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TENARIS SA  
Form 6-K  
August 06, 2007

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 August 6, 2007

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

TENARIS, S.A.  
46a, Avenue John F. Kennedy  
L-1855 Luxembourg  
(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    x                    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    x  
              -----                    -----

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- . -

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 Tenaris's press release announcing its 2007 Second Quarter Results.

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.

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Date: August 6, 2007

Tenaris, S.A.

By: /s/ Cecilia Bilesio

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Cecilia Bilesio  
Corporate Secretary

## Tenaris Announces 2007 Second Quarter Results

The financial and operational information contained in this press release is based on unaudited consolidated condensed interim financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and presented in U.S. dollars.

LUXEMBOURG--(BUSINESS WIRE)--Aug. 3, 2007--Tenaris S.A. (NYSE:TS) (BI:TEN) (BMV:TS) (BCBA:TS) ("Tenaris") today announced its results for the quarter and semester ended June 30, 2007 with comparison to its results for the quarter and semester ended June 30, 2006.

### Summary of 2007 Second Quarter Results

(Comparison with first quarter of 2007 and second quarter of 2006)

|   | -----<br>Q2 2007<br>----- | -----<br>Q1 2007<br>----- |    | -----<br>Q2 2006<br>----- |     |
|---|---------------------------|---------------------------|----|---------------------------|-----|
| Net sales (US\$ million)                | 2,604.2                   | 2,425.3                   | 7% | 1,841.3                   | 41% |
| Operating income (US\$ million)         | 780.4                     | 757.6                     | 3% | 690.1                     | 13% |
| Net income (US\$ million)               | 534.5                     | 509.4                     | 5% | 495.8                     | 8%  |
| Shareholders' net income (US\$ million) | 496.0                     | 480.3                     | 3% | 471.8                     | 5%  |
| Earnings per ADS (US\$)                 | 0.84                      | 0.81                      | 3% | 0.80                      | 5%  |
| Earnings per share (US\$)               | 0.42                      | 0.41                      | 3% | 0.40                      | 5%  |
| EBITDA (US\$ million)                   | 910.7                     | 858.1                     | 6% | 745.2                     | 22% |
| EBITDA margin (% of net sales)          | 35%                       | 35%                       |    | 40%                       |     |

Our results in the second quarter continue to reflect a solid operating performance. Net sales were up 41%, operating income up 13% and earnings per share up 5% year on year, as a positive operating environment in the rest of the world offset a sharp decline in drilling activity in Canada. We continue to make progress in integrating our North American operations and positioning our commercial offer with its full range of products. Free cash flow (net cash provided by operations less capital expenditures) totaled

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US\$101.9 million, and net financial debt (total financial debt less cash and other current investments) increased to US\$3,761.7 million at June 30, 2007 following the Hydril acquisition and payment of an annual dividend.

### Appointment of Chief Financial Officer

Carlos Condorelli, who was recently elected to serve as a member of our Board of Directors, will retire from his position as our Chief Financial Officer as of September 30, 2007. He will continue to serve as an advisor to Paolo Rocca, our Chairman and CEO. Ricardo Soler, who served as Executive Vice-President of Confab, our Brazilian welded pipe subsidiary, until November 2006 and is currently serving as CEO of our recently acquired Hydril subsidiary, will be our new CFO. As our CFO since inception as a publicly listed company in 2002, Carlos Condorelli has played a key role in the growth of Tenaris overseeing the exchange offer through which Tenaris was consolidated into a single, global enterprise as well as the subsequent expansion of the Company into Eastern Europe and North America.

### Consolidation of Hydril

These second quarter results include the consolidation of Hydril's results of operations and financial condition beginning in May. Hydril's premium connection business has been included in our Tubes segment and a new segment has been created for Hydril's pressure control business.

### Market Background and Outlook

After fluctuating in the first quarter, oil prices have resumed the upwards trend shown in the past three years as global demand projections have been revised upwards. On the other hand, North American gas prices, which had shown signs of recovery in the first half of 2007 have been falling again as the level of gas in storage has risen to the higher end of the seasonal range. The international count of active drilling rigs, as published by Baker Hughes, continued to rise and averaged 1002 during the second quarter, an increase of 2% over the previous quarter and one of 10% compared to the same quarter of the previous year. In North America, however, where drilling activity is more sensitive to regional gas prices, the Canadian rig count, in addition to showing its customary seasonal weakness, registered a 51% decline in the second quarter of 2007 compared to the same quarter of 2006. The U.S. rig count remained stable showing a 1% increase during the second quarter of 2007 compared to the first quarter of 2007 and was up 8% compared to the second quarter of 2006.

The decline in the Canadian rig count was to a level last seen in 2002 and was concentrated in Western Canadian gas drilling. With North American gas prices continuing to fall, any recovery in Canadian drilling activity in the second half of the year is likely to be limited. Demand in the rest of the world, however, remains firm as oil and gas operators continue to increase investments in exploration and production activity.

The costs of our steelmaking raw materials and energy have risen in the year to date and these cost increases will be more fully reflected in our results for the second half. However, continuing improvements in our product mix should offset the impact of higher costs and the normal seasonal decline in seamless pipe sales volumes in the third quarter on our operating margins in the second half.

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Sales of our pipes for pipeline projects in South America picked up at the end of the first quarter as we commenced deliveries to the GASCAC phase of the GASENE project in Brazil. Sales are expected to remain strong during the rest of the year as we complete deliveries to this and other projects in Brazil.

### Analysis of 2007 Second Quarter Results

| Sales volume (metric tons) | Q2 2007   | Q2 2006 | Increase/ (Decrease) |
|----------------------------|-----------|---------|----------------------|
| Tubes - Seamless           | 750,000   | 765,000 | (2%)                 |
| Tubes - Welded             | 215,000   | 13,000  |                      |
| Tubes - Total              | 965,000   | 778,000 | 24%                  |
| Projects - Welded          | 115,000   | 69,000  | 67%                  |
| Total                      | 1,080,000 | 847,000 | 28%                  |

| Tubes                           | Q2 2007 | Q2 2006 | Increase/ (Decrease) |
|---------------------------------|---------|---------|----------------------|
| (Net sales - US\$ million)      |         |         |                      |
| North America                   | 693.8   | 404.4   | 72%                  |
| South America                   | 326.5   | 238.4   | 37%                  |
| Europe                          | 421.6   | 339.1   | 24%                  |
| Middle East & Africa            | 547.3   | 494.0   | 11%                  |
| Far East & Oceania              | 203.2   | 175.5   | 16%                  |
| Total net sales (US\$ million)  | 2,192.3 | 1,651.4 | 33%                  |
| Cost of sales (% of sales)      | 50%     | 46%     |                      |
| Operating income (US\$ million) | 719.5   | 676.8   | 6%                   |
| Operating income (% of sales)   | 33%     | 41%     |                      |

Net sales of tubular products and services rose 33% to US\$2,192.3 million in the second quarter of 2007, compared to US\$1,651.4 million in the second quarter of 2006, due primarily to the incorporation of sales from the former Maverick and Hydril operations. On a like for like basis, average selling prices rose largely due to product mix improvements. In North America, sales were affected by a sharp decline in drilling activity in Canada, but sales of OCTG products rose in Mexico reflecting a moderate increase in oil and gas drilling activity. In South America, sales benefited from a recovery in demand in Venezuela. In the Middle East and Africa, sales of premium connection and other specialized products increased but demand for API products was lower in some markets following a build up of stocks in 2006. In Europe, sales increased primarily due to an increase in average selling prices.

| Projects                   | Q2 2007 | Q2 2006 | Increase/ (Decrease) |
|----------------------------|---------|---------|----------------------|
| Net sales (US\$ million)   | 200.8   | 104.8   | 92%                  |
| Cost of sales (% of sales) | 72%     | 73%     |                      |

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|                                 |      |      |      |
|---------------------------------|------|------|------|
| Operating income (US\$ million) | 38.3 | 11.0 | 248% |
| Operating income (% of sales)   | 19%  | 11%  |      |

Net sales of pipes for pipeline projects increased 92% to US\$200.8 million in the second quarter of 2007, compared to US\$104.8 million in the second quarter of 2006, reflecting higher sales in Brazil where deliveries for the GASCAC phase of the GASENE project which commenced at the end of the first quarter continued during the period.

| Pressure Control                | Q2 2007 |
|---------------------------------|---------|
| Net sales (US\$ million)        | 49.2    |
| Cost of sales (% of sales)      | 61%     |
| Operating income (US\$ million) | 9.2     |
| Operating income (% of sales)   | 19%     |

Net sales of pressure control products amounted to US\$49.2 million in the two months since we acquired this business from Hydril. The business has a good backlog of orders and sales are expected to remain strong into 2009.

| Others                          | Q2 2007 | Q2 2006 | Increase/ (Decrease) |
|---------------------------------|---------|---------|----------------------|
| Net sales (US\$ million)        | 161.8   | 85.2    | 90%                  |
| Cost of sales (% of sales)      | 79%     | 74%     |                      |
| Operating income (US\$ million) | 13.4    | 2.3     | 484%                 |
| Operating income (% of sales)   | 8%      | 3%      |                      |

Net sales of other products and services rose 90% to US\$161.8 million in the second quarter of 2007, compared to US\$85.2 million in the second quarter of 2006, reflecting the inclusion of sales of conduit pipes.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.7% in the quarter ended June 30, 2007 compared to 13.4% in the corresponding quarter of 2006 due primarily to an increase in amortization expenses following the incorporation of Maverick and Hydril. Amortization of customer relationships and other intangibles acquired with Maverick and Hydril amounted to US\$58 million in the quarter, of which US\$19 million corresponded to Hydril.

Other income and expenses included an expense of US\$10.3 million relating to the settlement of outstanding redemptions on Maverick's 2005 notes.

Net interest expenses rose to US\$47.8 million in the second quarter of 2007 compared to US\$1.2 million in the same period of 2006 reflecting an increased net debt position following the Maverick and Hydril acquisitions.

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Other financial results recorded a gain of US\$15.1 million during the second quarter of 2007, compared to a gain of US\$5.4 million during the second quarter of 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$29.4 million in the second quarter of 2007, compared to a gain of US\$25.6 million in the second quarter of 2006. These gains were derived mainly from our equity investment in Ternium.

Income tax charges totaled US\$242.7 million in the second quarter of 2007, equivalent to 32% of income before equity in earnings of associated companies and income tax, compared to US\$225.7 million in the second quarter of 2006, equivalent to 33% of income before equity in earnings of associated companies and income tax.

Income attributable to minority interest rose to US\$38.5 million in the second quarter of 2007, compared to US\$24.0 million in the corresponding quarter of 2006 reflecting higher operating and financial results at our Confab and NKKTubes subsidiaries.

### Cash Flow and Liquidity

Net cash provided by operations during the second quarter of 2007 was US\$211.1 million (US\$899.4 million in the first half), compared to US\$170.0 million in the second quarter of 2006 (US\$714.1 million in the first half). Cash flow in the second quarter is affected by the concentration of income tax payments made in this quarter. Working capital increased by US\$34.8 million during the second quarter principally in our Projects segment.

Capital expenditures amounted to US\$109.2 million in the second quarter of 2007 (\$229.1 million in the first half), compared to US\$99.6 million in the second quarter of 2006 (US\$169.1 million in the first half). These expenditures reflect the progress of implementation of our two-year investment program to increase capacity for specialized products. During this second quarter of 2007 we completed construction of new heat treatment plants in Mexico and Argentina.

During the first half of 2007, total financial debt increased by US\$1,171.0 million to US\$4,822.3 million at June 30, 2007 from US\$3,651.2 million at December 31, 2006. Net financial debt during the first half of 2007 increased by US\$1,666.4 million to US\$3,761.7 million at June 30, 2007 following the acquisition of Hydril for a total consideration of \$2.0 billion and the payment of \$354 million as an annual dividend in June 2007.

### Analysis of 2007 First Half Results

Net income attributable to equity holders in the company during the first semester of 2007 was US\$976.3 million, or US\$0.83 per share (US\$1.65 per ADS), which compares with net income attributable to equity holders in the company during the first semester of 2006 of US\$891.5 million, or US\$0.76 per share (US\$1.51 per ADS). Operating income was US\$1,538.0 million, or 31% of net sales, compared to US\$1,287.2 million, or 37% of net sales. Operating income plus depreciation and amortization was US\$1,768.8 million, or 35% of net sales, compared to US\$1,397.0 million, or 40% of net sales.

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| Sales volume (metric tons) | H1 2007   | H1 2006   | Increase/(Decrease) |
|----------------------------|-----------|-----------|---------------------|
| Tubes - Seamless           | 1,497,000 | 1,480,000 | 1%                  |
| Tubes - Welded             | 466,000   | 20,000    |                     |
| Tubes - Total              | 1,963,000 | 1,500,000 | 31%                 |
| Projects - Welded          | 190,000   | 127,000   | 50%                 |
| Total                      | 2,153,000 | 1,627,000 | 32%                 |

| Tubes                           | H1 2007 | H1 2006 | Increase/(Decrease) |
|---------------------------------|---------|---------|---------------------|
| (Net sales - US\$ million)      |         |         |                     |
| North America                   | 1,421.6 | 853.9   | 66%                 |
| South America                   | 587.1   | 457.2   | 28%                 |
| Europe                          | 840.3   | 635.2   | 32%                 |
| Middle East & Africa            | 1,127.2 | 804.9   | 40%                 |
| Far East & Oceania              | 360.9   | 348.2   | 4%                  |
| Total net sales (US\$ million)  | 4,337.1 | 3,099.4 | 40%                 |
| Cost of sales (% of sales)      | 50%     | 47%     |                     |
| Operating income (US\$ million) | 1,441.5 | 1,249.0 | 15%                 |
| Operating income (% of sales)   | 33%     | 40%     |                     |

Net sales of tubular products and services rose 40% to US\$4,337.1 million in the first half of 2007, compared to US\$3,099.4 million in the first half of 2006, due primarily to the incorporation of sales from the former Maverick and Hydril operations. On a like for like basis, average selling prices increased due largely to product mix improvements and volumes registered a marginal increase.

| Projects                        | H1 2007 | H1 2006 | Increase/(Decrease) |
|---------------------------------|---------|---------|---------------------|
| Net sales (US\$ million)        | 325.3   | 201.0   | 62%                 |
| Cost of sales (% of sales)      | 70%     | 70%     |                     |
| Operating income (US\$ million) | 64.6    | 27.3    | 137%                |
| Operating income (% of sales)   | 20%     | 14%     |                     |

Net sales of pipes for pipeline projects increased 62% to US\$325.3 million in the first half of 2007, compared to US\$201.0 million in the first half of 2006, reflecting higher sales in Brazil where deliveries for the GASCAC phase of the GASENE project began during the period.

| Pressure Control | H1 2007 |
|------------------|---------|
|                  |         |

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|                                 |      |
|---------------------------------|------|
| Net sales (US\$ million)        | 49.2 |
| Cost of sales (% of sales)      | 61%  |
| Operating income (US\$ million) | 9.2  |
| Operating income (% of sales)   | 19%  |

| Others                          | H1 2007 | H1 2006 | Increase/(Decrease) |
|---------------------------------|---------|---------|---------------------|
| Net sales (US\$ million)        | 318.0   | 162.8   | 95%                 |
| Cost of sales (% of sales)      | 80%     | 75%     |                     |
| Operating income (US\$ million) | 22.6    | 10.9    | 109%                |
| Operating income (% of sales)   | 7%      | 7%      |                     |

Net sales of other products and services rose 95% to US\$318.0 million in the first half of 2007, compared to US\$162.8 million in the first half of 2006, reflecting the inclusion of sales of conduit pipes.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.6% in the semester ended June 30, 2007 compared to 13.4% in the corresponding semester of 2006 due primarily to an increase in amortization expenses following the incorporation of Maverick and Hydril. Amortization of customer relationships and other intangibles acquired with Maverick and Hydril amounted to US\$95 million in the semester, of which US\$19 million corresponded to Hydril.

Net interest expenses rose to US\$83.3 million in the first half of 2007 compared to US\$0.5 million in the same period of 2006 reflecting an increased net debt position following the Maverick and Hydril acquisitions.

Other financial results recorded a gain of US\$2.1 million during the first half of 2007, compared to a gain of US\$15.1 million during the first half of 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$55.3 million in the first half of 2007, compared to a gain of US\$47.1 million in the first half of 2006. These gains were derived mainly from our equity investment in Ternium.

Income tax charges totaled US\$468.2 million in the first half of 2007, equivalent to 32% of income before equity in earnings of associated companies and income tax, compared to US\$415.8 million in the first half of 2006, equivalent to 32% of income before equity in earnings of associated companies and income tax.

Income attributable to minority interest rose to US\$67.6 million in the first half of 2007, compared to US\$46.0 million in the corresponding semester of 2006 reflecting higher operating and financial results at our Confab and NKK Tubes subsidiaries.



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Some of the statements contained in this press release are "forward-looking statements." Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future oil and gas prices and their impact on investment programs by oil and gas companies.

### Consolidated Interim Income Statement

| (all amounts in<br>thousands of U.S.<br>dollars, unless<br>otherwise stated)     | Three-month period<br>ended June 30, |           | Six-month period ended<br>June 30, |             |
|--|--------------------------------------|-----------|------------------------------------|-------------|
|  | 2007                                 | 2006      | 2007                               | 2006        |
| Continuing operations  | (Unaudited)                          |           | (Unaudited)                        |             |
| Net sales  | 2,604,206                            | 1,841,346 | 5,029,505                          | 3,463,237   |
| Cost of sales  | (1,404,558)                          | (903,261) | (2,696,056)                        | (1,719,588) |
| Gross profit   | 1,199,648                            | 938,085   | 2,333,449                          | 1,743,649   |
| Selling, general and<br>administrative expenses                                  | (408,511)                            | (246,142) | (782,778)                          | (462,782)   |
| Other operating income<br>(expense), net   | (10,723)                             | (1,880)   | (12,660)                           | 6,305       |
| Operating income   | 780,414                              | 690,063   | 1,538,011                          | 1,287,172   |
| Interest income  | 20,208                               | 13,221    | 42,399                             | 25,616      |
| Interest expense   | (67,996)                             | (14,437)  | (125,723)                          | (26,076)    |
| Other financial results  | 15,121                               | 5,386     | 2,078                              | 15,083      |
| Income before equity in<br>earnings of associated<br>companies and income<br>tax | 747,747                              | 694,233   | 1,456,765                          | 1,301,795   |
| Equity in earnings of<br>associated companies                                    | 29,398                               | 25,551    | 55,305                             | 47,072      |
| Income before income tax   | 777,145                              | 719,784   | 1,512,070                          | 1,348,867   |
| Income tax   | (242,659)                            | (225,739) | (468,190)                          | (415,765)   |
| Income for continuing<br>operations  | 534,486                              | 494,045   | 1,043,880                          | 933,102     |
| Discontinued operations  |                                      |           |                                    |             |
| Income for discontinued<br>operations  | -                                    | 1,719     | -                                  | 4,352       |
| Income for the period  | 534,486                              | 495,764   | 1,043,880                          | 937,454     |
| Attributable to:   |                                      |           |                                    |             |
| Equity holders of the<br>Company   | 495,950                              | 471,771   | 976,254                            | 891,459     |
| Minority interest  | 38,536                               | 23,993    | 67,626                             | 45,995      |

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534,486      495,764      1,043,880      937,454

Consolidated Interim Balance  
Sheet

(all amounts in thousands of  
U.S. dollars)

At June 30, 2007      At December 31, 2006

(Unaudited)

ASSETS

Non-current assets

|                                     |           |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Property, plant and equipment, net  | 3,228,277 |           | 2,939,241 |           |
| Intangible assets, net              | 4,925,668 |           | 2,844,498 |           |
| Investments in associated companies | 478,663   |           | 422,958   |           |
| Other investments                   | 40,829    |           | 26,834    |           |
| Deferred tax assets                 | 337,460   |           | 291,641   |           |
| Receivables                         | 43,879    | 9,054,776 | 41,238    | 6,566,410 |

Current assets

|                             |           |           |           |           |
|-----------------------------|-----------|-----------|-----------|-----------|
| Inventories                 | 2,640,572 |           | 2,372,308 |           |
| Receivables and prepayments | 258,930   |           | 272,632   |           |
| Current tax assets          | 200,650   |           | 202,718   |           |
| Trade receivables           | 1,818,443 |           | 1,625,241 |           |
| Other investments           | 169,411   |           | 183,604   |           |
| Cash and cash equivalents   | 891,159   | 5,979,165 | 1,372,329 | 6,028,832 |

Total assets

15,033,941      12,595,242

EQUITY

Capital and reserves attributable to the Company's equity holders

|                                  |           |           |           |           |
|----------------------------------|-----------|-----------|-----------|-----------|
| Share capital                    | 1,180,537 |           | 1,180,537 |           |
| Legal reserves                   | 118,054   |           | 118,054   |           |
| Share premium                    | 609,733   |           | 609,733   |           |
| Currency translation adjustments | 141,928   |           | 3,954     |           |
| Other reserves                   | 27,931    |           | 28,757    |           |
| Retained earnings                | 4,019,677 | 6,097,860 | 3,397,584 | 5,338,619 |

Minority interest

427,557      363,011

Total equity

6,525,417      5,701,630

LIABILITIES

Non-current liabilities

|                          |           |  |           |  |
|--------------------------|-----------|--|-----------|--|
| Borrowings               | 3,955,243 |  | 2,857,046 |  |
| Deferred tax liabilities | 1,358,852 |  | 991,945   |  |
| Other liabilities        | 218,543   |  | 186,724   |  |
| Provisions               | 92,899    |  | 92,027    |  |

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|                              |         |            |         |            |
|------------------------------|---------|------------|---------|------------|
| Trade payables               | 343     | 5,625,880  | 366     | 4,128,108  |
|                              | -----   |            | -----   |            |
| Current liabilities          |         |            |         |            |
| Borrowings                   | 867,049 |            | 794,197 |            |
| Current tax liabilities      | 397,853 |            | 565,985 |            |
| Other liabilities            | 261,535 |            | 187,701 |            |
| Provisions                   | 24,453  |            | 26,645  |            |
| Customer advances            | 488,649 |            | 352,717 |            |
| Trade payables               | 843,105 | 2,882,644  | 838,259 | 2,765,504  |
| Total liabilities            |         | 8,508,524  |         | 6,893,612  |
| Total equity and liabilities |         | 15,033,941 |         | 12,595,242 |

Consolidated Interim Cash Flow Statement

|  | Three-month period<br>ended June 30, |           | Six-month period<br>ended June 30, |           |
|--|--------------------------------------|-----------|------------------------------------|-----------|
| (all amounts in<br>thousands of U.S.<br>dollars)         | 2007                                 | 2006      | 2007                               | 2006      |
|  | -----<br>(Unaudited)                 |           | -----<br>(Unaudited)               |           |
| Cash flows from<br>operating activities                  |                                      |           |                                    |           |
| Income for the period                                    | 534,486                              | 495,764   | 1,043,880                          | 937,454   |
| Adjustments for:   |                                      |           |                                    |           |
| Depreciation and<br>amortization                         | 130,284                              | 55,115    | 230,771                            | 109,790   |
| Income tax accruals less<br>payments                     | (375,170)                            | (173,618) | (249,793)                          | (90,160)  |
| Equity in earnings of<br>associated companies            | (29,398)                             | (25,551)  | (55,305)                           | (47,072)  |
| Interest accruals less<br>payments, net                  | (40,564)                             | (6,756)   | 4,865                              | (1,464)   |
| Income from disposal of<br>investment                    | -                                    | -         | -                                  | (6,933)   |
| Changes in provisions                                    | 3,750                                | 4,800     | (3,480)                            | 5,531     |
| Changes in working<br>capital                            | (34,846)                             | (195,284) | (125,365)                          | (219,541) |
| Other, including<br>currency translation<br>adjustment   | 22,560                               | 15,525    | 53,803                             | 26,472    |
| Net cash provided by<br>operating activities             | 211,102                              | 169,995   | 899,376                            | 714,077   |
| Cash flows from<br>investing activities                  |                                      |           |                                    |           |
| Capital expenditures                                     | (109,237)                            | (99,572)  | (229,149)                          | (169,101) |
| Acquisitions of<br>subsidiaries and<br>minority interest | (1,925,432)                          | (9,301)   | (1,927,182)                        | (39,110)  |
| Other disbursements<br>relating to the                   |                                      |           |                                    |           |

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|   |             |           |             |           |
|---|-------------|-----------|-------------|-----------|
| acquisition of Hydril   | (71,580)    | -         | (71,580)    | -         |
| Decrease in subsidiaries  | -           | -         | (1,195)     | -         |
| Proceeds from disposal of property, plant and equipment and intangible assets | 1,903       | 1,568     | 4,596       | 3,388     |
| Dividends received  | 11,496      | -         | 11,496      | -         |
| Changes in restricted bank deposits   | -           | (21)      | -           | 627       |
| Investments in short terms securities   | 19,277      | 1,120     | 14,193      | (176,530) |
|   | -----       | -----     | -----       | -----     |
| Net cash used in investing activities   | (2,073,573) | (106,206) | (2,198,821) | (380,726) |
|   | -----       | -----     | -----       | -----     |
| Cash flows from financing activities  |             |           |             |           |
| Dividends paid  | (354,161)   | (204,233) | (354,161)   | (204,233) |
| Dividends paid to minority interest in subsidiaries                           | (36,563)    | (8,420)   | (39,922)    | (16,001)  |
| Proceeds from borrowings  | 2,159,852   | 133,478   | 2,208,026   | 234,563   |
| Repayments of borrowings  | (657,814)   | (115,558) | (1,018,713) | (270,159) |
|   | -----       | -----     | -----       | -----     |
| Net cash provided by (used in) financing activities                           | 1,111,314   | (194,733) | 795,230     | (255,830) |
|   | -----       | -----     | -----       | -----     |
| (Decrease) Increase in cash and cash equivalents                              | (751,157)   | (130,944) | (504,215)   | 77,521    |
| Movement in cash and cash equivalents   |             |           |             |           |
| At beginning of the period  | 1,614,686   | 887,222   | 1,365,008   | 680,591   |
| Effect of exchange rate changes   | 19,513      | (4,019)   | 22,249      | (5,853)   |
| (Decrease) Increase in cash and cash equivalents                              | (751,157)   | (130,944) | (504,215)   | 77,521    |
| At June 30,   | 883,042     | 752,259   | 883,042     | 752,259   |
|   | -----       | -----     | -----       | -----     |
|   | At June 30, |           | At June 30, |           |
|   | -----       | -----     | -----       | -----     |
| Cash and cash equivalents   | 2007        | 2006      | 2007        | 2006      |
| Cash and bank deposits  | 891,159     | 776,146   | 891,159     | 776,146   |
| Bank overdrafts   | (8,096)     | (22,466)  | (8,096)     | (22,466)  |
| Restricted bank deposits  | (21)        | (1,421)   | (21)        | (1,421)   |
|   | 883,042     | 752,259   | 883,042     | 752,259   |
| Non-cash financing activity   | 2007        | 2006      | 2007        | 2006      |
| Conversion of debt to equity in subsidiaries                                  | 35,140      | -         | 35,140      | -         |

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