

Ternium S.A.
Form 6-K
October 31, 2018

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

As of 10/30/2018

Ternium S.A.
(Translation of Registrant's name into English)

Ternium S.A.
29 Avenue de la Porte-Neuve – 3rd floor
L-2227 Luxembourg
(352) 2668-3152
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F a Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes No

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
Not applicable

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

This report contains Ternium S.A.'s consolidated financial statements as of June 30, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TERNIUM S.A.

By: /s/ Pablo Brizzio	By: /s/ Máximo Vedoya
Name: Pablo Brizzio	Name: Máximo Vedoya
Title: Chief Financial Officer	Title: Chief Executive Officer

Dated: October 30, 2018

TERNIUM S.A.
Consolidated Condensed Interim Financial Statements
as of September 30, 2018
and for the nine-month periods
ended on September 30, 2018 and 2017

29 Avenue de la Porte-Neuve, 3rd floor
L – 2227
R.C.S. Luxembourg: B 98 668

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Consolidated Condensed Interim Income Statements

	Notes	Three-month period ended September 30, (Unaudited)		Nine- month period ended September 30, (Unaudited)	
		2018	2017	2018	2017
Net sales	3	2,903,050	2,535,024	8,551,932	6,932,788
Cost of sales	3 & 4	(2,012,636)	(1,972,454)	(6,211,599)	(5,232,093)
Gross profit	3	890,414	562,570	2,340,333	1,700,695
Selling, general and administrative expenses	3 & 5	(205,951)	(211,249)	(644,383)	(572,572)
Other operating income (expenses), net	3	4,833	(1,476)	5,077	(21,305)
Operating income	3	689,296	349,845	1,701,027	1,106,818
Finance expense	6	(36,701)	(29,235)	(94,531)	(74,718)
Finance income	6	5,035	5,251	15,141	14,346
Other financial income (expenses), net	6	(80,914)	(4,842)	(165,558)	(75,465)
Equity in earnings (losses) of non-consolidated companies	9	22,594	15,535	54,943	52,108
Profit before income tax expense		599,310	336,554	1,511,022	1,023,089
Income tax expense		(75,950)	(103,823)	(300,252)	(198,180)
Profit for the period		523,360	232,731	1,210,770	824,909
Attributable to:					
Owners of the parent		488,527	194,938	1,137,354	705,978
Non-controlling interest		34,833	37,793	73,416	118,931
Profit for the period		523,360	232,731	1,210,770	824,909
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 (losses) per share for profit (loss) attributable to the equity holders of the company (expressed in USD per share)	0.25	0.10	0.58	0.36
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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 year ended December 31, 2017.

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Consolidated Condensed Interim Statements of Comprehensive Income

	Three-month period ended September 30,		Nine- month period ended September 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Profit for the period	523,360	232,731	1,210,770	824,909
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(103,514)	(24,389)	(369,410)	(47,578)
Currency translation adjustment from participation in non-consolidated companies	(16,372)	19,688	(87,314)	12,047
Changes in the fair value of financial instruments at fair value through other comprehensive income	(127)	—	(1,067)	—
Income tax related to financial instruments at fair value	31	—	142	—
Changes in the fair value of derivatives classified as cash flow hedges	50	(38,191)	293	849
Income tax related to cash flow hedges	(15)	(34)	(200)	9
Other comprehensive income items	—	20	(305)	92
Other comprehensive income items from participation in non-consolidated companies	13	(747)	498	(482)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post employment benefit obligations	—	121	1,099	(1,189)
Income tax relating to remeasurement of post employment benefit obligations	—	—	(297)	—
Remeasurement of post employment benefit obligations from participation in non-consolidated companies	(1,612)	(196)	(3,444)	5,985
Other comprehensive income (loss) for the period, net of tax	(121,546)	(43,728)	(460,005)	(30,267)
Total comprehensive income for the period	401,814	189,003	750,765	794,642
Attributable to:				
Owners of the parent	436,522	159,244	826,857	693,012
Non-controlling interest	(34,708)	29,759	(76,092)	101,630

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Total comprehensive income for the period	401,814	189,003	750,765	794,642
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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 year ended December 31, 2017.

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Consolidated Condensed Interim Statements of Financial Position

	Notes	Balances as of		
		September 30, 2018	December 31, 2017	
		(Unaudited)		
ASSETS				
Non-current assets				
Property, plant and equipment, net	7	5,594,881	5,349,753	
Intangible assets, net	8	1,006,113	1,092,579	
Investments in non-consolidated companies	9	442,970	478,348	
Other investments		14,899	3,380	
Derivative financial instruments		1,166	—	
Deferred tax assets		118,216	121,092	
Receivables, net		652,361	677,299	
Trade receivables, net		5,838	7,836,444	4,832 7,727,283
Current assets				
Receivables, net		266,377	362,173	
Derivative financial instruments		3,409	2,304	
Inventories, net		2,670,511	2,550,930	
Trade receivables, net		1,256,960	1,006,598	
Other investments		60,993	132,736	
Cash and cash equivalents		399,060	4,657,310	337,779 4,392,520
Non-current assets classified as held for sale			2,167	2,763
Total Assets			12,495,921	12,122,566
EQUITY				
Capital and reserves attributable to the owners of the parent			5,939,621	5,010,424
Non-controlling interest			939,099	842,347
Total Equity			6,878,720	5,852,771
LIABILITIES				

Non-current liabilities			
Provisions	632,366		768,517
Deferred tax liabilities	530,905		513,357
Other liabilities	378,335		373,046
Trade payables	1,116		2,259
Finance lease liabilities	66,621		69,005
Borrowings	1,689,633	3,298,976	1,716,337 3,442,521
Current liabilities			
Current income tax liabilities	116,637		52,940
Other liabilities	359,034		357,001
Trade payables	957,816		897,732
Derivative financial instruments	18,379		6,001
Finance lease liabilities	8,724		8,030
Borrowings	857,635	2,318,225	1,505,570 2,827,274
Total Liabilities		5,617,201	6,269,795
Total Equity and Liabilities		12,495,921	12,122,566

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Consolidated Condensed Interim Statements of Changes in Equity
Attributable to the owners of the parent (1)

	Capital stock (2)	Treasury shares (2)	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total	Non-control interest	Total Equity
Balance as of January 1, 2018	2,004,743	(150,000)	(23,295)	1,416,121	(2,324,866)	(2,403,664)	6,491,385	5,010,424	842,347	5,852,771
Impact of adopting IFRS 9 at January 1, 2018 (see note 15)				450			(147)	303	204	507
Impact of adopting IAS 29 at January 1, 2018 (see note 16)							317,975	317,975	204,601	522,576
Adjusted Balance at January 1, 2018	2,004,743	(150,000)	(23,295)	1,416,571	(2,324,866)	(2,403,664)	6,809,213	5,328,702	1,047,151	6,375,853
Profit for the period Other comprehensive income (loss) for the period							1,137,354	1,137,354	73,416	1,210,770

Currency translation adjustment					(307,289)		(307,289)	(149,435)	(456,724)	
Remeasurement of post employment benefit obligations				(2,501)			(2,501)	(141)	(2,642)	
Cash flow hedges and others, net of tax				(136)			(136)	229	93	
Others				(571)			(571)	(161)	(732)	
Total comprehensive income for the period	—	—	—	(3,208)	—	(307,289)	1,137,354	826,857	(76,092)	750,765
Dividends paid in cash (5)							(215,938)	(215,938)	—	(215,938)
Dividends paid in cash to non-controlling interest							—	(29,006)	(29,006)	
Inflation effect on dividends paid to non-controlling interest							—	(2,955)	(2,955)	
Balance as of September 30, 2018 (unaudited)	2,004,743	(150,000)	(23,295)	1,413,363	(2,324,866)	(2,710,953)	7,730,629	5,939,621	939,099	6,878,720

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (iii).

(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, 2018, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of September 30, 2018, the Company held 41,666,666 shares as treasury shares.

(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 0.8 million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (88.5) million.

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

(5) See Note 10.

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 condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

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 year ended December 31, 2017.

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Consolidated Condensed Interim Statements of Changes in Equity
Attributable to the owners of the parent (1)

	Capital stock (2)	Treasury shares (2)	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total	Non-control- ling interest	Total Equity
Balance as of January 1, 2017	2,004,743	(150,000)	(23,295)	1,420,171	(2,324,866)	(2,336,929)	5,801,474	4,391,298	775,295	5,166,593
Profit for the period							705,978	705,978	118,931	824,909
Other comprehensive (loss) income for the period										
Currency translation adjustment						(17,905)		(17,905)	(17,626)	(35,531)
Remeasurement of post employment benefit obligations				4,463				4,463	333	4,796
Cash flow hedges, net of tax				868				868	(10)	858
Others				(392)				(392)	2	(390)
	—	—	—	4,939	—	(17,905)	705,978	693,012	101,630	794,642

Total
comprehensive
income (loss)
for the period

Dividends paid
in cash
Dividends paid
in cash to
non-controlling
interest

(196,308) (196,308) — (196,308)

— (30,573) (30,573)

Balance as of
September 30,
2017
(unaudited)

2,004,743 (150,000) (23,295) 1,425,110 (2,324,866) (2,354,834) 6,311,144 4,888,002 846,352 5,734,354

- (1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg.
- (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, 2017, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of September 30, 2017, the Company held 41,666,666 shares as treasury shares.
- (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 0.1 million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (88.5) million.
- (4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

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 condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

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 year ended December 31, 2017.

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Consolidated Condensed Interim Statements of Cash Flows

	Notes	Nine- month period ended September 30, (Unaudited)	
		2018	2017
Cash flows from operating activities			
Profit for the period		1,210,770	824,909
Adjustments for:			
Depreciation and amortization	7 & 8	443,867	321,932
Income tax accruals less payments		(89,697)	(316,997)
Equity in earnings of non-consolidated companies	9	(54,943)	(52,108)
Interest accruals less payments		(12,956)	7,880
Changes in provisions		1,347	1,896
Changes in working capital (1)		(394,822)	(555,257)
Net foreign exchange results and others		87,962	119,495
Net cash provided by operating activities		1,191,528	351,750
Cash flows from investing activities			
Capital expenditures	7 & 8	(344,398)	(282,873)
Loans to non-consolidated companies		(24,480)	(23,904)
Decrease (Increase) in other investments		58,643	(9,492)
Proceeds from the sale of property, plant and equipment		607	747
Dividends received from non-consolidated companies		—	65
Acquisition of business			
Purchase consideration	13	—	(1,890,989)
Cash acquired	13	—	278,162
Net cash used in investing activities		(309,628)	(1,928,284)
Cash flows from financing activities			
Dividends paid in cash to company's shareholders	10	(215,938)	(196,308)
Dividends paid in cash to non-controlling interest		(31,961)	(30,573)
Finance lease payments		(5,006)	(1,083)
Proceeds from borrowings		1,105,203	2,812,231
Repayments of borrowings		(1,648,233)	(806,274)
Net cash (used in) provided by financing activities		(795,935)	1,777,993
Decrease in cash and cash equivalents		85,965	201,459
Movement in cash and cash equivalents			
At January 1,		337,779	183,463

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Effect of exchange rate changes and initial inflation adjustment	16	(24,684) (1,108)
Increase in cash and cash equivalents		85,965	201,459	
Cash and cash equivalents as of September 30, (2)		399,060	383,814	

Non-cash transactions:

Acquisition of PP&E under lease contract agreements	—	77,436		
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(1) The working capital is impacted by non-cash movement of USD (189.7) million as of September 30, 2018 (USD (36.7) million as of September 30, 2017) due to the variations in the exchange rates used by subsidiaries with functional currencies different from the US dollar.

(2) It includes restricted cash of nil and USD 80 as of September 30, 2018 and 2017, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 75,640 and USD 157,151 as of September 30, 2018 and 2017, respectively.

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 year ended December 31, 2017.

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Notes to the Consolidated Condensed Interim Financial Statements

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

a) 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, 2018, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Ternium’s American Depositary Shares (“ADS”) trade on the New York Stock Exchange under the symbol “TX”.

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, 2017.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period. These reclassifications do not have a material effect on the Company’s condensed interim consolidated financial statements.

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. The main assumptions and estimates were disclosed in the Consolidated Financial Statements for the year ended December 31, 2017, without significant changes since its publication.

Material intercompany transactions and balances have been eliminated in consolidation. However, the fact that the functional currency of the Company’s subsidiaries differs, 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”.

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, 2017, which have

been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in conformity with International Financial Reporting Standards as adopted by the European Union (“EU”). 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, 2017, except for the changes explained in Notes 15 and 16 of these Consolidated Condensed Interim Financial Statements.

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2. ACCOUNTING POLICIES (continued)

None of the accounting pronouncements issued after December 31, 2017, and as of the date of these Consolidated Condensed Interim Financial Statements have a material effect on the Company's financial condition or result or operations.

3. 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. It also includes the sales of energy.

The Steel segment comprises four operating segments: Mexico, Southern Region, Brazil 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 Brazil operating segment includes the business generated in Brazil. The Other markets operating segment includes businesses mainly in United States, Colombia, Guatemala, Costa Rica, Honduras, El Salvador and Nicaragua.

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 and 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. For Peña Colorada, the Company recognizes its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.

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:

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- 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).
- Other timing and non-significant differences.

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

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3. SEGMENT INFORMATION (continued)

	Nine- month period ended September 30, 2018 (Unaudited)			
	Steel	Mining	Inter-segment eliminations	Total
IFRS				
Net sales	8,550,953	210,114	(209,136)	8,551,932
Cost of sales	(6,254,981)	(169,967)	213,349	(6,211,599)
Gross profit	2,295,972	40,147	4,213	2,340,333
Selling, general and administrative expenses	(632,412)	(11,971)	—	(644,383)
Other operating income, net	4,368	709	—	5,077
Operating income - IFRS	1,667,928	28,886	4,213	1,701,027
Management view				
Net sales	9,096,614	254,032	(253,054)	9,097,593
Operating income	1,480,006	81,441	(10,932)	1,550,514
Reconciliation items:				
Differences in Cost of sales				392,973
Effect of inflation adjustment (Note 16)				(242,460)
Operating income - IFRS				1,701,027
Financial income (expense), net				(244,948)
Equity in earnings of non-consolidated companies				54,943
Income before income tax expense - IFRS				1,511,022
Depreciation and amortization - IFRS	(403,896)	(39,971)	—	(443,867)

	Nine- month period ended September 30, 2017 (Unaudited)			
	Steel	Mining	Inter-segment eliminations	Total
IFRS				
Net sales	6,932,764	202,433	(202,409)	6,932,788
Cost of sales	(5,281,939)	(156,926)	206,772	(5,232,093)
Gross profit	1,650,825	45,507	4,363	1,700,695
Selling, general and administrative expenses	(563,473)	(9,099)	—	(572,572)
Other operating income, net	(22,076)	772	—	(21,305)
Operating income - IFRS	1,065,276	37,180	4,363	1,106,818

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Management view				
Net sales	6,782,237	215,663	(215,639)	6,782,261
Operating income	792,893	53,339	868	847,100
Reconciliation items:				
Differences in Cost of sales				259,718
Operating income - IFRS				1,106,818
Financial income (expense), net				(135,837)
Equity in earnings of non-consolidated companies				52,108
Income before income tax expense - IFRS				1,023,089
Depreciation and amortization - IFRS	(285,530)	(36,402)	—	(321,932)

TERNIUM S.A.
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 Interim Financial
 Statements as of
 September 30,
 2018
 and for the
 nine-month
 periods ended
 September 30,
 2018 and 2017

3. SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

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,
 2018 (Unaudited)

	Mexico	Southern region	Brazil and Other markets (2)	Total
Net sales	4,869,687	1,203,633	2,478,612	8,551,932
Non-current assets (1)	4,042,274	893,459	1,665,261	6,600,994

Nine- month period ended September 30,
 2017 (Unaudited)

	Mexico	Southern region	Brazil and Other markets (2)	Total
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