

TENARIS SA  
Form 6-K  
August 06, 2012

---

---

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, 2012

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

TENARIS, S.A.  
29 avenue de la Porte-Neuve  
3rd Floor  
L-2227 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  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): 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 Half-Year Report 2012 .

PART I 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.

Date: August 6, 2012

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

---

TENARIS S.A.  
HALF-YEAR REPORT 2012

---

TABLE OF CONTENTS

Interim Management Report	2
COMPANY OVERVIEW	3
PRINCIPAL RISKS AND UNCERTAINTIES	4
BUSINESS OVERVIEW	6
RELATED PARTY TRANSACTIONS	13
Management Certification	14
Financial Information	15
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS	15
Investor Information	33

---

## Interim Management Report

### CERTAIN DEFINED TERMS

Unless otherwise specified or if the context so requires:

- References in this half-year report to “the Company” refer exclusively to Tenaris S.A., a Luxembourg public limited liability company (société anonyme).
- References in this half-year report to “Tenaris”, “we”, “us” or “our” refer to Tenaris S.A. and its consolidated subsidiaries.
- References in this half-year report to “San Faustin” refer to San Faustin S.A. (formerly known as San Faustin N.V.), a Luxembourg public limited liability company (société anonyme) and the Company’s controlling shareholder.
  - “Shares” refers to ordinary shares, par value \$1.00, of the Company.
- “ADSs” refers to the American Depositary Shares, which are evidenced by American Depositary Receipts, and represent two Shares each.
- “tons” refers to metric tons; one metric ton is equal to 1,000 kilograms, 2,204.62 pounds, or 1.102 U.S. (short) tons.
  - “billion” refers to one thousand million, or 1,000,000,000.
  - “U.S. dollars”, “US\$”, “USD” or “\$” each refers to the United States dollar.

### PURPOSE

This half-year report for the six-month period ended June 30, 2012 has been prepared in compliance with Article 4 of the Luxembourg Transparency Law of 11 January 2008, and should be read in conjunction with the annual report for the year ended December 31, 2011 (including the financial statements included therein) and the unaudited consolidated condensed interim financial statements included in this half-year report.

### PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

#### Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union, or IFRS.

We publish consolidated financial statements expressed in U.S. dollars. The unaudited consolidated condensed interim financial statements included in this half-year report have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These unaudited consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS. See Note 2 “Accounting Policies and Basis of Presentation” to our unaudited consolidated condensed interim financial statements included in this half-year report.

The unaudited consolidated condensed interim financial statements included in this half-year report have been reviewed by PricewaterhouseCoopers S.c., Réviseur d’entreprises agréé, for purposes of complying with the requirements of the different jurisdictions where the Company is publicly listed.

Rounding

Certain monetary amounts, percentages and other figures included in this half-year report 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.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This half-year report and any other oral or written statements made by us to the public may contain “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.

We use words such as “aim”, “will likely result”, “will continue”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “show”, “pursue”, “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe” and words and terms of similar substance to identify forward-looking statements, but they are not the only way we identify such statements. All forward-looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include the risks related to our business discussed under “Principal Risks and Uncertainties”, among them, the following:

- our ability to implement our business strategy or to grow through acquisitions, joint ventures and other investments;
  - the competitive environment in our business and our industry
  - our ability to price our products and services in accordance with our strategy;
  - trends in the levels of investment in oil and gas exploration and drilling worldwide;
- general macroeconomic and political conditions and developments in the countries in which we operate or distribute pipes; and
  - our ability to absorb cost increases and to secure supplies of essential raw materials and energy.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses that may affect our financial condition and results of operations could differ materially from those that have been estimated. You should not place undue reliance on the forward-looking statements, which speak only as of the date of this half-year report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

## COMPANY OVERVIEW

We are a leading global manufacturer and supplier of steel pipe products and related services for the world’s energy industry and for other industrial applications. Our customers include most of the world’s leading oil and gas companies as well as engineering companies engaged in constructing oil and gas gathering, transportation, processing and power generation facilities. Our principal products include casing, tubing, line pipe, and mechanical and structural pipes.

Over the last two decades, we have expanded our business globally through a series of strategic investments. We now operate an integrated worldwide network of steel pipe manufacturing, research, finishing and service facilities with industrial operations in the Americas, Europe, Asia and Africa and a direct presence in most major oil and gas

markets.

Our mission is to deliver value to our customers through product development, manufacturing excellence, and supply chain management. We seek to minimize risk for our customers and help them reduce costs, increase flexibility and improve time-to-market. Our employees around the world are committed to continuous improvement by sharing knowledge across a single global organization.

For more information on the Company, including its competitive strengths, business segments and products see our annual report for the year ended December 31, 2011, and for a discussion and analysis of our financial condition and results of operations see “Business overview - Operating and Financial Review and Prospects” in this half-year report.

3

---



Tenaris S.A. Half-year report 2012-Interim management report

---

## PRINCIPAL RISKS AND UNCERTAINTIES

We face certain risks associated to our business and the industry in which we operate. We are a global steel pipe manufacturer with a strong focus on manufacturing products and related services for the oil and gas industry. Demand for our products depends primarily on the level of exploration, development and production activities of oil and gas companies which is affected by current and expected future prices of oil and natural gas. Several factors, such as the supply and demand for oil and gas, and political and global economic conditions, affect these prices. The global financial and economic crisis, which started in 2008, resulted in a significant decline in oil and gas prices, affected the level of drilling activity and triggered efforts to reduce inventories, adversely affecting demand for our products and services and therefore our revenues, profitability and financial position. Although the global economy began to recover in the second half of 2009, and in 2010 and 2011 demand for OCTG increased, following the recovery in the level of drilling activity driven by investments in oil and liquid rich gas shale plays, the recovery has been slow and uncertain. Performance may be further affected by changes in governmental policies, the impact of credit restrictions on our customers' ability to perform their payment obligations with us and any adverse economic, political or social developments in our major markets. In turn, our profitability may be hurt if increases in our selling prices are offset by increases in the cost of raw materials and energy. We responded well to the crisis; however, a new global recession, a recession in the developed countries, a cooling of emerging market economies, or an extended period of below-trend growth in the economies that are major consumers of steel pipe products would likely result in reduced demand of our products, adversely affecting our revenues, profitability and financial condition.

We have significant operations in various countries, including Argentina, Brazil, Canada, Colombia, Indonesia, Italy, Japan, Mexico, Nigeria, Romania and the United States, and we sell our products and services throughout the world. Therefore, like other companies with worldwide operations, our business and operations have been, and could in the future be, affected from time to time to varying degrees by political developments, events, laws and regulations (such as nationalization, expropriations or forced divestiture of assets; restrictions on production, imports and exports, interruptions in the supply of essential energy inputs; exchange and/or transfer restrictions, inability or increasing difficulties to repatriate income or capital; inflation; devaluation; war or other international conflicts; civil unrest and local security concerns, including high incidences of crime and violence involving drug trafficking organizations that threaten the safe operation of our facilities and operations; direct and indirect price controls; tax increases; changes in the interpretation, application or enforcement of tax laws and other retroactive tax claims or challenges; changes in laws, norms and regulations; cancellation of contract rights; and delays or denials of governmental approvals). As a global company, a portion of our business is carried out in currencies other than the U.S. dollar, which is the Company's functional currency. As a result, we are exposed to foreign exchange rate risk, which could adversely affect our financial position and results of operations.

In 2009, Venezuela's President Hugo Chávez announced the nationalization of Tavsa, Matesi, Materiales Siderúrgicos S.A., or Matesi, and Complejo Siderurgico de Guayana, C.A., or Comsigua, and Venezuela formally assumed exclusive operational control over the assets of Tavsa. In 2010, Venezuela's National Assembly declared Matesi's assets to be of public and social interest and ordered the Executive Branch to take the necessary measures for the expropriation of such assets. Our investments in Tavsa, Matesi and Comsigua are protected under applicable bilateral investment treaties, including the bilateral investment treaty between Venezuela and the Belgian-Luxembourgish Union, and Tenaris continues to reserve all of its rights under contracts, investment treaties and Venezuelan and international law, and to consent to the jurisdiction of the International Centre for Settlement of Investment Disputes, or ICSID in connection with the nationalization process. However, we can give no assurance that the Venezuelan government will agree to pay a fair and adequate compensation for our interest in Tavsa, Matesi and Comsigua, or that any such compensation will be freely convertible into or exchangeable for foreign currency. In August 2011, Tenaris and its wholly-owned subsidiary Talta - Trading e Marketing Sociedad Unipessoal Lda, or Talta, initiated arbitration

proceedings against Venezuela before the ICSID, in connection with the nationalization of Matesi. In addition, in July 2012, Tenaris and Talta initiated separate arbitration proceedings against Venezuela before the ICSID regarding Tavsa and Comsigua. In these proceedings, Tenaris and Talta seek adequate and effective compensation for the expropriation of their respective investments in Matesi, Tavsa and Comsigua. For further information on the nationalization of the Venezuelan subsidiaries, see note 13 “Nationalization of Venezuelan Subsidiaries” to our unaudited consolidated condensed interim financial statements included in this half-year report.

A key element of our business strategy is to develop and offer higher value-added products and services and to continuously identify and pursue growth-enhancing strategic opportunities. We must necessarily base any assessment of potential acquisitions and partnerships on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Failure to successfully implement our strategy, or to integrate future acquisitions and strategic partnerships, or to sell acquired assets or business unrelated to our business under favorable terms and conditions, could affect our ability to grow, our competitive position and our sales and profitability. In addition, failure to agree with our joint venture partner in Japan on the strategic direction of our joint operations may have an adverse impact on our operations in Japan.

Tenaris S.A. Half-year report 2012-Interim management report

---

We may be required to record a significant charge to earnings if we must reassess our goodwill or other intangible assets as a result of changes in assumptions underlying the carrying value of certain assets, particularly as a consequence of deteriorating market conditions. At December 31, 2011 we had \$1,805.8 million in goodwill corresponding mainly to the acquisition of Hydril, in 2007 (\$919.9 million) and Maverick, in 2006 (\$771.3 million). No impairment charge was recorded in the last three years. In 2010, we reversed \$67.3 million of an impairment recorded in 2008 on Prudential's customer relationships. If our management were to determine in the future that the goodwill or other intangible assets from the acquisitions of Maverick and Hydril were impaired, particularly as a consequence of deteriorating market conditions, we would be required to recognize a non-cash charge to reduce the value of this goodwill, which would adversely affect our results of operations. In addition, in January 2012, we invested US\$504.6 million in Usinas Siderúrgicas de Minas Gerais S.A., or Usiminas, on which the Company has not yet completed any impairment test.

Potential environmental, product liability and other claims arising from the inherent risks associated with the products we sell and the services we render, including well failures, line pipe leaks, blowouts, bursts and fires, that could result in death, personal injury, property damage, environmental pollution or loss of production could create significant liabilities for us. Environmental laws and regulations may, in some cases, impose strict liability (even joint and several strict liability) rendering a person liable for damages to natural resources or threats to public health and safety without regard to negligence or fault. In addition, we are subject to a wide range of local, provincial and national laws, regulations, permit requirements and decrees relating to the protection of human health and the environment, including laws and regulations relating to hazardous materials and radioactive materials and environmental protection governing air emissions, water discharges and waste management. Laws and regulations protecting the environment have become increasingly complex and more stringent and expensive to implement in recent years. The cost of complying with such regulations is not always clearly known or determinable since some of these laws have not yet been promulgated or are under revision. These costs, along with unforeseen environmental liabilities, may increase our operating costs or negatively impact our net worth.

We conduct business in certain countries known to experience governmental corruption. Although we are committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to our business, there is a risk that our employees or representatives may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act, or FCPA. Particularly in respect of FCPA, we entered into settlements with the U.S. Department of Justice, or DOJ, and the U.S. Securities and Exchange Commission, or SEC, on May 17, 2011 and we undertook several remediation efforts, including voluntary enhancements to our compliance program. If we fail to comply with any term or in any way violate any provision of the settlements, we could be subject to severe sanctions and civil and criminal prosecution.

As a holding company, our ability to pay expenses, debt service and cash dividends depends on the results of operations and financial condition of our subsidiaries, which could be restricted by legal, contractual or other limitations, including exchange controls or transfer restrictions, and other agreements and commitments of our subsidiaries.

The Company's controlling shareholder may be able to take actions that do not reflect the will or best interests of other shareholders.



Tenaris S.A. Half-year report 2012-Interim management report

---

## BUSINESS OVERVIEW

### Operating and Financial Review and Prospects

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and the related notes included in our annual report for the year ended December 31, 2011, and is based on, and should be read in conjunction with, the unaudited consolidated condensed interim financial statements for the six-month period ended June 30, 2012, included in this half-year report.

Certain information contained in this discussion and analysis and presented elsewhere in this half-year report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See “Cautionary Statement Concerning Forward-Looking Statements” in this half-year report. In evaluating this discussion and analysis, you should specifically consider the various risk factors identified in “Principal Risks and Uncertainties”, other risk factors identified elsewhere in this half-year report and other factors that could cause results to differ materially from those expressed in such forward-looking statements.

### Market Background and Outlook

Global demand for energy, in spite of the deteriorating economic climate in Europe, remains stable and energy companies are maintaining their programs in exploration and production activity for 2012. Demand for tubular products for complex applications is growing as investments take place in more difficult and unconventional operating environments.

With the recent volatility in oil prices and continuing low natural gas prices, drilling activity in North America is expected to decline by the end of the year, as lower gas drilling is not likely to be compensated by additional oil drilling. In the rest of the world, drilling activity should continue to increase led by the growth in the development of deepwater and unconventional reserves as well as complex conventional gas drilling.

In the second half of the year, sales to oil and gas customers, particularly in South America and in the Eastern Hemisphere, are expected to increase, while sales to the industrial markets will decline reflecting the slowdown in industrial activity, particularly in Europe.

Operating margins for the rest of 2012 are expected to remain close to current levels as mix improvements, lower raw material costs and increased efficiency in our industrial system offset the impact of lower prices in less differentiated segments.

Sales and operating income are expected to continue to show solid year on year growth during the remainder of the year but third quarter results will be affected by seasonal factors.

## Tenaris S.A. Half-year report 2012-Interim management report

## Results of Operations

## Unaudited Consolidated condensed interim income statement

(all amounts in thousands of U.S. dollars, unless otherwise stated)

	2012		Six-month period ended June 30, 2011	
		%		%
Continuing operations				
Net sales	5,418,841	100.0	4,727,087	100.0
Cost of sales	(3,305,809)	(61.0)	(2,971,375)	(62.9)
Gross profit	2,113,032	39.0	1,755,712	37.1
Selling, general and administrative expenses	(930,798)	(17.2)	(919,977)	(19.5)
Other operating income (expense), net	4,853	0.1	2,649	0.1
Operating income	1,187,087	21.9	838,384	17.7
Interest income	15,289	0.3	14,200	0.3
Interest expense	(22,613)	(0.4)	(25,289)	(0.5)
Other financial results	(3,395)	(0.1)	(11,350)	(0.2)
Income before equity in earnings of associated companies and income tax	1,176,368	21.7	815,945	17.3
Equity in earnings of associated companies	30,218	0.6	47,005	1.0
Income before income tax	1,206,586	22.3	862,950	18.3
Income tax	(292,999)	(5.4)	(234,050)	(5.0)
Income for the period	913,587	16.9	628,900	13.3
Attributable to:				
Equity holders of the Company	904,929	16.7	606,592	12.8
Non-controlling interests	8,658	0.2	22,308	0.5
	913,587	16.9	628,900	13.3

## Tenaris S.A. Half-year report 2012-Interim management report

## Selected consolidated financial position data

Thousands of U.S.  
dollars (except  
number of shares)

	June 30, 2012	December 31, 2011
Current assets	6,566,056	6,393,221
Property, plant and equipment, net	4,215,747	4,053,653
Other non-current assets	4,747,456	4,416,761
Total assets	15,529,259	14,863,635
Current liabilities	2,911,307	2,403,699
Non-current borrowings	676,077	149,775
Deferred tax liabilities	791,006	828,545
Other non-current liabilities	273,191	308,673
Total liabilities	4,651,581	3,690,692
Capital and reserves attributable to the Company's equity holders	10,699,313	10,506,227
Non-controlling interests	178,365	666,716
Total liabilities and equity	15,529,259	14,863,635
Number of shares outstanding(Fa	1,180,536,830	1,180,536,830

## Tenaris S.A. Half-year report 2012-Interim management report

Six-month period ended June 30, 2012, compared to six-month period ended June 30, 2011

## Summary

Net income attributable to equity holders in the Company during the first semester of 2012 was US\$904.9 million, or US\$0.77 per share (US\$1.53 per ADS), which compares with net income attributable to equity holders in the Company during the first semester of 2011 of US\$606.6 million, or US\$0.51 per share (US\$1.03 per ADS). Operating income was US\$1,187.1 million, or 22% of net sales during the first semester of 2012, compared to US\$838.4 million, or 18% of net sales during the first semester of 2011. Operating income plus depreciation and amortization for the first semester of 2012, was US\$1,463.0 million, or 27% of net sales, compared to US\$1,103.8 million, or 23% of net sales during the first semester of 2011.

## Net Sales, Cost of Sales and Operating Income by segment

The following table shows our net sales by business segment for the periods indicated below:

Millions of U.S. dollars	For the six-month period ended June 30,							
	2012			2011			Increase / (Decrease)	
Tubes	4,706.4	87	%	3,965.1	84	%	19	%
Projects	327.9	6	%	387.3	8	%	(15)	%
Others	384.6	7	%	374.6	8	%	3	%
Total	5,418.8	100	%	4,727.1	100	%	15	%

The following table indicates our sales volume of seamless and welded pipes by business segment for the periods indicated below:

Thousands of tons	For the six-month period ended June 30,			
	2012	2011	Increase / (Decrease)	
Tubes – Seamless	1,365	1,254	9	%
Tubes – Welded	488	431	13	%
Tubes – Total	1,853	1,685	10	%
Projects – Welded	98	143	(31)	%
Total – Tubes + Projects	1,951	1,828	7	%

## Tubes

The following table indicates, for our “Tubes” business segment, net sales by geographic region, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales for the periods indicated



below:

Millions of U.S. dollars	For the six-month period ended June 30,		Increase / (Decrease)	
	2012	2011		
Net sales				
- North America	2,580.3	1,924.5	34	%
- South America	668.5	646.1	3	%
- Europe	550.9	522.8	5	%
- Middle East & Africa	646.2	601.5	7	%
- Far East & Oceania	260.5	270.2	(4)	(%)
Total net sales	4,706.4	3,965.1	19	%
Cost of sales (% of sales)	60	%	62	%
Operating income	1,056.7	678.7	56	%
Operating income (% of sales)	22	%	17	%

Net sales of tubular products and services increased 19% to US\$4,706.4 million in the first half of 2012, compared to US\$3,965.1 million in the first half of 2011, reflecting a 10% increase in volumes and an 8% increase in average selling prices.

## Tenaris S.A. Half-year report 2012-Interim management report

Cost of sales of tubular products and services, expressed as a percentage of net sales, decreased from 62% in the first half of 2011, to 60% in the first half of 2012, as tubes price increases offset the increase in raw material costs that took place in the first half of 2011.

Operating income from tubular products and services increased 56% to US\$1,056.7 million in the first half of 2012, from US\$678.7 million in the first half of 2011, due to a 19% increase in sales and an increase of 5 percentage points in the operating margin, due to lower cost of sales as a percentage of sales (60% in first half 2012 vs. 62% in first half 2011) and lower SG&A as a percentage of sales (18% in first half 2012 vs. 21% in first half 2011), due to a better absorption of fixed and semi-fixed expenses on higher sales.

## Projects

The following table indicates, for our “Projects” business segment, net sales, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales for the periods indicated below:

Millions of U.S. dollars	For the six-month period ended June 30,		Increase / (Decrease)	
	2012	2011		
Net sales	327.9	387.3	(15	%)
Cost of sales (% of sales)	65	% 66	%	
Operating income	73.4	83.3	(12	%)
Operating income (% of sales)	22	% 21	%	

Projects net sales decreased 15% to US\$327.9 million in the first half of 2012, compared to US\$387.3 million in the first half of 2011, reflecting a 31% decrease in volumes, partially offset by a 23% increase in average selling prices.

Operating income from Projects decreased 12% to US\$73.4 million in the first half of 2012, from US\$83.3 million in the first half of 2011, mainly reflecting a decrease in sales, partially offset by higher operating margins.

## Others

The following table indicates, for our “Others” business segment, net sales, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales for the periods indicated below:

Millions of U.S. dollars	For the six-month period ended June 30,		Increase / (Decrease)	
	2012	2011		
Net sales	384.6	374.6	3	%
Cost of sales (% of sales)	72	% 68	%	
Operating income	57.0	76.4	(25	%)
Operating income (% of sales)	15	% 20	%	

Net sales of other products and services increased 3% to US\$384.6 million in the first half of 2012, compared to US\$374.6 million in the first half of 2011, mainly due to higher sales of sucker rods.

Operating income from other products and services decreased to US\$57.0 million in the first half of 2012, compared to US\$76.4 million during the first half of 2011, as the increase in sales was offset by a lower operating margin.

Selling, general and administrative expenses, or SG&A, decreased as a percentage of net sales to 17.2% in the semester ended June 30, 2012 compared to 19.5% in the corresponding semester of 2011, mainly due to the effect of fixed and semi-fixed expenses over higher revenues.

Net interest expenses decreased to US\$7.3 million in the first half of 2012 compared to US\$11.1 million in the same period of 2011.

Other financial results recorded a loss of US\$3.4 million during the first half of 2012, compared to a loss of US\$11.4 million during the first half of 2011. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are partially offset by changes to our net equity position. These gains and losses are mainly attributable to variations in the exchange rates between our subsidiaries' functional currency (other than the US dollar) and the US dollar, in accordance with IFRS.

## Tenaris S.A. Half-year report 2012-Interim management report

Equity in earnings of associated companies generated a gain of US\$30.2 million in the first half of 2012, compared to a gain of US\$47.0 million in the first half of 2011. These gains were derived mainly from our equity investment in Ternium.

Income tax charges amounted to US\$293.0 million in the first half of 2012, equivalent to 25% of income before equity in earnings of associated companies and income tax, compared to US\$234.0 million in the first half of 2011, equivalent to 29% of income before equity in earnings of associated companies and income tax. During the first half of 2012, the tax rate benefited from a more favorable mix of companies.

Income attributable to non-controlling interests amounted to US\$8.7 million in the first half of 2012, compared to US\$22.3 million in the corresponding semester of 2011. In May 2012, we completed the acquisition of all the non-controlling interests of Confab.

## Liquidity and Capital Resources

The following table provides certain information related to our cash generation and changes in our cash and cash equivalents position for the periods indicated below:

Millions of U.S. dollars	For the six-month period ended	
	June 30, 2012	2011
Net cash provided by operating activities	1,019.2	490.8
Net cash used in investing activities	(869.3 )	(637.3)
Net cash used in financing activities	(279.5 )	(321.5)
Decrease in cash and cash equivalents	(129.6 )	(467.9)
Cash and cash equivalents at the beginning of year	815.0	820.2
Effect of exchange rate changes	8.2	9.8
Decrease in cash and cash equivalents	(129.6 )	(467.9)
Cash and cash equivalents at period end	693.7	362.0

Net cash provided by operations during the first half of 2012 rose to US\$1,019.2 million, compared to US\$490.8 million in the first half of 2011, mainly due to higher result and lower investments in working capital in the first half

of 2012.

Capital expenditures amounted to \$400.9 million in the first half of 2012, compared to US\$461.8 million in the first half of 2011.

Following our investments in Brazil during the first semester of 2012, amounting to US\$1.3 billion (US\$504.6 million in Usiminas and US\$758.5 million in Confab) and the payment of a dividend of US\$295.1 million, our financial position at June 30, 2012, amounted to a net debt position (total borrowings less cash and other current investments) of US\$540.5 million, compared with a net cash position of US\$323.6 million at December 31, 2011. For a discussion of these investments see note 11 “Other acquisitions” to our unaudited consolidated condensed interim financial statements included in this half-year report.

Tenaris S.A. Half-year report 2012-Interim management report

---

## MAIN EVENTS OF THE PERIOD

### Acquisition of participation in Usiminas

On January 16, 2012, Tenaris's Brazilian subsidiary, Confab Industrial S.A. ("Confab") acquired 25 million ordinary shares of Usiminas, representing 5.0% of the shares with voting rights and 2.5% of the total share capital. The price paid for each ordinary share was Brazilian reais 36, representing a total cost to Confab of US\$504.6 million. Confab financed the acquisition through an unsecured 5-year term loan in the principal amount of US\$350 million and cash on hand.

This acquisition is part of a larger transaction pursuant to which Ternium, certain of its subsidiaries and Confab joined Usiminas' existing control group through the acquisition of ordinary shares representing 27.7% of Usiminas' total voting capital and 13.8% of Usiminas' total share capital. In addition, Ternium, its subsidiaries and Confab entered into an amended and restated Usiminas shareholders' agreement with Nippon Steel, Mitsubishi, Metal One and Caixa dos Empregados da Usiminas ("CEU"), an Usiminas employee fund, governing the parties' rights within the Usiminas control group. As a result of these transactions, the control group, which holds 322.7 million ordinary shares representing the majority of Usiminas' voting rights, is now formed as follows: Nippon Group 46.1%, Ternium/Tenaris Group 43.3%, and CEU 10.6%. The rights of Ternium and its subsidiaries and Confab within the Ternium/Tenaris Group are governed under a separate shareholders agreement.

### Tenaris accomplishes Confab delisting

Following a proposal by shareholders representing 32.6% of the shares held by the public in its controlled Brazilian subsidiary Confab, Tenaris filed on January 27, 2012, a request with CVM (Brazil's securities regulator) and the Sao Paulo stock exchange seeking their approval to a delisting tender offer to acquire all of the ordinary and preferred shares held by the public in Confab.

On March 22, 2012, following receipt of all requisite approvals from CVM and the Sao Paulo stock exchange, Tenaris launched the offer for a price in cash of Brazilian reais 5.85 per ordinary or preferred share, subject to adjustments as described in the offer documents. The shareholders parties to the proposal had agreed to the offer price and had committed to tender their shares into the offer.

On April 23, 2012, at the auction for the offer, a total of 216,269,261 Confab shares were tendered. As a result, Tenaris attained the requisite threshold to delist Confab from the São Paulo Stock Exchange. The final cash price paid in the auction was Brazilian reais 5.90 per ordinary or preferred share (or approximately US\$3.14 per ordinary or preferred share). Subsequent to the auction, on April 23, 2012, Tenaris acquired 6,070,270 additional Confab shares in the market at the same price. Upon settlement of the offer and these subsequent purchases on April 26, 2012, Tenaris held in the aggregate approximately 95.9% of Confab.

Between April 24 and May 11, 2012, Tenaris acquired additional shares representing approximately 2.3% of Confab at the same price paid in the auction of the offer.

On June 6, 2012, Confab exercised its right to redeem the remaining shares at the same price paid to the tendering shareholders (adjusted by Brazil's SELIC rate) and Confab became a wholly-owned subsidiary of Tenaris.

Tenaris total investment in Confab shares pursuant to these transactions amounted to approximately US\$758.5 million.

Annual General Meeting and Extraordinary General Meeting of Shareholders

On May 2, 2012, the Company's annual general shareholders' meeting approved all resolutions on its agenda.

Among other resolutions adopted at the meeting, the shareholders approved the consolidated financial statements as of and for the year ended December 31, 2011 and the annual accounts as at December 31, 2011, and acknowledged the related management and independent auditors' reports and certifications.

The meeting also approved the payment of a dividend for the year ended December 31, 2011, of US\$0.38 per share (or US\$0.76 per ADS), or approximately US\$449 million, which includes the interim dividend of US\$0.13 per share (or US\$0.26 per ADS) paid in November 2011. Tenaris paid the balance of the annual dividend in the amount of US\$0.25 per share (US\$0.50 per ADS), or approximately US\$295 million, on May 24, 2012.

Tenaris S.A. Half-year report 2012-Interim management report

---

The annual general meeting of shareholders approved the re-election of the current members of the board of directors, each to hold office until the meeting that will be convened to decide on the 2012 accounts.

The board of directors subsequently confirmed and re-appointed Amadeo Vázquez y Vázquez, Jaime Serra Puche and Roberto Monti as members of Tenaris's audit committee, with Mr. Vázquez y Vázquez to continue as chairman. All three members of the audit committee qualify as independent directors under the articles and applicable law.

The meeting appointed PricewaterhouseCoopers S.c., Réviseur d'entreprises agréé (member firm of PwC International Limited) as Tenaris's independent auditors for the fiscal year ending December 31, 2012.

The extraordinary general meeting of shareholders also held on May 2, 2012, resolved to renew Tenaris's authorized unissued share capital and to grant related waivers and authorizations, and approved certain amendments to Tenaris's articles of association, including, among others, amendments to address certain provisions in the Luxembourg Law of May 24, 2011, on the exercise of certain shareholders rights in general meetings of listed companies. Copies of the amended articles of association may be obtained by contacting the Company's registered office in Luxembourg.

#### Investment plan for United States operations

On June 21, 2012, we announced an investment plan to expand our U.S. operations. The plan includes the installation of a state-of-the-art seamless pipe mill, heat treatment and premium threading facilities with an estimated investment of US\$1.5 billion. The new mill, which is expected to begin operations in 2016, will have an annual production capacity of 650,000 tons of high quality seamless pipes and will be fully integrated with the rest of Tenaris's U.S. manufacturing and service operations.

U.S. market demand for high quality OCTG and line pipe products is growing rapidly due to the development of unconventional shale (oil and gas) reserves and the resumption of deepwater drilling activity in the Gulf of Mexico. The new investment plan will strengthen our local production and service capabilities, allowing it to reduce lead times and serve its U.S. customers with a full range of locally manufactured seamless, welded and premium products, in a market where imported products account for over half of total consumption.

#### RELATED PARTY TRANSACTIONS

Tenaris is a party to several related party transactions, which include, among others, purchases and sales of goods (including steel pipes, flat steel products, steel bars, raw materials, gas and electricity) and services (including engineering services and related services) from or to entities controlled by San Faustin or in which San Faustin holds significant interests. Material related party transactions are subject to the review of the audit committee of the Company's board of directors and the requirements of the Company's articles of association and Luxembourg law. For further detail on Tenaris's related party transactions, see Note 12 "Related party transactions" to our unaudited consolidated condensed interim financial statements included in this half-year report.



Tenaris S.A. Half-year report 2012-Management certification

---

Management Certification

We confirm, to the best of our knowledge, that:

1. the unaudited consolidated condensed interim financial statements prepared in conformity with International Financial Reporting Standards included in this half year report, give a true and fair view of the assets, liabilities, financial position and profit or loss of Tenaris S.A. and its consolidated subsidiaries, taken as a whole; and
2. the interim management report included in this half year report, includes a fair review of the important events that have occurred during the six-month period ended June 30, 2012, and their impact on the unaudited consolidated condensed interim financial statements for such period, material related party transactions and a description of the principal risks and uncertainties they face.

/s/ Paolo Rocca

Chief Executive Officer  
Paolo Rocca  
August 1, 2012

/s/ Ricardo Soler

Chief Financial Officer  
Ricardo Soler  
August 1, 2012

Financial Information

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2012

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of  
Tenaris S.A.

---

We have reviewed the accompanying consolidated condensed interim statement of financial position of Tenaris S.A. and its subsidiaries as of June 30, 2012, and the related consolidated condensed interim statements of income and of comprehensive income for each of the three-month and six-month periods ended June 30, 2012 and 2011, and the consolidated condensed interim statements of changes in equity and of cash flows for the six-month periods ended June 30, 2012 and 2011. These consolidated condensed interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated condensed interim financial statements for them to be in conformity with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and adopted by the European Union.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position as of December 31, 2011, and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 23, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated condensed statement of financial position as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated statement of financial position from which it has been derived.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, August 1, 2012

Mervyn R. Martins

PricewaterhouseCoopers, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F:+352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)

R.C.S. Luxembourg B 65 477 - TVA LU17564447

16

---

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2012

## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

all amounts in thousands of U.S. dollars, unless otherwise stated)	Notes	Three-month period ended June 30,		Six-month period ended June 30,	
		2012	2011	2012	2011
Continuing operations		(Unaudited)		(Unaudited)	
Net sales	3	2,801,492	2,403,122	5,418,841	4,727,087
Cost of sales	3 & 4	(1,694,712)	(1,525,696)	(3,305,809)	(2,971,375)
Gross profit		1,106,780	877,426	2,113,032	1,755,712
Selling, general and administrative expenses	3 & 5	(486,655 )	(468,648 )	(930,798 )	(919,977 )
Other operating income (expense), net	3	761	1,028	4,853	2,649
Operating income		620,886	409,806	1,187,087	838,384
Interest income	6	5,706	6,513	15,289	14,200
Interest expense	6	(12,688 )	(12,248 )	(22,613 )	(25,289 )
Other financial results	6	(16,476 )	(12,408 )	(3,395 )	(11,350 )
Income before equity in earnings of associated companies and income tax		597,428	391,663	1,176,368	815,945
Equity in earnings of associated companies		11,056	22,720	30,218	47,005
Income before income tax		608,484	414,383	1,206,586	862,950
Income tax		(148,325 )	(109,680 )	(292,999 )	(234,050 )
Income for the period		460,159	304,703	913,587	628,900
Attributable to:					
Equity holders of the Company		461,089	287,218	904,929	606,592
Non-controlling interests		(930 )	17,485	8,658	22,308
		460,159	304,703	913,587	628,900