprises the following captions:

	As of December 31, 2012
Share capital	2,004,743
Legal reserve	200,474
Non distributable reserves (1)	1,414,122
Accumulated profit at January 1, 2012	5,982,630
Loss for the year	(7,329)
Total shareholders' equity under Luxembourg GAAP	9,594,640

(1) As a result of the repurchase of its own shares from Usiminas on February 15, 2011, the Company created a non-distributable reserve of USD 150 million as required under Luxembourg law, which is included in Non distributable reserves.

13. RELATED PARTY TRANSACTIONS

As of September 30, 2013, Techint owned 62.02% of the Company's share capital and Tenaris held 11.46% of the Company's share capital. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company ("San Faustin"). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin ("RP STAK"), a Dutch private foundation (Stichting), held shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

The following transactions were carried out with related parties:

	Nine-month period ended September 30,	
	2013	2012
	(Unaudited)	
(i) Transactions		
(a) Sales of goods and services		
Sales of goods to non-consolidated parties	23	165
Sales of goods to other related parties	154,814	166,786
Sales of services and others to non-consolidated parties	1,511	127
Sales of services and others to other related parties	1,409	478
	157,757	167,556
(b) Purchases of goods and services		
Purchases of goods from non-consolidated parties	168,965	207,622
Purchases of goods from other related parties	74,837	43,084
Purchases of services and others from non-consolidated parties	10,423	33,240
Purchases of services and others from other related parties	184,647	172,925
	438,872	456,871
(c) Financial results		
Expenses with non-consolidated parties	-	(308)
	-	(308)
(d) Dividends received		
Dividends received from non-consolidated parties	207	4,718
	207	4,718
(e) Other income and expenses		
Income with non-consolidated parties	4,597	-
	4,597	-
	September 30, 2013	December 31, 2012
	(Unaudited)	
(ii) Period-end balances		
(a) Arising from sales/purchases of goods/services		
Receivables from non-consolidated parties	5,623	1,102
Receivables from other related parties	22,996	24,243
Advances to suppliers with other related parties	391	4,321
Payables to non-consolidated parties	(22,656)	(84,708)
Payables to other related parties	(46,193)	(68,792)
	(39,839)	(123,834)

14. FAIR VALUE MEASUREMENT

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See note 33 of the Consolidated Financial Statements as of December 31, 2012 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value as of September 30, 2013:

Description	Fair value measurement as of September 30, 2013 (in USD thousands):		
	Total	Level 1	Level 2
Financial assets at fair value through profit or loss			
Cash and cash equivalents	293,315	281,310	12,005
Other investments	100,523	54,129	46,394
Derivative financial instruments	1,042	-	1,042
Total assets	394,880	335,439	59,441

15. INVESTMENT IN POWER PLANT IN MEXICO

On August 19, 2013, Ternium S.A., Tenaris S.A. and Tecpetrol International S.A. announced that they have entered into a memorandum of understanding to jointly build and operate a natural gas-fired combined cycle electric power plant in Mexico, which would supply Ternium's and Tenaris's respective Mexican industrial facilities. Together, both companies are one of the largest private energy consumers in Mexico. Tecpetrol is a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Ternium and Tenaris.

The power plant would be built in the Pesquería area of the State of Nuevo León, and would have a power capacity of between 850 and 900 megawatts. The project would be undertaken through a joint venture vehicle named Techgen, S.A. de C.V., which would be owned 30% by Tecpetrol, 22% by Tenaris and 48% by Ternium.

The memorandum of understanding contemplates, among other things, that Techgen would enter into power supply and transportation agreements pursuant to which Tenaris and Ternium would contract 22% and 78%, respectively, of Techgen's power capacity.

The commencement of the project would be subject to execution of definitive documentation and other customary conditions, including receipt of regulatory approvals by Mexico's Comisión Reguladora de Energía and Secretaría de Medio Ambiente y Recursos Naturales (Mexico's energy and environmental regulatory authorities, respectively) and specific agreements with Mexico's Comisión Federal de Electricidad (Mexico's Federal Electricity Commission).

The total joint investment required for the project is estimated in approximately USD 1.0 billion, and would be partially financed with debt. The combined cycle electric power plant is expected to be operational in the fourth quarter of 2016.



Pablo Brizzio
Chief Financial Officer