



**Fourth Quarter and Full Year 2018  
Earnings Conference Call and Webcast  
February 20, 2019**



# Forward-Looking Statements



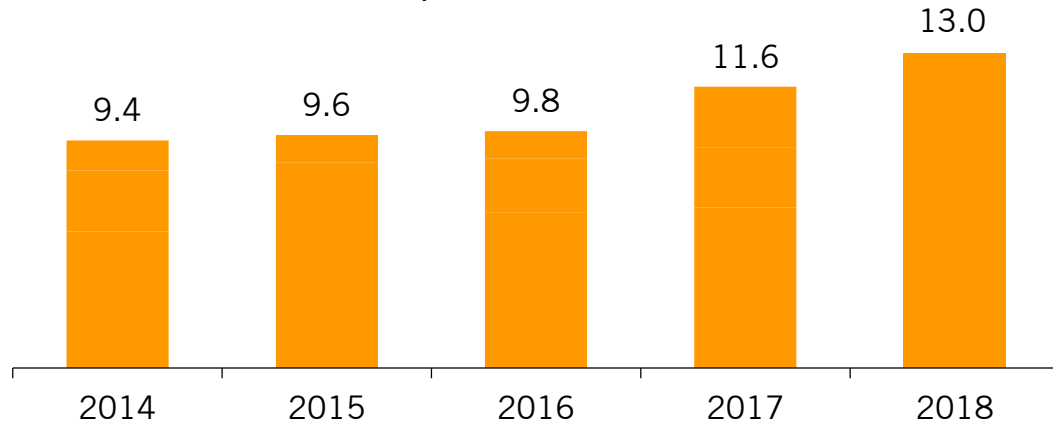
This presentation contains certain forward-looking statements and information relating to Ternium S.A. and its subsidiaries (collectively, “Ternium”) that are based on the current beliefs of its management as well as assumptions made by and information currently available to Ternium. Such statements reflect the current views of Ternium with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Ternium to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political conditions in the countries in which Ternium does business or other countries which have an impact on Ternium’s business activities and investments, changes in interest rates, changes in inflation rates, changes in exchange rates, the degree of growth and the number of consumers in the markets in which Ternium operates and sells its products, changes in steel demand and prices, changes in raw material and energy prices or difficulties in acquiring raw materials or energy supply cut-offs, changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Ternium does not intend, and does not assume any obligation, to update these forward-looking statements.

# Full Year 2018 Results

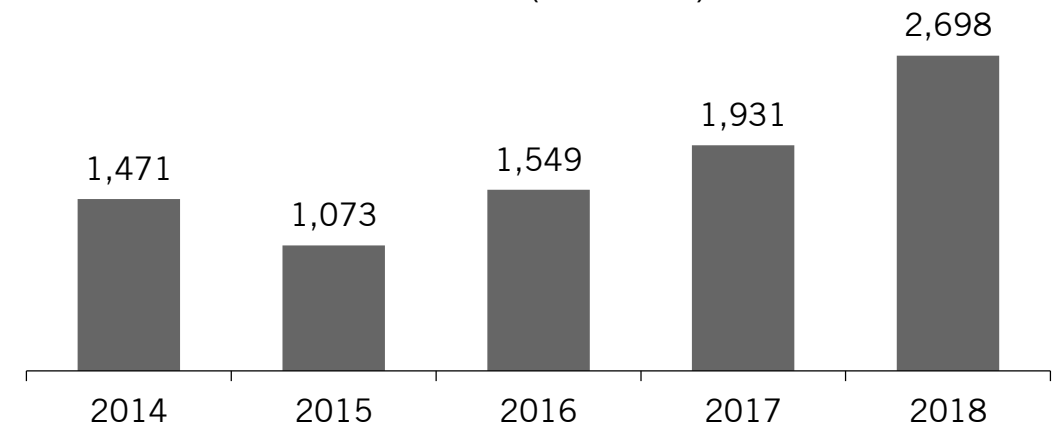
## Consolidated Steel Shipments and EBITDA



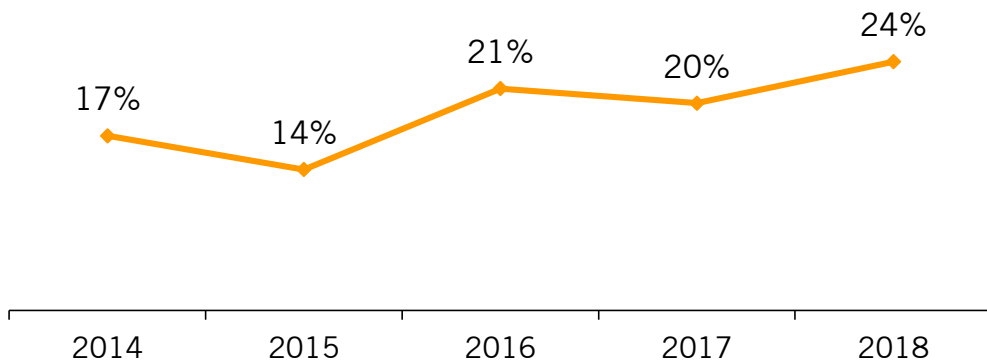
Steel shipments (million tons)



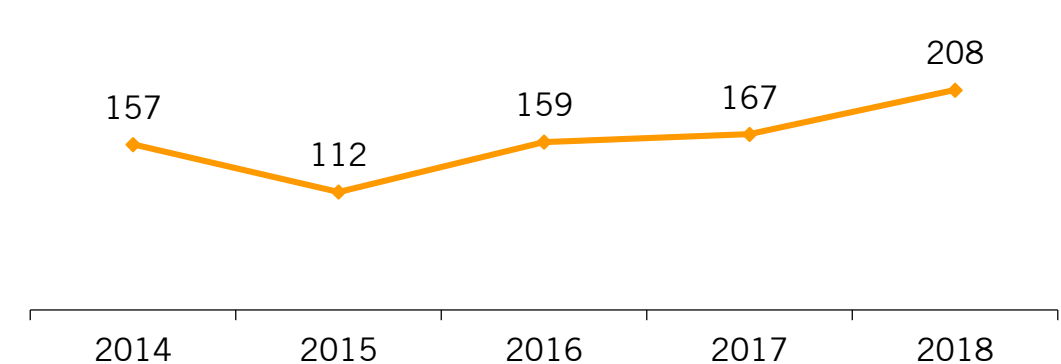
EBITDA (USD million)



EBITDA Margin (% of net sales)



EBITDA per Ton<sup>1</sup> (USD)

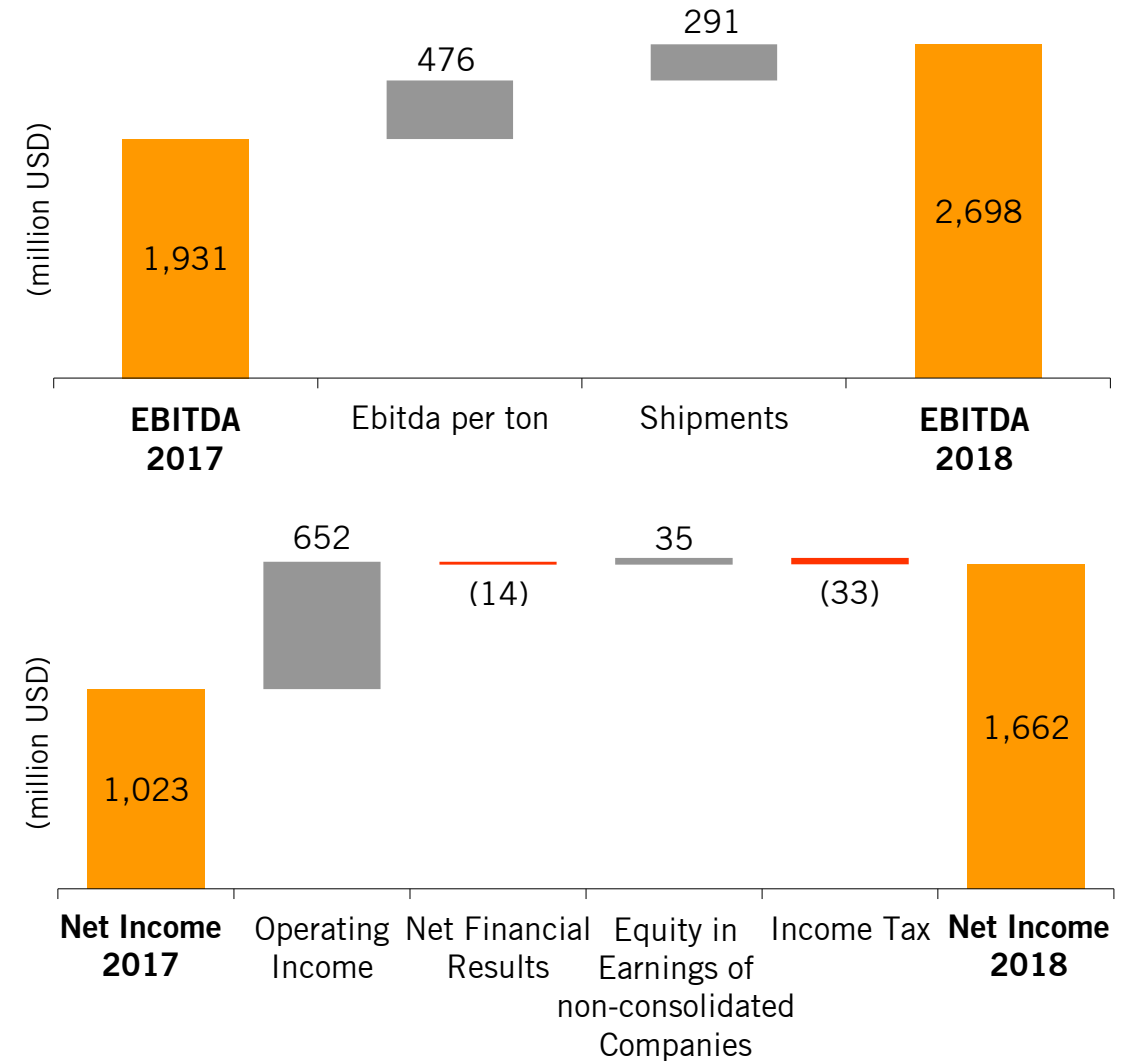


<sup>1</sup> Consolidated EBITDA divided by steel shipments.

# Full Year 2018 Results

## EBITDA and Net Results

- Record EBITDA in 2018, with higher margin and shipments
- Strong steel prices in North America
- Full effect of Ternium Brasil integration
- Improved results from Ternium's participation in Usiminas
- Low effective tax rate in 2018 due to revaluation of assets for tax purposes in Argentina

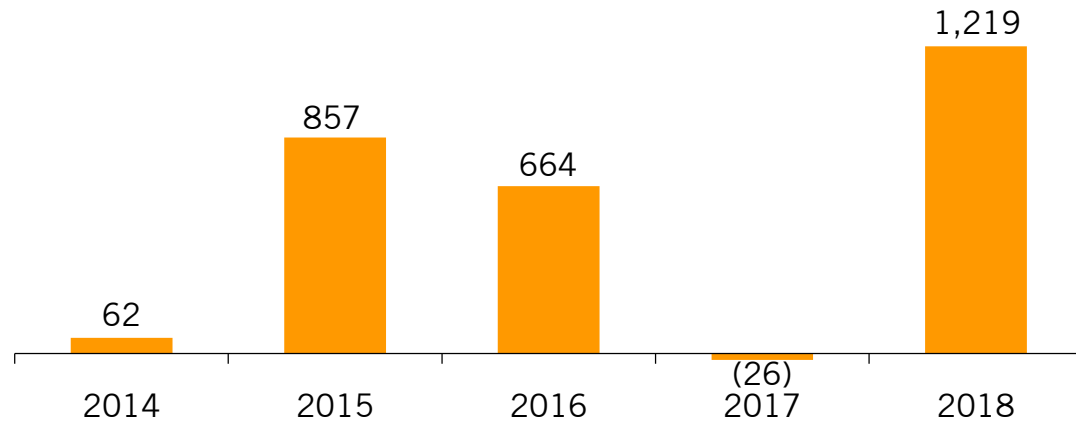


# Full Year 2018 Results

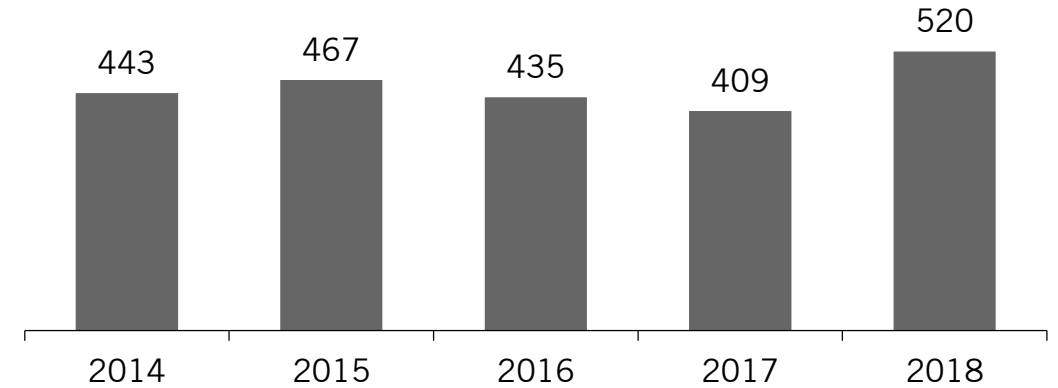
## Consolidated Free Cash Flow, Net Financial Debt and Dividends



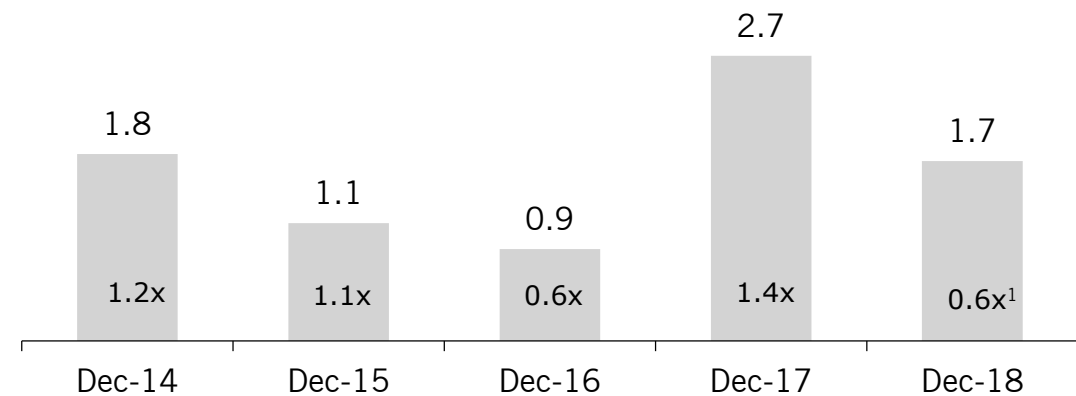
Free Cash Flow (USD million)



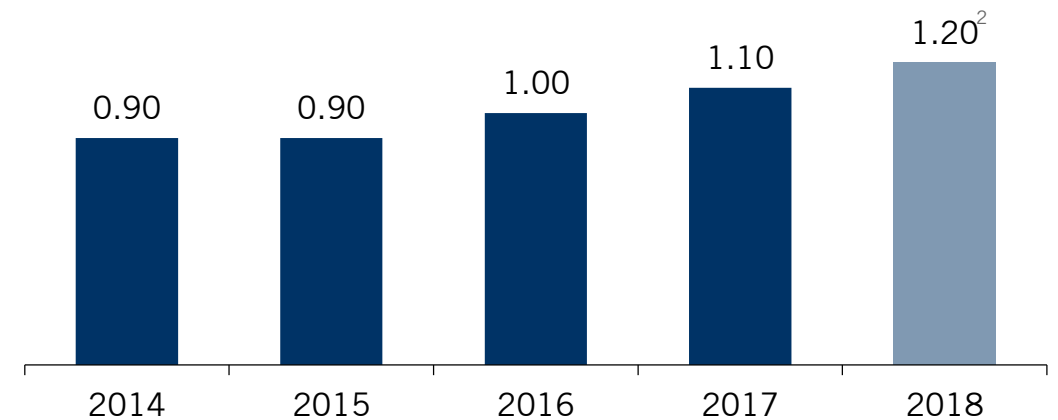
Capital Expenditures (USD million)



Net Debt (USD billion)



Dividends Payments (USD per ADS)



<sup>1</sup> Net Debt/EBITDA Ratio (last 12 months EBITDA)

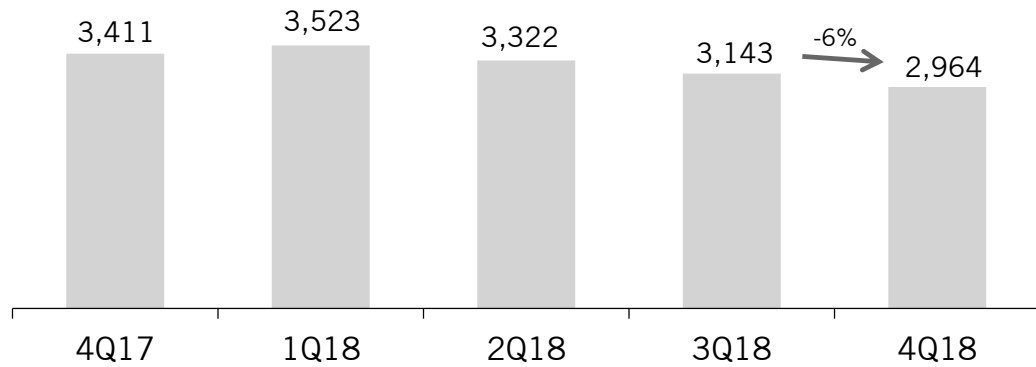
<sup>2</sup> Proposed by the Board of Directors on February 19th, 2019.

# Fourth Quarter 2018 Results

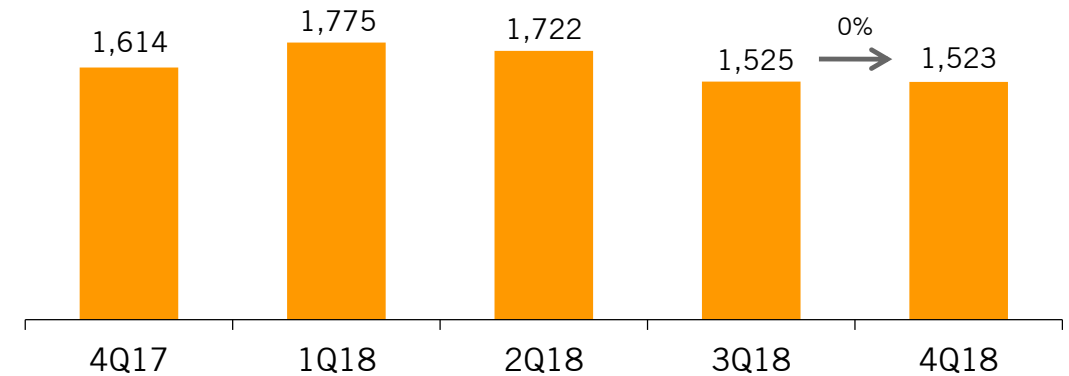
## Steel Shipments



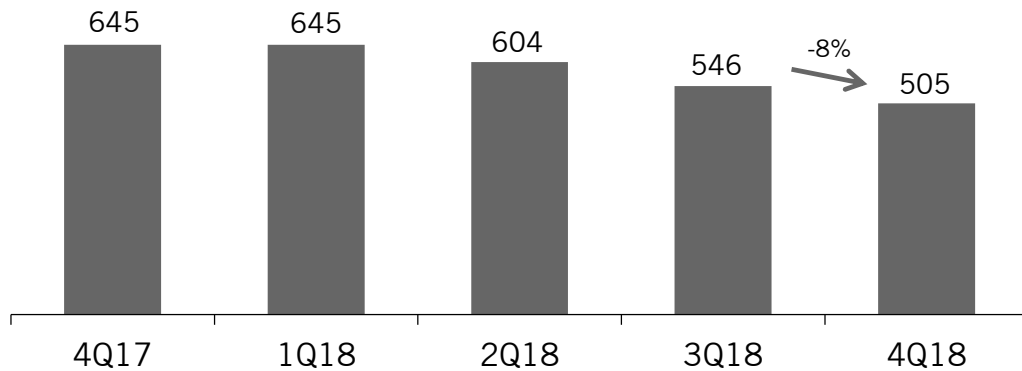
Total Shipments (thousand tons)



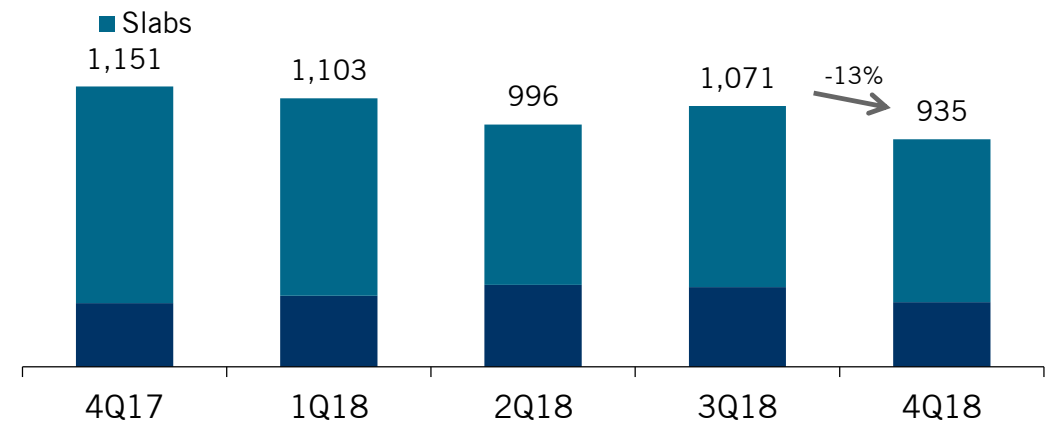
Mexico



Southern Region



Other Markets

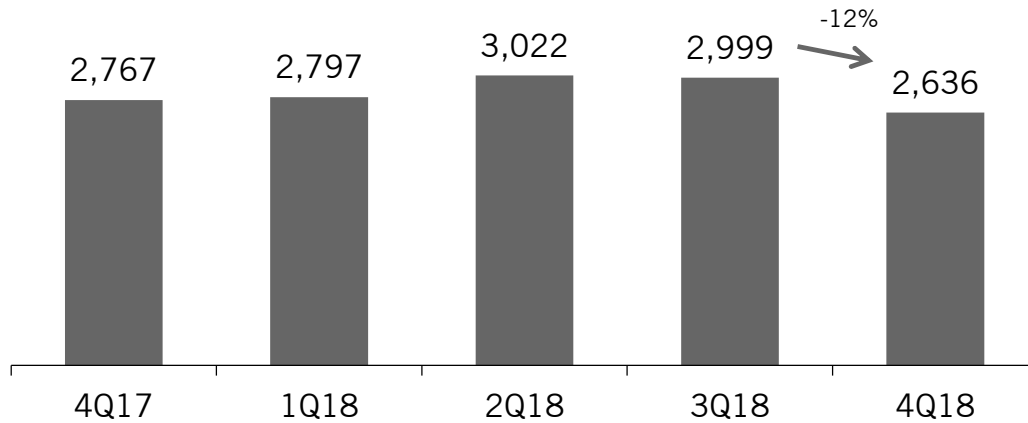


# Fourth Quarter 2018 Results

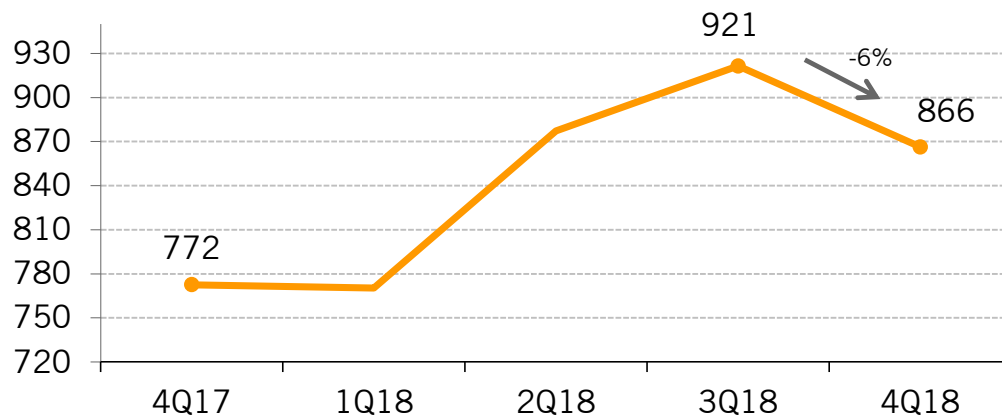
## Consolidated Net Sales and Steel Shipments



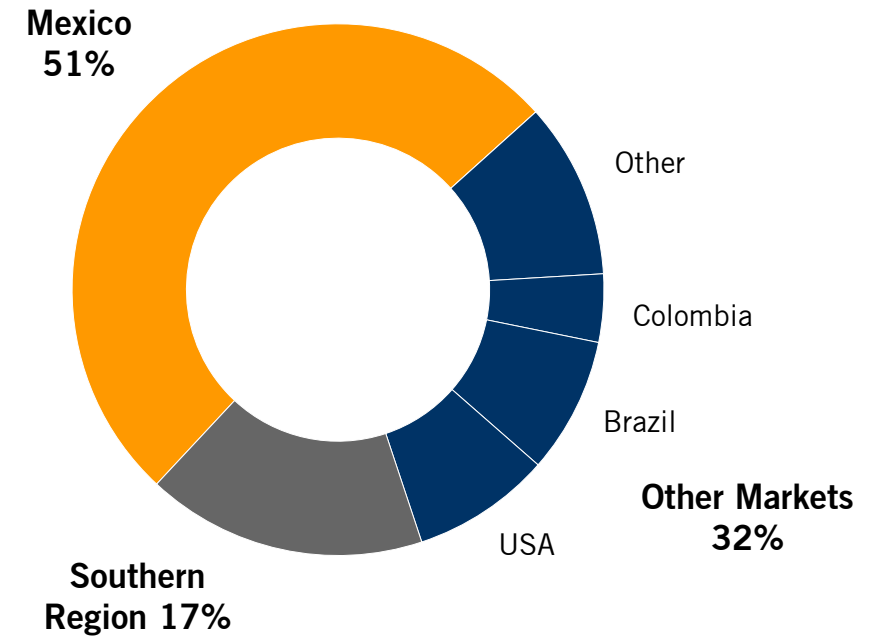
Net Sales (USD million)



Revenue per Ton (USD/ton)

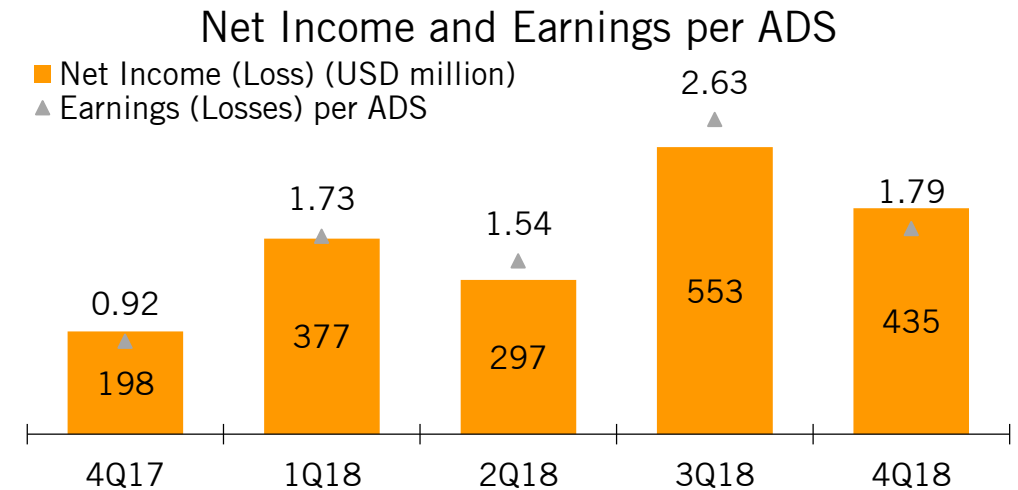
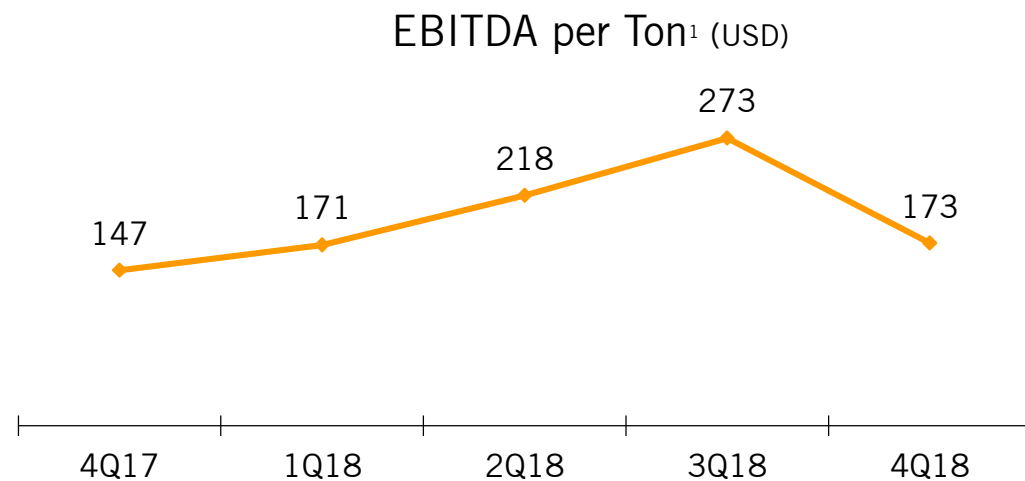
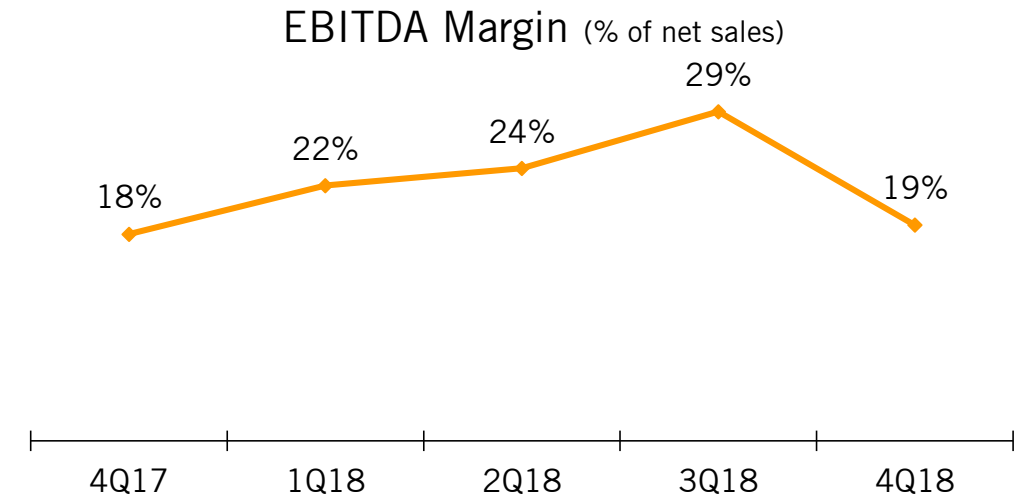
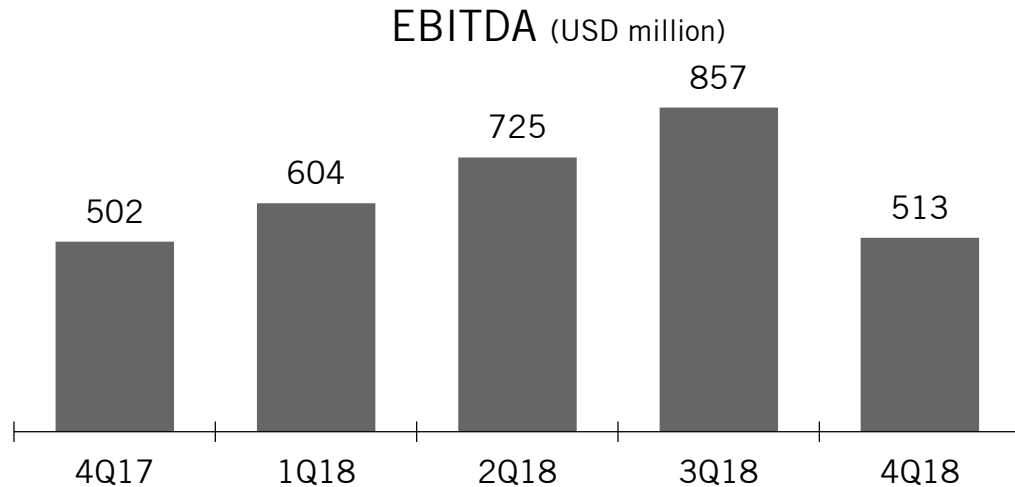


Steel Shipments 4Q18



# Fourth Quarter 2018 Results

## EBITDA and Net Income



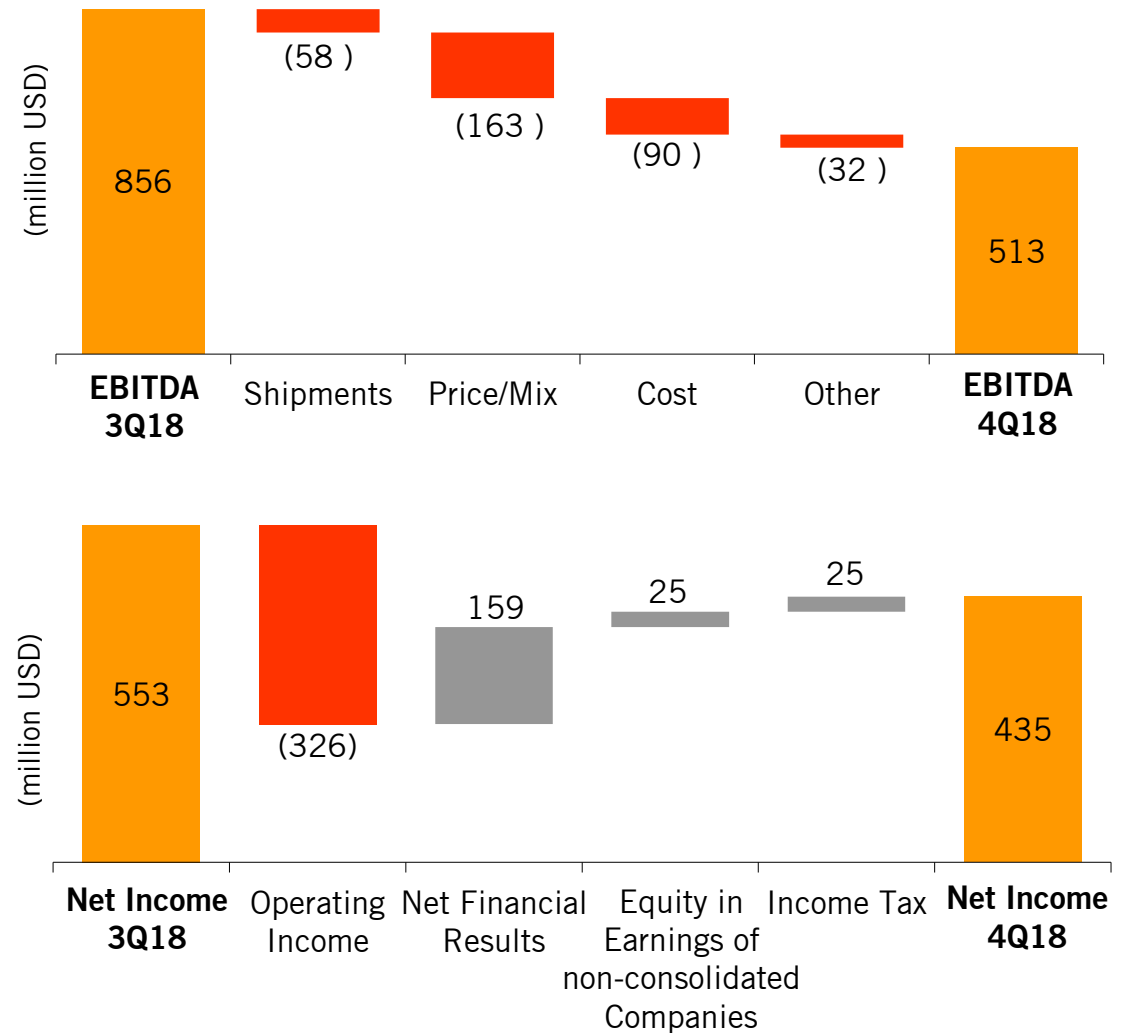
<sup>1</sup> Consolidated EBITDA divided by steel shipments.



# Fourth Quarter 2018 Results

## EBITDA and Net Results

- Healthy EBITDA levels, yet down compared to a record third quarter
- Lower realized prices in the Mexican market and in slab sales
- Higher cost per ton reflecting higher raw material, energy and labor costs
- Lower prices for the sale of electricity in Mexico
- Better financial results, mainly reflecting the ARP appreciation on a USD net debt position in our Argentine subsidiary





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