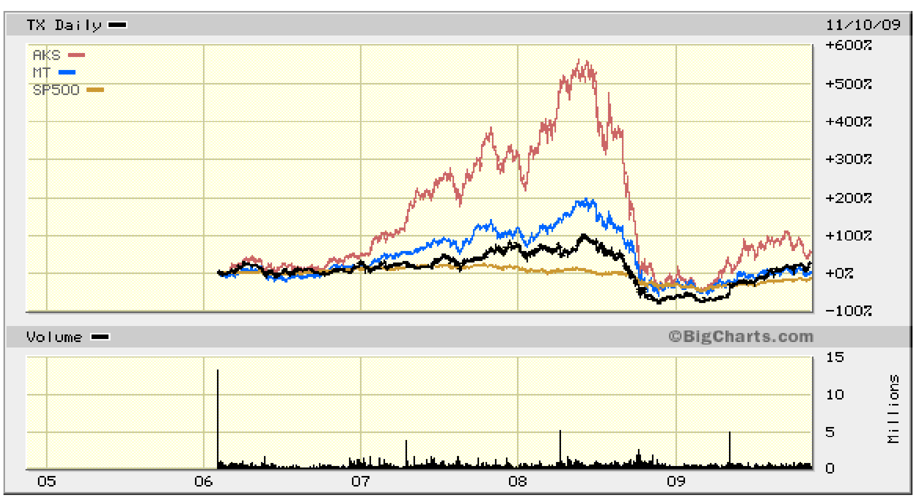
Ternium S.A. (TX) 1/18/10

TX operates in the production of steel and steel products. It operates in three different business segments; Flat Steel Products, Long Steel Products, and Other. TX is a subsidiary of San Faustin N.V., was founded in 1961 and is headquartered in Luxembourg

Current Price	$37.13
52 Week High	$37.95
52 Week Low	$5.46
One Yr Target	$40.00
Market Cap (in billions)	$7.44
P/E (Trailing)	33.21
P/E(1 Yr Forward)	13.75
P/E/G	1.02
ROA	-1.82%
ROE	-3.85%
EPS	$1.12
Beta	1.68
Annualized Dividend	$0.50
Dividend Yield	1.35%
Analyst Consensus	1.80
Debt to Equity	1.08



Annual EPS

2005	$0.27	
2006	$0.21	-23.86%
2007	$0.26	23.88%
2008	$0.36	39.38%
ttm	$1.12	212.13%

Annual Revenue (in millions)

2005	$4,484.90	
2006	$5,633.40	25.61%
2007	$2,690.40	-52.24%
2008	$8,464.90	214.63%

Annual Net Income (in millions)

2005	$546.20	
2006	$415.90	-23.86%
2007	$358.90	-13.71%
2008	$718.10	100.08%

Free Cash Flows (in millions)

2005	$439.20	
2006	$592.20	34.84%
2007	$1,017.50	71.82%
2008	-$228.20	-122.43%

Required Rate of Return

14.80%

Dividend Growth Model

Present Value of 2015 Price	$3.89
Holding Period Return (5 years)	-17.08%

Expected Annualized Return Model

Present Value of 2015 Price	$16.48
Holding Period Return (5 years)	-12.74%

Residual Income Model

Intrinsic Stock Price	$28.61

Analysis

Positives

PEG around one and low Debt/Equity ratio suggest a fair stock price and good company

Negatives

Financial Statements

Income Statement: Revenue growth is nice but margins arent that good

Balance Sheet is ok, nice Retained Earnings growth but also rise in Inventory

Cash Flows are mixed across the past several years

Industry Analysis

Industry is of considerable size and is expected to increase sales in coming years

TX is well liked in the industry and has better than average financial ratios

Summary

TX is a solid company in an industry that should see nice appreciation in the coming years. It has solid if not great financial ratios and solid financial statements, except for a concern of high Inventory. It has a favorable view by most analysts and is expected to see a price increase for the coming years. By most accounts TX is a good player in the steel industry, and the industry outlook is determined from economic output and raw material cost. Recently TX saw a nice price increase but this has led to all three valuation models saying the current price is overvalued. Overall TX is a good company but there isint much incentive left after the rally to warrant buying the stock near its 52 week high, and thus TX earns a **hold** rating.