

Ternium S.A.
Form 424B4
February 02, 2006
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-130950

PROSPECTUS

24,844,720 American Depositary Shares

Ternium S.A.

(Organized under the laws of The Grand Duchy of Luxembourg)

Representing 248,447,200 Shares of Common Stock

\$20.00 per ADS

We are selling 24,844,720 American Depositary Shares, or ADSs. Each ADS represents the right to receive 10 shares of our common stock.

The ADSs that we are selling are being offered in the United States and Canada by the underwriters named in this prospectus. We have granted the underwriters an option to purchase up to 3,726,708 additional ADSs to cover over-allotments.

Our ADSs have been approved for listing on the New York Stock Exchange under the symbol TX. Prior to the offering, there has been no public market for our ADSs or our shares.

Investing in the ADSs involves risks. See Risk Factors beginning on page 25.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Per ADS</u>	<u>Total</u>
Public offering price	\$ 20.00	\$ 496,894,400
Underwriting discount	\$ 0.55	\$ 13,664,596
Proceeds to us (before expenses)	\$ 19.45	\$ 483,229,804

The underwriters expect to deliver the ADSs to investors on or about February 6, 2006.

Citigroup

Deutsche Bank

JPMorgan

Morgan Stanley

BNP PARIBAS Calyon Securities (USA) Inc. Hypo Vereinsbank

January 31, 2006

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We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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Until February 25, 2006 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade our securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain defined terms

In this prospectus, unless otherwise specified or if the context so requires:

References to the Company, we, us or our are exclusively to Ternium S.A., a joint stock corporation (*société anonyme* holding) organized under the laws of the Grand Duchy of Luxembourg;

References to Ternium refer to the flat and long steel manufacturing, processing and distribution businesses of various companies under the common control of San Faustín N.V. As part of a corporate reorganization, these companies were reorganized as our subsidiaries. See notes AP A and B to the combined consolidated financial statements of Ternium included elsewhere in this prospectus and Formation of Ternium and Related Party Transactions Corporate reorganization transactions;

References to Siderar are to Siderar S.A.I.C., a corporation (*sociedad anónima industrial y comercial*) organized under the laws of the Republic of Argentina (Argentina);

References to Amazonia refer to Consorcio Siderurgia Amazonia Ltd., a holding company organized under the laws of the Cayman Islands;

References to Sidor are to Sidor C.A., a corporation (*compañía anónima*) organized under the laws of the Bolivarian Republic of Venezuela (Venezuela);

References to Hylsamex are to Hylsamex, S.A. de C.V., a corporation (*sociedad anónima de capital variable*) organized under the laws of the United Mexican States (Mexico);

References to Ylopa are to Ylopa Serviços de Consultadoria Lda., a company established under the laws of Portugal and registered in the Madeira Free Zone;

References to the Ternium companies are to Ternium's manufacturing subsidiaries, namely Siderar, Sidor and Hylsamex and their respective subsidiaries;

References to Usiminas are to Usinas Siderurgicas de Minas Gerais S/A USIMINAS, a company organized under the laws of Brazil and a shareholder of the Company;

References to Tenaris are to Tenaris S.A., a joint stock corporation (*société anonyme* holding) organized under the laws of Luxembourg and a shareholder of the Company that holds the Techint Group's interests in steel pipe manufacturing, processing and distribution;

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References to "ISL" are to Inversora Siderurgica Limited, a company organized under the laws of Gibraltar and the Company's principal shareholder;

References to "San Faustín" are to San Faustín N.V., a corporation organized under the laws of the Netherlands Antilles and the Company's indirect controlling shareholder;

References to the "Techint Group" are to an international group of companies with operations in the steel, energy, engineering, construction and public service sectors over which San Faustín exercises either control or significant influence; and

References to the "Techintrade Commercial Network," the "Techintrade Network" or "Techintrade" are to an international group of companies that markets and provides worldwide distribution services for products offered primarily by Ternium.

References to "tons" are to metric tons; one metric ton is equal to 1,000 kilograms, 2,204.62 pounds or 1.102 U.S. (short) tons.

References to "billions" are to thousands of millions.

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For convenience, the table below summarizes the financial information included in this prospectus.

Financial Information	Period	Combined / consolidated entities	Accounting Principle	Status	Page No.
Ternium pro forma	Annual 2004	Siderar, Ylopa, Techintrade, Amazonia and Hylsamex	IFRS	Unaudited	62
	Interim June 30, 2005	Siderar, Ylopa, Techintrade, Amazonia and Hylsamex	IFRS	Unaudited	54, 70
Ternium	Annual 2003	Siderar, Ylopa and Techintrade	IFRS	Audited	F-49
	Annual 2004	Siderar, Ylopa and Techintrade	IFRS	Audited	F-49
	Interim June 30, 2004	Siderar, Ylopa and Techintrade	IFRS	Unaudited	F-6
	Interim June 30, 2005	Siderar, Amazonia, Ylopa and Techintrade	IFRS	Audited	F-6
Amazonia	Annual 2003	Sidor	IFRS	Audited	F-100
	Annual 2004	Sidor	IFRS	Audited	F-100
Hylsamex	Annual 2002	Hylsamex and subsidiaries	Mexican GAAP	Audited	F-164
	Annual 2003	Hylsamex and subsidiaries	Mexican GAAP	Audited	F-164
	Annual 2004	Hylsamex and subsidiaries	Mexican GAAP	Audited	F-164
	Interim June 30, 2004	Hylsamex and subsidiaries	Mexican GAAP	Unaudited	F-152
	Interim June 30, 2005	Hylsamex and subsidiaries	Mexican GAAP	Unaudited	F-152

Presentation of unaudited pro forma combined consolidated financial information for Ternium

The unaudited pro forma combined consolidated financial data of Ternium included in this prospectus have been compiled to show what the Company's financial condition as of June 30, 2005 and its financial results for the year ended December 31, 2004 and for the six-month period ended June 30, 2005 might have been had the following (collectively, the Pro Forma Transactions) been in place as of the balance sheet date or since January 1, 2004, as the case may be:

the capitalization in February 2005 of certain debt instruments convertible into shares of Amazonia described elsewhere in this prospectus;

the acquisition in August 2005 of Hylsamex and the interests of Hylsamex's former controlling shareholder, Alfa, in Amazonia and Ylopa described elsewhere herein;

the acquisition of Usiminas's interests in Siderar, Amazonia and Ylopa and of Sivensa's interest in Amazonia in exchange for shares of the Company described elsewhere in this prospectus; and

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this offering and the consummation of the transactions contemplated in the Corporate Reorganization Agreement, the related payment of indebtedness and the conversion of the Subordinated Convertible Loans described elsewhere in this prospectus. For this purpose, we estimate that the gross proceeds from this offering will be USD497 million (assuming the underwriters do not exercise their over-allotment option), at the initial public offering price of USD20.00 per ADS.

See Use of Proceeds, Formation of Ternium and Related Party Transactions Corporate reorganization transactions and Hylsamex acquisition financing.

However, the pro forma financial information may not reflect what our actual financial condition and results of operations would have been if the above-mentioned transactions had been in place as of such dates and if we had operated on that basis during such periods. We have compiled our unaudited pro forma combined consolidated financial data in accordance with IFRS and a reconciliation of such information to U.S. GAAP is also being provided. IFRS differs in certain significant respects from U.S. GAAP.

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Presentation of financial information for Ternium

The audited combined consolidated financial statements of Ternium as of December 31, 2003 and 2004 and for the years then ended included in this prospectus combine and consolidate the results and other financial data of each of Siderar, Ylopa and Techintrade, and recognize the investment in Amazonia under the equity method, as of each such date and for each of the periods then ended, on the basis that such companies were under the common control of San Faustín as of each such date and for each such period. The effect of this presentation is to show the combined historical results, financial condition and other data of the various companies under the common control of San Faustín as though these companies had been our subsidiaries at the dates and during the periods presented.

The audited combined consolidated condensed interim financial statements of Ternium as of June 30, 2005 and for the six-month period then ended included in this prospectus combine and consolidate, in addition to the consolidated results and other financial data of each of Siderar, Ylopa and Techintrade, the results and other financial data of Amazonia, which company came under the control of San Faustín in February 2005. As a result of the consolidation of Amazonia's results and other financial data, Ternium's results and other financial data for the six months ended June 30, 2005 are likely to vary significantly from the results and other financial data for the six months ended June 30, 2004 and for the years ended December 31, 2003 and 2004.

Unless otherwise indicated, the financial information relating to Ternium contained in this prospectus for the years ended December 31, 2003 and 2004 and for the six months ended June 30, 2004 and 2005 and as of December 31, 2003 and 2004 and June 30, 2004 and 2005 has been prepared in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board, or IFRS, and is presented in U.S. dollars. IFRS differs in certain significant respects from generally accepted accounting principles as applied in the United States, or U.S. GAAP. For a discussion of these differences, as they relate to Ternium, and a reconciliation of net income and shareholders' equity to U.S. GAAP, see notes AP T and 32 and 33 to Ternium's combined consolidated financial statements and note 17 to Ternium's combined consolidated condensed interim financial statements included in this prospectus.

Presentation of financial information for Amazonia

Also contained in this prospectus are the consolidated financial statements of Amazonia as of December 31, 2003 and 2004 and for the years then ended. The combined consolidated financial statements of Ternium as of December 31, 2003 and 2004, and for the periods then ended, do not combine or consolidate such financial statements. According to Rule 3-09 of Regulation S-X, we are required to file separate financial statements of significant equity investees, such as Amazonia. The financial information relating to Amazonia contained in this prospectus as of and for the years ended December 31, 2003 and 2004 has been specially prepared for use in this prospectus in accordance with IFRS and is presented in U.S. dollars. IFRS differs in certain significant respects from U.S. GAAP. For a discussion of these differences, as they relate to Amazonia, and a reconciliation of net income and shareholders' equity to U.S. GAAP, see note 37 to Amazonia's consolidated financial statements included in this prospectus.

Presentation of financial information for Hylsamex

Also contained in this prospectus are the consolidated financial statements of Hylsamex as of December 31, 2003 and 2004 and as of June 30, 2005 and for the periods ended December 31, 2002, 2003 and 2004 and June 30, 2004 and 2005. The Company, together with Siderar, acquired a 99.3% equity interest in Hylsamex on August 22, 2005 (which percentage has since increased to 99.8% as further described in this prospectus). According to Rule 3-05 of Regulation S-X, we are required to file separate financial statements of businesses acquired or to be acquired if the acquisition meets the conditions set forth therein. Hylsamex is an acquired business and meets such conditions under Rule 3-05 of Regulation

S-X.

The financial information relating to Hylsamex contained in this prospectus as of December 31, 2003 and 2004 and as of June 30, 2004 and 2005 and for the periods ended December 31, 2002, 2003 and 2004 and

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June 30, 2004 and 2005 has been prepared in accordance with generally accepted accounting principles as applied in Mexico, commonly referred to as Mexican GAAP. Mexican GAAP differs in certain significant respects from U.S. GAAP. For a discussion of these differences, as they relate to Hylsamex, and a reconciliation of net income and shareholders' equity to U.S. GAAP, see note 16 to Hylsamex's consolidated financial statements as of and for the years ended December 31, 2002, 2003 and 2004 and note 16 to Hylsamex's interim consolidated financial statements at June 30, 2004 and 2005 and for the six-month periods then ended included in this prospectus.

The financial information relating to Hylsamex contained in this prospectus is presented in constant Mexican pesos as of June 30, 2005. The financial statements of Hylsamex included in this prospectus were prepared giving effect to Bulletin B-10 Recognition of Effect of Inflation on Financial Information, as amended, and Bulletin B-12, Statements of Changes in Financial Position, issued by the Mexican Institute of Public Accountants, or the MIPA, each of which became effective in 1990, and Bulletin B-15, Foreign Currency Transactions and Translation of Financial Statements of Foreign Operations, also issued by the MIPA and adopted by Hylsamex in 1998. Generally, Bulletin B-10 provides for the recognition of the effects of inflation by requiring Mexican companies to restate inventories and fixed assets at current replacement cost, to restate all other non-monetary assets and non-monetary liabilities as well as the components of shareholders' equity using the Mexican consumer price index and to record gains or losses in purchasing power from holding monetary liabilities or assets. The Third Amendment to Bulletin B-10 requires restatement of all financial statements to constant Mexican pesos as of the date of the most recent balance sheet presented. The Fifth Amendment to Bulletin B-10 was issued effective January 1, 1997, by the MIPA. Under the Fifth Amendment, Mexican companies are no longer permitted to restate fixed assets at current replacement cost, but are instead required to restate them using the Mexican consumer price index or inflation factors of the country of origin in the case of imported assets. Bulletin B-12 specifies the appropriate presentation of the statement of changes in financial position when the financial statements have been adjusted for inflation and restated in constant Mexican pesos in accordance with Bulletin B-10. Bulletin B-12 identifies the sources and applications of resources representing differences between beginning and ending financial statement balances in constant Mexican pesos. Bulletin B-15 prescribes the methodology for foreign currency transactions and the recognition of inflation in the financial information of foreign subsidiaries. Unless otherwise noted, all data in the consolidated financial statements of Hylsamex included in this prospectus and all other Hylsamex financial data included throughout this prospectus and relating to dates or periods covered by the consolidated financial statements have been adjusted for inflation and restated in constant Mexican pesos as of June 30, 2005.

Currencies

In this prospectus, unless otherwise specified or if the context so requires:

References to dollars, U.S. dollars, \$ or USD are to United States dollars;

References to Argentine pesos or ARP are to the lawful currency of Argentina;

References to Venezuelan bolívares or VEB are to the lawful currency of Venezuela; and

References to Mexican pesos or MXN are to the lawful currency of Mexico.

On January 31, 2006, the exchange rate between the Argentine peso and the U.S. dollar (as published by *Banco Central de la República Argentina*, or the Argentine Central Bank) was ARP3.0637=USD1.00; the noon buying rate for the Venezuelan bolívar as certified for customs purposes by the Federal Reserve Bank of New York was VEB2,144.60=USD1.00; and the noon buying rate for the Mexican peso as published by the Federal Reserve Bank of New York was MXN10.44=USD1.00. Those rates may differ from the actual rates used in the preparation of Ternium's combined consolidated financial statements or in the preparation of Amazonia's or Hylsamex's consolidated financial statements. We do not represent that Argentine pesos, Venezuelan bolívares or Mexican pesos could have been or could be converted into U.S. dollars or that

U.S. dollars could have been or

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could be converted into Argentine pesos, Venezuelan bolívares or Mexican pesos at these rates or at any other rates. See Exchange Rates Argentine pesos, Exchange Rates Venezuelan bolívares and Exchange Rates Mexican pesos for additional information regarding the exchange rates between the U.S. dollar and the Argentine peso, the Venezuelan bolívar and the Mexican peso, respectively.

Rounding

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

No Internet site is part of this prospectus

Ternium and Sidor maintain an Internet site at www.ternium.com and www.sidor.com, respectively. Information contained in or otherwise accessible through these websites is not a part of this prospectus. All references in this prospectus to these Internet sites are inactive textual references to these uniform resource locators, or URLs, and are for your informational reference only. We assume no responsibility for the information contained on these sites.

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SUMMARY

To understand the offering and the businesses of Ternium more fully, you should read this entire prospectus carefully, especially the risks of investing in our ADSs discussed under Risk Factors and Ternium's combined consolidated financial statements and notes to those financial statements included elsewhere in this prospectus.

Overview

The Company holds the Techint Group's investments in flat and long steel manufacturing, processing and distribution businesses, including its controlling direct and indirect equity interests in Argentina's largest steel company, Siderar, Venezuela's largest steel company, Sidor, the recently acquired Hylsamex, one of Mexico's largest steel companies, and Techintrade.

Ternium is one of the leading flat and long steel producers in Latin America and a strong competitor in the Americas, with strategic presence in several major steel markets through a broad network of distribution, sales and marketing services. We believe Ternium is among the largest producers of crude steel in Latin America, with manufacturing, processing and finishing facilities that have aggregate annual production capacity of approximately 11.6 million tons. Of this total production capacity, 2.8 million tons correspond to Ternium's operations in Argentina, 5.0 million tons to its operations in Venezuela and 3.8 million tons to its operations in Mexico. The Company believes that it is one of the lowest cost steel producers in the Americas due to its integrated operations, state-of-the-art steel production facilities, access to diversified sources of low-cost raw materials and other production inputs and operating efficiencies.

Ternium produces and distributes a broad range of semi-finished and finished steel products, including value-added products such as cold rolled coils and sheets, tin, galvanized and electrogalvanized sheets, pre-painted sheets and tailor-made flat products. Ternium also produces long steel products such as bars and wire rod.

Ternium primarily sells its steel products in the regional markets of North, Central and South America, where its manufacturing facilities are located, allowing it to provide specialized products and delivery services to its clients. We believe that Ternium is the leading supplier of flat steel products in Argentina and of flat and long steel products in Venezuela, a significant competitor in the Mexican market for flat and long steel products, and a competitive player in the international steel market for flat and long steel products. Ternium maintains a strategic presence in several other major steel markets, such as Europe, Asia (mainly China) and Africa, through its broad network of commercial offices, which allows it to reach clients outside its regional markets and place products in case of slower demand in domestic economies, achieve improved effectiveness in the supply of its products and maintain a fluid commercial relationship with its clients by providing continuous services and assistance.

On a pro forma basis giving effect to the Pro Forma Transactions, in 2004, approximately 44.9% of Ternium's sales were made to South and Central America, 48.7% to North America, 4.3% to Europe and 2.2% to the rest of the world. In the first half of 2005, these percentages were approximately 46.2%, 45.9%, 5.7% and 2.1%, respectively.

In 2004, Ternium's net sales were USD1.6 billion, gross profit was USD633.9 million, and net income attributable to equity holders was USD457.3 million. In the first half of 2005, Ternium's net sales were USD1.8 billion, gross profit was USD0.9 billion, and net income attributable to equity holders was USD477.6 million, which amounts reflect the consolidation of Amazonia since February 15, 2005.

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On a pro forma basis giving effect to the Pro Forma Transactions, in 2004, Ternium's net sales were USD5.5 billion, gross profit was USD2.4 billion, and net income attributable to equity holders was USD761.5 million, and in the first half of 2005 net sales were USD3.3 billion, gross profit was USD1.4 billion and net income attributable to equity holders was USD500.8 million.

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For information on Ternium's recent results of operation and consolidated financial condition, see Ternium's unaudited summary financial information for the nine-month period ended September 30, 2005, attached as Annex A to this prospectus.

Corporate reorganization

As a part of a recent corporate reorganization, the Techint Group reorganized the Company as a holding company for its flat and long steel interests by contributing all of its interests in Siderar, Sidor (through Amazonia and Ylopa) and Techintrade to the Company.

On August 22, 2005, we acquired, together with Siderar, an indirect 99.3% interest in the Mexican company Hylsamex and its subsidiaries, including Hylsa and Galvak, and the equity stakes owned by Hylsamex's former controlling shareholder, Alfa, S.A. de C.V., or Alfa, in Amazonia and Ylopa. We have subsequently been purchasing shares in the open market, subject to applicable law, and our and Siderar's indirect interest in Hylsamex has increased to 99.8%. As part of the financing for the acquisition, we or our affiliates entered into the following:

an amended and restated credit agreement, dated as of August 16, 2005, for an aggregate principal amount of USD1.0 billion, among I.I.I. BVI and the lenders named therein (as amended from time to time, the Ternium Credit Facility);

an amended and restated credit agreement, dated as of August 16, 2005, for an aggregate principal amount of USD380 million among Siderar, as borrower, and the lenders named therein, as lenders (as amended from time to time, the Siderar Credit Facility and, together with the Ternium Credit Facility, the Credit Facilities); and

several convertible and subordinated loan agreements, dated as of various dates, for an aggregate principal amount of USD594.0 million, each among the Company, I.I.I. BVI, as borrower, and Usiminas, Tenaris or other Techint Group companies (collectively, the Subordinated Convertible Loan Agreements and the loans thereunder, the Subordinated Convertible Loans).

Pursuant to the terms of the Subordinated Convertible Loan Agreements, on the date on which our ADSs are delivered to the underwriters of this offering, the Subordinated Convertible Loans will be converted into shares of the Company at a price per share equal to the price per share paid by the investors in this offering.

In September 2005, Tenaris exchanged its shares in Amazonia and Ylopa for shares of the Company, and in October 2005, Usiminas exchanged its shares in Siderar, Amazonia and Ylopa for shares of the Company.

In November 2005, Siderúrgica del Turbio S.A. SIDETUR (Sidetur), a subsidiary of Siderúrgica Venezolana SIVENSA, S.A. (Sivensa), exchanged with ISL its interest in Amazonia for shares of the Company (the Sivensa Exchange). ISL is expected, under the terms of the Corporate Reorganization Agreement (as defined below), to contribute such interest in Amazonia to the Company in exchange for shares of the Company simultaneously with, or as soon as practicable after, the settlement of the offering.

ISL and the Company will enter into a reorganization agreement (the Corporate Reorganization Agreement) pursuant to which ISL will commit to deliver shares of the Company to the underwriters of this offering and to the Subordinated Lenders (as defined herein) in an amount sufficient to satisfy the Company's obligation to deliver shares of the Company to the underwriters of this offering (excluding any shares to be delivered in

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connection with the underwriters' over-allotment option) and to the Subordinated Lenders pursuant to the terms of this offering and the Subordinated Convertible Loan Agreements. As provided in the Corporate Reorganization Agreement, after ISL's delivery of such shares, ISL will contribute all of its assets and liabilities (including the credit against the Company arising from such delivery of shares, its interest in Amazonia resulting from the Sivensa Exchange and any remaining shares of the Company) to the Company in exchange for that number of newly issued shares of the Company equal to the number of shares of the Company held by ISL prior to the Sivensa Exchange.

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We believe that the corporate reorganization of the Techint Group's flat and long steel manufacturing, processing and distribution businesses under the Company will, among other things, allow Ternium to benefit from consolidation in the steel industry, create a platform for growth and realize cost savings and synergies, and will result in increased visibility, improved access to the capital markets and lower costs of capital.

Below is a simplified diagram of Ternium's corporate structure after giving effect to the Pro Forma Transactions, which forms the basis for the preparation and presentation of Ternium's unaudited pro forma combined consolidated financial statements included in this prospectus.

For additional information on Ternium's corporate reorganization and corporate structure, see "Formation of Ternium and Related Party Transactions" and "Business Subsidiaries."

Ternium's competitive strengths

We believe that the following competitive strengths distinguish Ternium from its competitors and enhance its leading market position:

State-of-the-art, low cost producer. The combination of a portfolio of state-of-the-art, low cost steel production mills (some of which are located near proprietary iron ore mines), access to diversified sources of low-cost raw materials and cost-competitive energy and labor sources and other production inputs and operating efficiencies makes Ternium a low cost producer of steel and value-added products;

Strong market position and extensive market reach. Ternium has leading market participation in Argentina and Venezuela and has a strong market position in Mexico. The location of its production facilities gives Ternium favorable access to some of the most important regional markets in the Americas, including the North American Free Trade Agreement, or NAFTA, *Mercado Común del Sur*, or Mercosur, and the *Comunidad Andina de Naciones*, or Andean Community. Additionally, through its broad distribution network and commercial capabilities, Ternium has access to some of the most relevant steel markets in the world;

Experienced and committed management team. Our management team has extensive experience in, and knowledge of, the steel industry, which enhances Ternium's reputation in the global steel markets. A large percentage of our senior managers have spent their entire careers working within the steel businesses of the Techint Group and its related companies. Our management team has substantial experience in increasing productivity and reducing costs, as well as in identifying, evaluating and pursuing growth opportunities and integrating acquisitions; and

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Strong financial position. We believe that, after giving effect to this offering, we will have a solid financial position. In particular, our relatively low debt to equity capital structure, together with our strong cash flow generation, provide us with the flexibility and resources to enhance existing businesses through investment projects and to make strategic investments and acquisitions.

Ternium's business strategy

Our main strategic objective is to enhance shareholder value by strengthening Ternium's position as a low cost producer of steel products in a manner consistent with minority shareholder rights, while further consolidating Ternium's position as a leading flat and long steel producer in Latin America and a strong competitor in the Americas with strategic presence in several other major steel markets.

The main elements of this strategy are:

Further integrate Ternium's operations. We have recently changed our functional organization from three independent companies to one company organized under business units with specific geographic and functional responsibilities. Integrating the operations of our subsidiaries is expected to allow Ternium to better serve its clients, to increase the diversification of its products, to benefit from enhanced flexibility and operative synergies and to rationalize its cost structure;

Enhance Ternium's position as a low cost producer. We believe that further integration of Ternium's operating facilities, including the recently acquired Hylsamex, should improve utilization levels of its plants, increase efficiency and further reduce production costs from levels that we already consider to be among the most competitive in the steel industry;

Implementing Ternium's best practices. We believe that the implementation of Ternium's commercial and production best practices in acquired new businesses should generate additional benefits and savings. For example, we believe that the implementation of Ternium's cost control procedures and performance analysis in Hylsamex will improve control over production variables and lead to future cost savings;

Focus on higher margin value-added products. We intend to continue to shift Ternium's sales mix towards higher margin value-added products, such as cold rolled sheets and coated and tailor-made products, and services, such as just-in-time delivery and inventory management. In addition, the acquisition of Hylsamex will allow Ternium to expand its offerings of value-added products, such as galvanized products and panels;

Maximize the benefits arising from Ternium's broad distribution network. We intend to maximize the benefits arising from Ternium's broad network of distribution, sales and marketing services to reach clients in major steel markets with a comprehensive range of value-added products and services and to continue to expand its customer base and improve its product mix. In addition, the acquisition of Hylsamex is expected to allow us to increase Ternium's participation in the North American market; and

Pursue strategic growth opportunities. The Techint Group has a history of strategically growing its businesses through acquisitions. In addition to strongly pursuing organic growth, we intend to identify and pursue growth-enhancing strategic opportunities to consolidate Ternium's presence in its markets, expand its offerings of value-added products and increase its distribution capabilities.

Risks Related to Our Business

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Our business is subject to certain risks that could impact our competitive position and strengths, as well as our ability to execute our business strategy. Many of these risks are beyond our control, such as factors affecting the global demand for steel products, our exposure to the fluctuations in the cost of raw materials, our

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dependence on a limited number of key suppliers of raw materials and the cyclical nature of the industries and markets that we serve. Furthermore, these risks include those generally associated with being a producer of steel products in Latin America, including foreign exchange exposure and political risk. In addition, intense competition from other steel producers could reduce Ternium's market share in the countries where the Ternium companies operate, and the capital intensive nature of the steel industry and Ternium's dependence on the availability of capital resources to continue to modernize and upgrade its facilities and to expand its operations could affect the implementation of our strategy. For additional risks relating to Ternium's business and this offering, see "Risk Factors" beginning on page 26 of this prospectus.

Our corporate information

We were organized as a joint stock corporation (*société anonyme* holding) in the Grand Duchy of Luxembourg on December 22, 2003. Our registered office is located at 46a, Avenue John F. Kennedy – 2nd floor, L-1855 Luxembourg and our telephone number is (352) 4661-11-3815. We have appointed Techint Inc. as our agent for service of process in the United States, located at 420 Fifth Avenue, 18th Floor, New York, New York 10018.

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The Offering

Offering	We are offering 24,844,720 ADSs through the underwriters.
Over-allotment Option	We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 3,726,708 additional ADSs, solely to cover over-allotments.
ADSs	Each ADS represents 10 shares held by The Bank of New York, as depository. The ADSs will be evidenced by American Depositary Receipts, or ADRs. See Description of American Depositary Shares.
Voting Rights	The holders of our shares have one vote per share. The holders of our ADSs will be able to exercise voting rights with respect to the underlying shares only in accordance with the terms of the deposit agreement. See Description of American Depositary Shares Voting rights.
Use of Proceeds	We estimate that we will receive net proceeds (after deduction of the underwriting discount) from the offering of approximately USD483 million (USD556 million if the underwriters over-allotment option is exercised in full) at the initial public offering price of USD20.00 per ADS. We intend to use all of the net proceeds we receive from the offering (after the payment of approximately USD6.25 million in fees and expenses) to pay down the indebtedness acquired pursuant to the Ternium Credit Facility. The Ternium Credit Facility was entered into with lenders (including affiliates of Citigroup Global Markets Inc., J.P. Morgan Securities Inc., BNP Paribas Securities Corp., Caylon Securities (USA) Inc. and Bayerische Hypo- und Vereinsbank AG) for an aggregate principal amount of USD1.0 billion in two equal tranches, Tranche A with a maturity of three years and bearing interest at the annual rate of LIBOR plus an applicable margin that ranges from 75 to 400 basis points and Tranche B with a maturity of five years and bearing interest at the annual rate of LIBOR plus an applicable margin that ranges from 137.5 to 300 basis points. The Ternium Credit Facility was entered into in order to finance the acquisition of Hylsamex. For further details on the Ternium Credit Facility, see Formation of Ternium and Related Party Transactions Hylsamex acquisition financing and Management s Discussion and Analysis of Financial Condition and Results of Operations Ternium Recent events.
Shares Outstanding After the Offering	1,981,762,082 shares (including shares in the form of ADSs) will be outstanding upon completion of the offering, conversion of the Subordinated Convertible Loans and consummation of the transactions contemplated in the Corporate Reorganization Agreement (assuming the underwriters do not exercise their over-allotment option).

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Listings and Trading Markets

Our ADSs have been approved for listing on the NYSE under the symbol TX.

Taxation

In the opinion of our Luxembourg counsel, Elvinger Hoss & Prussen, holders of ADSs who are non-resident in Luxembourg are not, except as described in Taxation Grand Duchy of Luxembourg Ownership and disposition of the Company's ADSs, subject to Luxembourg income tax, wealth tax or capital gains taxes with respect to their ADSs, and no withholding tax applies in Luxembourg on dividends distributed by the Company. No taxes apply in Luxembourg on dividends received by holders who are not resident in Luxembourg and who do not maintain a permanent establishment in Luxembourg to which the holding of the ADSs is effectively connected.

In the opinion of our special U.S. counsel, Sullivan & Cromwell LLP, a U.S. holder of ADRs will be treated, for U.S. federal income tax purposes, as the owner of the shares represented by those ADRs and will not be subject to U.S. federal income tax upon the exchange of shares for ADRs or ADRs for shares. A U.S. holder that is not a tax-exempt entity will be subject to U.S. federal income tax upon the gross amount of any dividends paid out of our accumulated earnings and profits on such U.S. holder's ADSs. If certain holding period and other requirements are satisfied, such dividends will be treated as qualified dividend income, which if paid to noncorporate U.S. holders in tax years beginning before January 1, 2009 is taxed at a maximum rate of 15%.

Certain Fees and Expenses

ADR holders will be charged a fee for each issuance of ADSs and for each surrender of ADSs in exchange for deposited securities. The fee in each case is USD5.00 or less for each 100 ADSs (or any portion

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thereof) issued or surrendered. To the extent permitted by the rules of any stock exchange on which ADSs are listed for trading, ADR holders will be charged a fee of \$.02 or less per ADS for any cash distribution to them, and certain other fees and expenses. See Description of American Depositary Shares Fees and expenses.

Risk Factors

An investment in the ADSs involves significant risks that a prospective investor should consider carefully. See Risk Factors beginning on page 25.

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SUMMARY FINANCIAL AND OPERATING DATA

Unaudited pro forma combined consolidated financial information of Ternium

The following summary unaudited pro forma combined consolidated financial and other data for Ternium should be read in conjunction with Selected Financial and Operating Data Unaudited pro forma combined consolidated financial information of Ternium, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business and Ternium's historical combined consolidated financial statements and Amazonia's and Hylsamex's historical consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The summary unaudited pro forma combined consolidated financial data of Ternium included in this prospectus have been compiled to show what our financial condition as of June 30, 2005 and our financial results for the year ended December 31, 2004 and for the six-month period ended June 30, 2005 might have been had the following been in place as of the balance sheet date or since January 1, 2004, as the case may be:

the capitalization in February 2005 of certain debt instruments convertible into shares of Amazonia described elsewhere in this prospectus;

the acquisition in August 2005 of Hylsamex and the interests of Hylsamex's former controlling shareholder, Alfa, in Amazonia and Ylopa described elsewhere herein;

the acquisition of Usiminas's interests in Siderar, Amazonia and Ylopa and the completion of the Sivensa Exchange; and

this offering and the consummation of the transactions contemplated in the Corporate Reorganization Agreement, the related payment of indebtedness and the conversion of the Subordinated Convertible Loans described elsewhere in this prospectus. For this purpose, we estimate that the gross proceeds from this offering will be USD497 million (assuming the underwriters do not exercise their over-allotment option), at the initial public offering price of USD20.00 per ADS.

See Use of Proceeds, Formation of Ternium and Related Party Transactions Corporate reorganization transactions and Hylsamex acquisition financing.

However, the pro forma financial information may not reflect what our actual financial condition and results of operations would have been if the above-mentioned transactions had been in place as of such dates and if we had operated on that basis during such periods. We have compiled our unaudited pro forma combined consolidated financial data in accordance with IFRS and a reconciliation of such information to U.S. GAAP is also being provided. IFRS differs in certain significant respects from U.S. GAAP.

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For the six-month period ended June 30, 2005

<i>Thousands of U.S. dollars (except for per share data)</i>	Pro forma adjustments							
	I	II	III	IV	V	VI	VII	VIII
	Historical consolidated	Amazonia	Acquisition of Hylsamex related debt	Hylsamex consolidation	Usiminas and Sivensa acquisitions	Pro forma as adjusted	Offering and conversion	Pro forma as further adjusted
Summary unaudited pro forma combined consolidated income statement data								
IFRS								
Net sales	\$ 1,827,845	\$ 260,933		\$ 1,178,532		\$ 3,267,310		\$ 3,267,310
Cost of sales	(905,920)	(111,818)		(850,512)		(1,868,250)		(1,868,250)
Gross profit	\$ 921,925	\$ 149,115		\$ 328,020		\$ 1,399,060		\$ 1,399,060
Selling, general and administrative expenses	(185,227)	(37,098)		(78,711)		(301,036)		(301,036)
Other operating income (expenses), net	(7,797)	327		1,482		(5,988)		(5,988)
Operating income	\$ 728,901	\$ 112,344		\$ 250,791		\$ 1,092,036		\$ 1,092,036
Financial expenses, net	(102,723)	(59,044)	\$ (3,310)	(14,099)		(179,176)		(179,176)
Interest related to credit facilities			(47,846)			(47,846)	\$ 17,626	(30,220)
Subordinated convertible loans interest			(11,299)			(11,299)	11,299	
Excess of fair value of net assets acquired over cost	188,356	(188,356)						
Equity in earnings (losses) of associated companies	19,123	(23,237)				(4,114)		(4,114)
Income (loss) before income tax (expense) benefit	\$ 833,657	\$ (158,293)	\$ (62,455)	\$ 236,692		\$ 849,601	\$ 28,925	\$ 878,526
Income tax (expense) benefit	(105,717)	10,297	5,978	(75,339)		(164,781)		(164,781)
Net income (loss) for the period	\$ 727,940	\$ (147,996)	\$ (56,477)	\$ 161,353		\$ 684,820	\$ 28,925	\$ 713,745
Attributable to:								
Equity holders of the Company	\$ 477,609	\$ (210,316)	\$ (51,010)	\$ 185,230	\$ 70,334	\$ 471,847	\$ 28,925	\$ 500,772
Minority interest	250,331	62,320	(5,467)	(23,877)	(70,334)	212,973		212,973
	\$ 727,940	\$ (147,996)	\$ (56,477)	\$ 161,353		\$ 684,820	\$ 28,925	\$ 713,745
Number of shares (thousands)	1,168,944				261,409	1,430,353	551,409 ⁽¹⁾	1,981,762 ⁽¹⁾
Combined earnings per share	\$ 0.41					\$ 0.33	\$ 0.05	\$ 0.25
U.S. GAAP								
Net income attributable to equity holders of the Company under IFRS	\$ 477,609	\$ (210,316)	\$ (51,010)	\$ 185,230	\$ 70,334	\$ 471,847	\$ 28,925	\$ 500,772
Capitalization of interest cost PP&E	(22)					(22)		(22)
Change in fair value of financial assets through profit and loss	50,819					50,819		50,819
Troubled debt restructuring	5,212					5,212		5,212

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Capitalization of interest cost intangible assets	(155)	(155)	(155)
Inventory valuation	(2,265)	(2,265)	(2,265)

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For the six-month period ended June 30, 2005

<i>Thousands of U.S. dollars (except for per share data)</i>	Pro forma adjustments							
	I	II	III	IV	V	VI	VII	VIII
	Historical combined consolidated	Amazonia	Acquisition of Hylsamex related debt	Hylsamex consolidation	Usiminas and Sivensa acquisitions	Pro forma as adjusted	Offering and conversion	Pro forma as further adjusted
Accounting for pension plans	\$ (846)					\$ (846)		\$ (846)
Valuation of fixed assets PP&E	64,149					64,149		64,149
Excess of fair value of net assets acquired over cost	(188,356)	\$ 188,356						
Excess of fair value of net assets acquired over cost depreciation expense	10,105					10,105		10,105
Intangible assets and other assets	(415)					(415)		(415)
Deferred income tax	(25,028)					(25,028)		(25,028)
Minority interest	(84,956)	32,411		\$ 3,555	\$ 7,264	(41,726)		(41,726)
Net income (loss) under U.S. GAAP	\$ 305,851	\$ (10,451)	\$ (51,010)	\$ 188,785	\$ 77,598	\$ 531,675	\$ 28,925	\$ 560,600
Combined earnings per share	\$ 0.26					\$ 0.37	\$ 0.05	\$ 0.28

(1) Represents (a) the issuance of 248,447,200 shares of common stock (assuming the underwriters do not exercise their over-allotment option) and (b) the issuance of 302,962,261 shares upon the conversion of the Subordinated Convertible Loans (USD594 million principal plus approximately USD11.9 million of interest accrued through January 31, 2006) at a conversion price of USD2.00 per share.

Column I shows the historical combined consolidated data of Ternium derived from our audited combined consolidated condensed interim financial statements for the six-month period ended June 30, 2005, which already reflects the consolidation of Amazonia since February 15, 2005.

Column II includes Amazonia's results between January 1, 2005 and February 15, 2005 and eliminates primarily non-recurrent results relating to the capitalization as of February 15, 2005 of certain debt instruments convertible into shares of Amazonia.

Column III reflects the effect of interest expense under the Credit Facilities and Subordinated Convertible Loans entered into in connection with the Hylsamex acquisition in Ternium's financial results for the six-month period ended June 30, 2005, and the acquisition of Amazonia's and Ylopa's shares held by Alfa.

Column IV shows the consolidation of Hylsamex's results of operations for the six-month period ended June 30, 2005.

Column V gives effect to the acquisition of Usiminas's interests in Siderar, Amazonia and Ylopa in exchange for 227,608,254 shares of the Company and the contribution of ISL's interest in Amazonia in exchange for 33,800,735 shares of the Company in accordance with the terms of the Corporate Reorganization Agreement.

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Column VI shows the cumulative pro forma effect of the transactions in columns II, III, IV and V.

Column VII gives effect to this offering, the partial payment of indebtedness under the Ternium Credit Facility, the conversion of the indebtedness under the Subordinated Convertible Loans into shares of the Company and the consummation of the remaining transactions contemplated in the Corporate Reorganization Agreement.

Column VIII shows the cumulative pro forma effect of the transactions in columns VI and VII.

For further details, see Selected Financial and Operating Data Unaudited pro forma combined consolidated financial information of Ternium.

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For the year ended December 31, 2004

<i>Thousands of U.S. dollars (except for per share data)</i>	Pro forma adjustments							
	I	II	III	IV	V	VI	VII	VIII
	Historical consolidated	Amazonia	Acquisition of Hylsamex related debt	Hylsamex consolidation	Usiminas and Sivensa acquisitions	Pro forma as adjusted	Offering and conversion	Pro forma as further adjusted
Summary unaudited pro forma combined consolidated income statement data								
IFRS								
Net sales	\$ 1,598,925	\$ 1,637,962		\$ 2,266,123		\$ 5,503,010		\$ 5,503,010
Cost of sales	(965,004)	(610,792)		(1,559,173)		(3,134,969)		(3,134,969)
Gross profit	\$ 633,921	\$ 1,027,170		\$ 706,950		\$ 2,368,041		\$ 2,368,041
Selling, general and administrative expenses	(118,952)	(270,967)		(122,703)		(512,622)		(512,622)
Other operating expenses, net	(798)	(18,383)		6,645		(12,536)		(12,536)
Operating income	\$ 514,171	\$ 737,820		\$ 590,892		\$ 1,842,883		\$ 1,842,883
Financial income (expenses), net	202,289	(500,433)	\$ (2,724)	(91,608)		(392,476)		(392,476)
Interest related to credit facilities			(95,694)			(95,694)	\$ 35,253	(60,441)
Subordinated convertible loans interest			(22,597)			(22,597)	22,597	
Equity in earnings (losses) of associated companies	209,201	(210,145)				(944)		(944)
Income (loss) before income tax (expense) benefit	\$ 925,661	\$ 27,242	\$ (121,015)	\$ 499,284		\$ 1,331,172	\$ 57,850	\$ 1,389,022
Income tax (expense) benefit	(177,486)	11,227	10,592	(160,243)		(315,910)		(315,910)
Net income (loss)	\$ 748,175	\$ 38,469	\$ (110,423)	\$ 339,041		\$ 1,015,262	\$ 57,850	\$ 1,073,112
Attributable to:								
Equity holders of the Company	\$ 457,339	\$ (78,540)	\$ (100,735)	\$ 333,089	\$ 92,484	\$ 703,637	\$ 57,850	\$ 761,487
Minority interest	290,836	117,009	(9,688)	5,952	(92,484)	311,625		311,625
	\$ 748,175	\$ 38,469	\$ (110,423)	\$ 339,041		\$ 1,015,262	\$ 57,850	\$ 1,073,112
Number of shares (thousands)	1,168,944				261,409	1,430,353	551,409 ⁽¹⁾	1,981,762 ⁽¹⁾
Combined earnings (loss) per share	\$ 0.39					\$ 0.49	\$ 0.10	\$ 0.38

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For the year ended December 31, 2004

	Pro forma adjustments							
	I	II	III	IV	V	VI	VII	VIII
<i>Thousands of U.S. dollars</i> <i>(except for per share data)</i>	Historical combined consolidated	Amazonia	Acquisition of Hylsamex related debt	Hylsamex consolidation	Usiminas and Sivensa acquisitions	Pro forma as adjusted	Offering and conversion	Pro forma as further adjusted
U.S. GAAP								
Net income attributable to equity holders of the Company (under IFRS)	\$ 457,339	\$ (78,540)	\$ (100,735)	\$ 333,089	\$ 92,484	\$ 703,637	\$ 57,850	\$ 761,487
Capitalization of interest cost PP&E	152	272				424		424
Changes in fair value of financial assets through profit and loss	(1,361)					(1,361)		(1,361)
Capitalization of interest cost Intangible assets	313	429				742		742
Inventory valuation	(1,628)	1,498				(130)		(130)
Accounting for pension plans	(164)	(556)				(720)		(720)
Valuation of fixed assets PP&E	79,493	76,192				155,685		155,685
Equity in investments in associated companies Amazonia	(76,926)	76,926						
Deferred income tax	(27,101)	244,165				217,064		217,064
Accounting for convertible debt		(16,657)				(16,657)		(16,657)
Troubled debt restructuring		8,569				8,569		8,569
Other assets valuation		45				45		45
Minority interest	(5,462)	(233,545)		32,979	41,720	(164,308)		(164,308)
Net income under U.S. GAAP	\$ 424,655	\$ 78,798	\$ (100,735)	\$ 366,068	\$ 134,204	\$ 902,990	\$ 57,850	\$ 960,840
Combined earnings per share	\$ 0.36					\$ 0.63	\$ 0.10	\$ 0.48

- (1) Represents (a) the issuance of 248,447,200 shares of common stock (assuming the underwriters do not exercise their over-allotment option) and (b) the issuance of 302,962,261 shares upon the conversion of the Subordinated Convertible Loans (USD594 million principal plus approximately USD11.9 million of interest accrued through January 31, 2006) at a conversion price of USD2.00 per share.

Column I shows the historical combined consolidated data of Ternium derived from our audited combined consolidated financial statements for the year ended December 31, 2004, included in this prospectus.

Column II shows the consolidation of Amazonia's results of operation for the year ended December 31, 2004. On February 15, 2005, Amazonia came under the control of San Faustín upon the capitalization of certain debt instruments convertible into shares of Amazonia.

Column III reflects the effect of interest expense under the Credit Facilities and Subordinated Convertible Loans entered into in connection with the Hylsamex acquisition in Ternium's financial results for the year ended December 31, 2004, and the acquisition of Amazonia's and Ylopa's shares held by Alfa.

Column IV shows the consolidation of Hylsamex's results of operations under IFRS for the year ended December 31, 2004.

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Column V gives effect to the acquisition of Usiminas' s interests in Siderar, Amazonia and Ylopa in exchange for 227,608,254 shares of the Company and the contribution of ISL' s interest in Amazonia in exchange for 33,800,735 shares of the Company in accordance with the terms of the Corporate Reorganization Agreement.

Column VI shows the cumulative pro forma effect of the transactions in columns II, III, IV and V.

Column VII gives effect to this offering, the partial payment of indebtedness under the Ternium Credit Facility, the conversion of the indebtedness under the Subordinated Convertible Loans into shares of the Company and the consummation of the remaining transactions contemplated in the Corporate Reorganization Agreement.

Column VIII shows the cumulative pro forma effect of the transactions in columns VI and VII.

For further details, see Selected Financial and Operating Data Unaudited pro forma combined consolidated financial information of Ternium.

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At June 30, 2005

	Pro forma adjustments						
	I	II	III	IV	V	VI	VII
	Historical combined consolidated	Acquisition of Hylsamex related debt	Hylsamex consolidation	Usiminas and Sivensa acquisitions	Pro forma as adjusted	Offering and conversion ^(*)	Pro forma as further adjusted
<i>(Thousands of U.S. dollars)</i>							
Summary unaudited pro forma combined consolidated balance sheet data							
IFRS							
Non-current assets:							
Property, plant and equipment, net	\$ 3,508,133		\$ 2,041,277		\$ 5,549,410		\$ 5,549,410
Goodwill			451,087		451,087		451,087
Intangible assets, net	15,607		226,975		242,582		242,582
Other investments	13,095				13,095		13,095
Investments in associated companies	7,002		427		7,429		7,429
Receivables, net	51,837	\$ 25,129			76,966		76,966
Deferred tax assets			5,679		5,679		5,679
Total non-current assets	\$ 3,595,674	\$ 25,129	\$ 2,725,445		\$ 6,346,248		\$ 6,346,248