TENARIS SA
Form 6-K
May 01, 2015
Table of Contents

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 April 30, 2015

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 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):

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

As part of its regular reviews of Tenaris s filings of financial statements, the Staff of the Commission has issued comments regarding the carrying value of Tenaris s investment in Usiminas, including seeking explanations on Tenaris s value in use calculations and on the differences between value in use and certain fair value indicators. After receiving the Staff s comments, Tenaris provided additional information to the Staff supporting the Company s accounting treatment of the Usiminas investment under IFRS as of September 30, 2014, and Tenaris had further discussions with members of the Staff.

Discussions with the Staff continue. Tenaris believes that its accounting of the Usiminas investment is in accordance with IFRS; however, if it is determined after the conclusion of this process that an additional impairment of the investment in Usiminas should be recorded in 2014, Tenaris could be required to restate its financial statements for the year ended December 31, 2014. A restatement of the 2014 financial statements could also result in a restatement of the financial statements for the first quarter of 2015.

The value of Tenaris s investment in Usiminas, which was determined by the application of IFRS and tested for impairment using the value in use calculation as per IAS 36, amounted to $284 million as of September 30, 2014, $209 million as of December 31, 2014 and $153 million as of March 31, 2015. The carrying value of the Usiminas investment as of March 31, 2015 amounted to $153 million, representing a 1.2% of Tenaris s net worth.

On or before May 1, 2015, the Company will file Form 12b-25 with the Commission, disclosing that the Company was unable to file on April 30, 2015 its Annual Report on Form 20-F for the fiscal year ended December 31, 2014 (the 2014 Form 20-F), because the Company is continuing to work to resolve the Staff s outstanding comments noted above.

For more information on the carrying value of the Usiminas investment, see note 12 to Tenaris s consolidated financial statements as of March 31, 2015, which have been furnished to the Commission under Form 6-K on April 30, 2015.

Attached hereto is substantially all the information the Company currently expects it would include in its Annual Report on Form 20-F when that report is filed with the Commission, except it does not include any report by the Company s independent registered public accounting firm or any of the documents that will be filed as exhibits to the Form 20-F. Also, it does not reflect any adjustments to the financial statements or other disclosure that may be required upon resolution of the discussions with the Commission Staff referred to above.

Table of Contents

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.

Tenaris S.A.

By: /s/ Cecilia Bilesio
Cecilia Bilesio

Corporate Secretary
Dated: April 30, 2015

Table of Contents

TABLE OF CONTENTS

PART I

Item 1.	Identity of Directors, Senior Management and Advisers	5
Item 2.	Offer Statistics and Expected Timetable	5
Item 3.	Key Information	5
Item 4.	Information on the Company	16
Item 4A.	Unresolved Staff Comments	39
Item 5.	Operating and Financial Review and Prospects	40
Item 6.	Directors, Senior Management and Employees	57
Item 7.	Major Shareholders and Related Party Transactions	65
Item 8.	Financial Information	68
Item 9.	The Offer and Listing	70
Item 10.	Additional Information	75
Item 11.	Quantitative and Qualitative Disclosure about Market Risk	86
Item 12.	Description of Securities Other Than Equity Securities	89
PART II		90
Item 13.	Defaults, Dividend Arrearages and Delinquencies	90
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	90
Item 15.	Controls and Procedures	90
Item 16A.	Audit Committee Financial Expert	91
Item 16B.	Code of Ethics	91
Item 16C.	Principal Accountant Fees and Services	91
Item 16D.	Exemptions from the Listing Standards for Audit Committees	92
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	92
Item 16F.	Change in Registrant s Certifying Accountant	93
Item 16G.	Corporate Governance	94
Item 16H.	Mine Safety Disclosure	95
PART III		96
Item 17.	Financial Statements	96
Item 18.	Financial Statements	96

3

Table of Contents

CERTAIN DEFINED TERMS

Unless otherwise specified or if the context so requires:

References in this annual report to the Company refer exclusively to Tenaris S.A., a Luxembourg public limited liability company (société anonyme).

References in this annual report to Tenaris , we , us or our refer to Tenaris S.A. and its consolidated subsidiaries. See II Accounting Policy A Basis of presentation and II Accounting Policy B Group accounting to our audited consolidated financial statements included in this annual report.

References in this annual report to San Faustin refer to San Faustin S.A., 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.

OCTG refers to oil country tubular goods. See Item 4.B Information on the Company Business Overview Our Products .

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.

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. IFRS differs in certain significant respects from generally accepted accounting principles in the United States, commonly referred to as U.S. GAAP.

We publish consolidated financial statements presented in increments of a thousand U.S. dollars. This annual report includes our audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012.

Rounding

Certain monetary amounts, percentages and other figures included in this annual 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.

Our Internet Website is Not Part of this Annual Report

We maintain an Internet website at www.tenaris.com. Information contained in or otherwise accessible through our Internet website is not a part of this annual report. All references in this annual report to this Internet site are inactive textual references to these URLs, or uniform resource locators and are for informational reference only. We assume no responsibility for the information contained on our Internet website.

Industry Data

Unless otherwise indicated, industry data and statistics (including historical information, estimates or forecasts) in this annual report are contained in or derived from internal or industry sources believed by Tenaris to be reliable. Industry data and statistics are inherently predictive and are not necessarily reflective of actual industry conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Such data and statistics have not been independently verified, and the Company makes no representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report and any other oral or written statements made by us to the public may contain forward-looking statements within the meaning of and subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This annual report contains forward-looking statements, including with respect to certain of our plans and current goals and expectations relating to Tenaris s future financial condition and performance.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. Key Information , Item 4. Information on the Company , Item 5. Operating and Financial Review and Prospects , Item 8. Financial Information and Item 11. Quantitative and Qualitative Disclosure About Market Risk .

We use words such as aim , will likely result , will continue , contemplate , seek to , future , objective , goal pursue , anticipate , estimate , expect , project , intend , plan , believe and words and terms of similar substan 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 Item 3.D. Key Information Risk Factors 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 annual 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.

PART I

Item 1. Identity of Directors, Senior Management and Advisers
Not applicable.

Item 2. Offer Statistics and Expected Timetable
Not applicable.

Item 3. Key Information

A. Selected Financial Data
The selected consolidated financial data set forth below have been derived from our audited consolidated financial statements for each of the years and at the dates indicated therein. Our consolidated financial statements were prepared in accordance with IFRS, and were audited by PricewaterhouseCoopers Société Coopérative, *Cabinet de révision agréé*, an independent registered public accounting firm. PricewaterhouseCoopers Société Coopérative is a member firm of PwC International Limited (PWC). IFRS differs in certain significant respects from U.S. GAAP.

Table of Contents

For a discussion of the accounting principles affecting the financial information contained in this annual report, please see Presentation of Certain Financial and Other Information Accounting Principles .

Thousands of U.S. dollars (except number of shares and per share amounts)	**For the year ended December 31,**				
	2014	**2013**	**2012**	**2011**	**2010**
Selected consolidated income statement data[1]					
Continuing operations					
Net sales	10,337,962	10,596,781	10,834,030	9,972,478	7,711,598
Cost of sales	(6,287,460)	(6,456,786)	(6,637,293)	(6,273,407)	(4,748,767)
Gross profit	4,050,502	4,139,995	4,196,737	3,699,071	2,962,831
Selling, general and administrative expenses	(1,963,952)	(1,941,213)	(1,883,789)	(1,859,240)	(1,522,410)
Other operating (expenses) income, net[2]	(187,734)	(13,952)	43,659	5,050	78,629
Operating income	1,898,816	2,184,830	2,356,607	1,844,881	1,519,050
Finance income	38,211	34,767	36,932	30,840	32,855
Finance cost	(44,388)	(70,450)	(55,507)	(52,407)	(64,103)
Other financial results	39,214	7,004	(31,529)	11,268	(21,305)
Income before equity in earnings of non-consolidated companies and income tax	1,931,853	2,156,151	2,306,503	1,834,582	1,466,497
Equity in earnings (losses) of non-consolidated companies	20,141	46,098	(63,206)	61,992	70,057
Income before income tax	1,951,994	2,202,249	2,243,297	1,896,574	1,536,554
Income tax	(586,061)	(627,877)	(541,558)	(475,370)	(395,507)
Income for the year[3]	1,365,933	1,574,372	1,701,739	1,421,204	1,141,047
Income attributable to[3]:					
Owners of the parent	1,343,274	1,551,394	1,699,375	1,331,640	1,127,367
Non-controlling interests	22,659	22,978	2,364	89,564	13,680
Income for the year[3]	1,365,933	1,574,372	1,701,739	1,421,204	1,141,047
Depreciation and amortization	(615,629)	(610,054)	(567,654)	(554,345)	(506,902)
	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830

Weighted average number of shares outstanding					
Basic and diluted earnings per share for continuing operations	1.14	1.31	1.44	1.13	0.95
Basic and diluted earnings per share	1.14	1.31	1.44	1.13	0.95
Dividends per share[(4)]	0.45	0.43	0.43	0.38	0.34

(1) Certain comparative amounts have been re-presented to conform to the adoption of revised IAS19 on Employee Benefits for the years ended December 31, 2012, 2011 and 2010. For more information, see II Accounting Policy A Basis of presentation to our audited consolidated financial statements included in this annual report.

(2) Other operating (expenses) income, net in 2014 include an impairment charge of $206 million on our welded pipe operations in Colombia and Canada.

(3) International Accounting Standard No. 1 (IAS 1) (revised), requires that income for the year as shown on the income statement does not exclude non-controlling interests. Earnings per share, however, continue to be calculated on the basis of income attributable solely to the owners of the parent (i.e., the Company).

(4) Dividends per share correspond to the dividends proposed or paid in respect of the year.

Table of Contents

Thousands of U.S. dollars (except number of shares)	At December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Selected consolidated financial position data[(1)]					
Current assets	7,396,322	6,903,900	6,987,116	6,393,221	5,955,536
Property, plant and equipment, net	5,159,557	4,673,767	4,434,970	4,053,653	3,780,580
Other non-current assets	4,119,832	4,353,303	4,537,457	4,411,510	4,622,772
Total assets	16,675,711	15,930,970	15,959,543	14,858,384	14,358,888
Current liabilities	2,602,829	2,119,729	2,829,374	2,403,699	2,378,546
Non-current borrowings	30,833	246,218	532,407	149,775	220,570
Deferred tax liabilities	714,123	751,105	728,541	809,898	923,333
Other non-current liabilities	356,579	344,052	369,629	372,276	316,477
Total liabilities	3,704,364	3,461,104	4,459,951	3,735,648	3,838,926
Capital and reserves attributable to the owners of the parent	12,819,147	12,290,420	11,328,031	10,456,705	9,871,741
Non-controlling interests	152,200	179,446	171,561	666,031	648,221
Equity	12,971,347	12,469,866	11,499,592	11,122,736	10,519,962
Total liabilities and equity	16,675,711	15,930,970	15,959,543	14,858,384	14,358,888
Share capital	1,180,537	1,180,537	1,180,537	1,180,537	1,180,537
Number of shares outstanding	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830

(1) Certain comparative amounts have been re-presented to conform to the adoption of revised IAS19 on Employee Benefits as of December 31, 2012, 2011 and 2010. For more information, see II Accounting Policy A Basis of presentation to our audited consolidated financial statements included in this annual report.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all other information contained in this annual report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, revenues, financial condition and results of operations, which could in turn affect the price of Shares and ADSs.

Risks Relating to our Industry

Sales and profitability may fall as a result of downturns in the international price of oil and gas and other circumstances affecting the oil and gas industry.

We are a global steel pipe manufacturer with a strong focus on manufacturing products and related services for the oil and gas industry. The oil and gas industry is a major consumer of steel pipe products worldwide, particularly for products manufactured under high quality standards and demanding specifications. Demand for steel pipe products from the oil and gas industry has historically been volatile and depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. The level of exploration, development and production activities of, and the corresponding capital spending by, oil and gas companies, including national oil companies,

depends primarily on current and expected future prices of oil and natural gas and is sensitive to the industry s view of future economic growth and the resulting impact on demand for 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. When the price of oil and gas falls, oil and gas companies generally reduce spending on production and exploration activities and, accordingly, make fewer purchases of steel pipe products. Other circumstances such as geopolitical events and hostilities in the Middle East and elsewhere may also affect drilling activity and, as a result, cause steel pipe consumption to decline, and thus have a material impact on our revenues, profitability and financial condition. For example, the current fall in oil and gas prices and in drilling activity is resulting in a decline in consumption and demand for OCTG products which will negatively affect our revenues and profitability.

Our industry is cyclical and fluctuations in industry inventory levels may adversely affect our sales and revenues.

Inventory levels of steel pipe in the oil and gas industry can vary significantly from period to period and from region to region. These fluctuations can affect demand for our products. During periods of high demand, industry participants increase the production of pipe products and customers accumulate inventory. Conversely, during periods of low investment in drilling and other activities, customers draw from existing inventory. Particularly, when oil and gas prices fall, as has recently happened, oil and gas companies are generally expected to hold or reduce purchases of additional steel pipe products.

Competition in the global market for steel pipe products may cause us to lose market share and hurt our sales and profitability.

The global market for steel pipe products is highly competitive, with the primary competitive factors being price, quality, service and technology. We compete in most markets outside North America primarily against a limited number of manufacturers of premium-quality steel pipe products. In the United States and Canada, we compete against a wide range of local and foreign producers. In recent years, substantial investments have been made, especially in China, to increase production capacity of seamless steel pipe products. New production capacity continues to be installed and there is significant excess production capacity, particularly for commodity or standard product grades. Capacity for the production of more specialized product grades is also increasing. In addition, there is an increased risk of unfairly-traded steel pipe imports in markets in which Tenaris produces and sells its products. In August 2014, the U.S. imposed anti-dumping duties on OCTG imports from various countries, including South Korea. However, despite the trade case ruling, imports from South Korea continue to be at a very high level. Similarly, in Canada, an anti-dumping investigation is underway, while the final determination on injury is still pending, in March 2015 the Canada Border Services Agency introduced anti-dumping duties on OCTG imports from South Korea and other countries. We can give no assurance about the effectiveness of these actions or the final outcome of these investigations. The competitive environment, therefore, is expected to become more intense in the coming years and effective competitive differentiation will be a key success factor for Tenaris. We may not continue to compete effectively against existing or potential producers and preserve our current shares of geographic or product markets, and increased competition may have a material impact on the pricing of our products and services, which could in turn adversely affect our revenues, profitability and financial condition. See Item 4.B. Information on the Company Business Overview Competition .

Increases in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy, and price mismatches between raw materials and our products may hurt our profitability.

The manufacture of seamless steel pipe products requires substantial amounts of steelmaking raw materials and energy; welded steel pipe products, in turn, are processed from steel coils and plates. The availability and pricing of a significant portion of the raw materials and energy we require are subject to supply and demand conditions, which can

be volatile, and to government regulation, which can affect continuity of supply and prices. In addition, disruptions, restrictions or limited availability of energy resources in markets where we have significant operations could lead to higher costs of production and eventually to production cutbacks at our facilities in such markets. For example, shortages of energy and natural gas in Argentina and the resulting supply restrictions imposed by the government could affect operations at our facilities in Argentina. Similarly, in Mexico, existing constraints in natural gas transportation capacity have led to increased imports of natural gas liquids which, from April 1, 2013, resulted in increased natural gas transportation costs and, thus, higher steel pipe products production costs. See Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition . At any given time, we may be unable to obtain an adequate supply of critical raw materials with price and other terms acceptable to us. The availability and prices of raw materials may also be negatively affected by new laws and regulations, including import controls, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, worldwide price fluctuations, and the availability and cost of transportation. Moreover, we are dependent on a few suppliers

Table of Contents

for a significant portion of our requirements for steel coils at our welded pipe operations in North America and the loss of any of these suppliers could result in increased production costs, production cutbacks and reduced competitiveness at these operations.

We may not be able to recover increased costs of raw materials and energy through increased selling prices on our products, and limited availability could force us to curtail production, which could adversely affect our sales and profitability. In addition, like other manufacturers of steel-related products, we have fixed and semi-fixed costs (e.g., labor and other operating and maintenance costs) that cannot adjust rapidly to fluctuations in product demand. If demand for our products falls significantly, these costs may adversely affect our profitability and financial condition.

Our results of operations and financial conditions could be adversely affected by low levels of capacity utilization.

We have recently announced temporary suspensions of certain of our operations in North America given the impact to our business of the sharp decline of oil prices and high levels of unfairly traded imports of OCTG and line pipe products. Temporary suspensions of operations generally lead to layoffs of employees which may in turn give rise to labor conflicts and affect operations. Moreover, temporary suspensions such as those announced by the Company may also affect profitability and trigger impairment assessments of assets. We continue to analyze our operations in other regions in order to better adjust our cost structures to market conditions and may have to resort to measures such as temporary suspensions in order to rationalize our cost structure.

Risks Relating to our Business

Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition.

We are exposed to economic and political conditions in the countries where we operate or sell our products and services. The economies of these countries are in different stages of social and economic development. Like other companies with worldwide operations, we are exposed to risks from fluctuations in foreign currency exchange rates, interest rates and inflation. We are also affected by governmental policies regarding spending and investment, impositions or strengthening of trade restrictions with respect to certain markets, exchange controls, regulatory and taxation changes, and other adverse political, economic or social developments of the countries in which we operate.

Significant portions of our operations are located in countries with a history of political volatility or instability. As a consequence, our business and operations have been, and could in the future be, affected from time to time to varying degrees by political, economic and social developments and changes in laws and regulations. These developments and changes may include, among others, the nationalization, expropriation or forced divestiture of assets; restrictions on production, imports and exports; interruptions in the supply of essential energy inputs; restrictions on the exchange or transfer of currency, repatriation of capital, or payment of dividends, debt principal or interest, or other contractual obligations; 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 and 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. Both the likelihood of such occurrences and their overall impact upon us vary greatly from country to country and are not predictable. Realization of these risks could have an adverse impact on the results of operations and financial condition of our subsidiaries located in the affected country.

For example, approximately 8% of Tenaris s consolidated net assets are located in Argentina and we derive approximately 20% of our revenues from that country, including sales to the domestic and export markets. Our business may be materially and adversely affected by economic, political, fiscal and regulatory developments in Argentina, including the following:

Our business and operations in Argentina may be adversely affected by inflation or by the measures that may be adopted by the government to address inflation. In particular, increases in services and labor costs could negatively affect our results of operations. In addition, an increased level of labor demands could trigger higher levels of labor conflicts, and eventually result in strikes or work stoppages. Any such disruption of operations could have an adverse effect on our operations and financial results.

Macroeconomic and political conditions in Argentina may adversely affect our business and operations. Increased state-intervention in the economy, along with the introduction of changes to government policies, could have an adverse effect on our operations and financial results.

Table of Contents

The Argentine government has increased taxes on our operations in Argentina through several methods. For example, in September 2013, the Argentine government enacted a new 10% withholding tax on dividend distributions. If the Argentine government continues to increase the tax burden on our operations, our results of operation and financial condition could be adversely affected.

Restrictions on the supply of energy to our operations in Argentina could curtail our production and adversely affect our results of operations. There has been a lack of investment in natural gas and electricity supply and transport capacity in Argentina in recent years. Over the course of the last several years, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and low prices in comparison with alternative fuel sources. This in turn has resulted in shortages of natural gas and electricity to residential and industrial users during periods of high demand. For example, in recent years, our operations in Argentina experienced constraints in their electricity and natural gas supply requirements on many occasions. If demand for natural gas and electricity increases and a matching increase in natural gas and electricity supply and transport capacity fails to materialize on a timely basis, our production in Argentina (or that of our main customers and suppliers), could be curtailed, and our sales and revenues could decline. Although we have taken and are taking measures to limit the effect of supply restrictions on our operations in Argentina, such efforts might not be sufficient to avoid an adverse impact on our production in Argentina and we might not be able to similarly limit the effect of future supply restrictions. In addition, it is possible that we could also face increased costs when using alternative sources of energy.

In the past, the Argentine government and the Argentine Central Bank introduced several rules and regulations to reduce volatility in the U.S. Dollar/Argentine Pesos, or ARS, exchange rate, and implemented restrictions on capital inflows into Argentina and capital outflows from Argentina. Since 2001, Argentine subsidiaries are required to repatriate U.S. dollars collected in connection with exports from Argentina (including U.S. dollars obtained through advance payment and pre-financing facilities) into Argentina and convert them into ARS at the official floating exchange rate applicable on the date of repatriation. Since the last quarter of 2011, the Argentine government tightened its controls on transactions that would represent capital outflows from Argentina, prohibiting the purchase of foreign currency for saving purposes and limiting the ability of Argentine companies to transfer funds (including in connection with the payment of dividends or royalties) outside of Argentina. These existing controls, and any additional restrictions of this kind that may be imposed in the future, could expose us to the risk of losses arising from fluctuations in the exchange rate of the ARS or affect our ability to finance our investments and operations in Argentina, or impair our ability to convert and transfer outside Argentina funds generated by Argentine subsidiaries, for example, to pay dividends or royalties or other activities that require offshore payments. For additional information on current Argentine exchange controls and restrictions see Item 10.D. Additional Information Exchange Controls Argentina .

The Argentine government has imposed export taxes on certain activities, mainly in connection with commodities, gas and oil. If the Argentine government were to increase export taxes or impose export restrictions concerning our activities, our business and operations in Argentina could be adversely affected.

The Argentine government has implemented import regulations, which require that all payments on import of goods and services be approved by the Argentine federal tax authority and other authorities, such as the Secretary of Commerce. The criteria followed to authorize or object to a transaction are not determined in the applicable regulations. Such import regulations could delay imports and as result, adversely affect our business, operations

in Argentina. In addition, they could affect our exports from Argentina, considering that foreign countries may adopt and implement counter-measures.

Following the Argentine default in 2002, Argentina successfully completed the restructuring of a substantial portion of its sovereign indebtedness in 2005 and 2010. However, certain bondholders that did not participate in the restructurings have sued Argentina for full payment, which litigation has effectively limited Argentina s access to international capital markets. A lack of financial alternatives could impair Argentina s ability to sustain the economy s activity level and foster economic growth.

We currently have the following exposure to political and economic developments in Venezuela:

We have been present in the Venezuelan OCTG market for many years and we maintain ongoing business relationships with Petróleos de Venezuela, or PDVSA, and the joint venture operators in the oil and gas sector. Since 2010, our sales in Venezuela have been negatively affected as PDVSA delayed payments to suppliers. While we maintain reserves for potential credit losses and analyze trade account receivables on a regular basis, our revenues, profitability and financial condition could be adversely affected by Venezuela s political and economic environment.

In addition, we have: a 70% interest in the share capital of Tavsa, Tubos de Acero de Venezuela S.A., or Tavsa, the sole producer of seamless steel pipe products in Venezuela, a 50.2% interest in Matesi Materiales Siderúrgicos S.A., or

Matesi, an industrial facility that produces hot briquetted iron, or HBI, and a minority interest in Complejo Siderúrgico de Guayana, or Comsigua, another Venezuelan HBI producer. In May 2009, within the framework of Decree Law 6058, Venezuela s President announced the nationalization of, among other companies, Tavsa, Matesi, and Comsigua (collectively, the Venezuelan Companies). In August 2009, Venezuela, acting through the transition committee appointed by the Minister of Basic Industries and Mines of Venezuela, unilaterally assumed exclusive operational control over Matesi, and in November, 2009, Venezuela, acting through PDVSA Industrial S.A. (a subsidiary of Petróleos de Venezuela S.A.), formally assumed exclusive operational control over the assets of Tavsa. Venezuela did not pay any compensation for the nationalization of Tenaris s investments in the Venezuelan Companies, which are protected under applicable bilateral investment treaties, including the bilateral investment treaty between Venezuela and the Belgium-Luxembourg Economic Union, and Tenaris continues to reserve all of its rights under contracts, investment treaties and Venezuelan and international law. In August 2011 and in July 2012, Tenaris and its wholly-owned subsidiary Talta Trading e Marketing Sociedad Unipessoal Lda, or Talta, initiated arbitration proceedings against Venezuela before the International Centre for Settlement of Investment Disputes, or ICSID, in Washington D.C., pursuant to the bilateral investment treaties entered into by Venezuela with the Belgium-Luxembourg Economic Union and Portugal, seeking adequate and effective compensation for the expropriation of their investment in the Venezuelan Companies.

The arbitration proceedings are still ongoing and, as of the date of this annual report, we can give no assurance that the Venezuelan government will agree to pay a fair and adequate compensation for our interests in the Venezuelan Companies, or that any such compensation will be freely convertible into or exchangeable for foreign currency. For more information on the nationalization of our investments in the Venezuelan Companies and the related ICSID arbitration proceedings, see note 30 Nationalization of Venezuelan Subsidiaries to our audited consolidated financial statements included in this annual report.

In Mexico, amendments to applicable law and regulations may materially and adversely affect our business. For example, in 2014 a comprehensive tax reform became effective in Mexico, which, among other things, introduced a general 10% withholding tax on dividend distributions based upon earnings accrued after January 1, 2014. Any additional changes to Mexican legislation could adversely impact our results of operations. Similarly, our Mexican operations could be affected by criminal violence, primarily due to the activities of drug cartels and related organized crime that Mexico has experienced and may continue to experience. Since 2011, organized criminal activity and violent incidents remained high and spread to new regions of the country. The city of Veracruz, where our facility is located, has experienced several incidents of violence. Although the Mexican government has implemented various security measures and has strengthened its military and police forces, drug-related crime continues to exist in Mexico. Our business may be materially and adversely affected by these activities, their possible escalation and the violence associated with them.

In Brazil, our sales may also be affected by governmental actions and policies and their consequences, such as measures relating to the taxation and ownership of oil and gas production activities and the operations of Petrobras S.A., or Petrobras, a state-run oil company. We have a longstanding business relationship with Petrobras, who we supply with casing (including premium connections) and line pipe products, most of which are produced in our Brazilian welded pipe facility, for both offshore and onshore applications. Given our business relationship with Petrobras, our sales and profitability in Brazil could be affected by operational and financial issues at Petrobras. Demand for complex OCTG and line pipe products used in deepwater applications in Brazil has slowed down in 2013 and shipments for line pipe products in 2014 decreased to a virtual halt. Our profitability in the Brazilian market may fluctuate significantly in future years depending on our success in securing large supply contracts and on other factors, including the cancellation or postponement of specific projects due to changes in governmental policies, and any adverse economic, political or social developments in Brazil. Furthermore, in connection with our industrial equipment manufacturing business in Brazil, in which we also provide assembly services, we account for these contracts under IAS 11, Construction Contracts, which requires management to account for certain contracts

according to their percentage of completion based on an estimated final outcome of the contracts, which in certain cases may differ significantly from actual results.

If we do not successfully implement our business strategy, our ability to grow, our competitive position and our sales and profitability may suffer.

We plan to continue implementing our business strategy of developing higher value products designed to serve and meet the needs of customers operating in demanding environments, developing and offering additional value-added services, which enable us to integrate our production activities with our customers supply chain, and continuing to pursue strategic investment opportunities. Any of the components of our overall business strategy could cost more than anticipated or may not be successfully implemented or could be delayed or abandoned. For example, we may fail to develop products that differentiate us from our competitors or fail to find suitable investment opportunities, including acquisition targets that enable us to continue to grow and improve our competitive position. Even if we successfully implement our business strategy, it may not yield the expected results.

We could be subject to regulatory risks associated with our international operations.

The shipment of goods and services across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by customs laws and regulations in each of the countries where we operate. Moreover, the European Union, or EU, the United States and other countries, control the import and export of certain goods and services and impose related import and export recordkeeping and reporting obligations. Those governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. Similarly, we are subject to the U.S. anti-boycott laws. These laws and regulations are complex and frequently changing, and they may be enacted, amended, enforced or interpreted in a manner that can materially impact our operations. Any failure to comply with these applicable legal and regulatory obligations also could result in criminal and civil penalties and sanctions.

Future acquisitions, strategic partnerships and capital investments may not perform in accordance with expectations or may disrupt our operations and hurt our profits.

One element of our business strategy is to identify and pursue growth-enhancing strategic opportunities. As part of that strategy, we regularly make significant capital investments and acquire interests in, or businesses of, various companies. For example, in January 2012, through our subsidiary Confab Industrial S.A., or Confab, we acquired a participation in Usinas Siderúrgicas de Minas Gerais S.A., or Usiminas, representing 5.0% of the shares with voting rights and 2.5% of the total share capital and in May 2012, we acquired all the remaining minority interests in Confab. In addition, we continue to build a new greenfield seamless mill in Bay City, Texas, the United States. We will continue to consider strategic acquisitions, investments and partnerships from time to time. We must necessarily base any assessment of potential acquisitions, joint ventures and capital investments on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Our past or future acquisitions, significant investments and alliances may not perform in accordance with our expectations and could adversely affect our operations and profitability. In addition, new demands on our existing organization and personnel resulting from the integration of new acquisitions could disrupt our operations and adversely affect our operations and profitability. Moreover, we may also acquire, as part of future acquisitions, assets unrelated to our business, and we may not be able to integrate them or sell them under favorable terms and conditions.

We may be required to record a significant charge to earnings if we must reassess our goodwill or other assets as a result of changes in assumptions underlying the carrying value of certain assets, particularly as a consequence of deteriorating market conditions.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful life, including goodwill, are subject to at least an annual impairment test. At December 31, 2014, we had $1,745 million in goodwill, which corresponds mainly to the acquisition of Maverick Tube Corporation, or Maverick, in 2006 ($675 million) and Hydril Company, or Hydril, in 2007 ($920 million). As of December 31, 2014, we recorded an impairment charge of $206 million on the value of our welded pipe assets in Colombia and Canada, reflecting the decline in oil prices, their impact on drilling activity and consequently on the demand outlook for welded pipe products in the regions served by these facilities. Additionally, we also recorded (i) a $49 million impairment as of December 31, 2014 and (ii) a $17 million impairment as of March 31, 2015 on the value of our investment in Usiminas. The main drivers of the changes in the Company s estimated value in use of its investment in Usiminas leading to each of these impairments were expectations of a weaker industrial environment in Brazil, and consequently weaker steel demand and the decline in iron ore prices. For more information see note 5 Other operating income and expenses Impairment charge and note 12 Investments in non-consolidated companies Usiminas S.A. , to our audited consolidated financial statements included in this annual report. For a discussion of the SEC s review process in connection with the impairment of our

investment in Usiminas, please see Item 4A. Unresolved Staff Comments . If our management was to determine in the future that the goodwill or other assets 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 these assets, which would adversely affect our results of operations.

Our results of operations and financial condition could be adversely affected by movements in exchange rates.

As a global company we manufacture and sell products in a number of countries throughout the world and a portion of our business is carried out in currencies other than the U.S. dollar, which is the Company s functional and presentation currency. As a result, we are exposed to foreign exchange rate risk. Changes in currency values and foreign exchange regulations could adversely affect our financial condition and results of operations. For information on our foreign exchange rate risk, please see Item 11. Quantitative and Qualitative Disclosure about Market Risk Foreign Exchange Rate Risk .

Related-party transactions with companies controlled by San Faustin may not be on terms as favorable as could be obtained from unrelated and unaffiliated third parties.

A portion of our sales and purchases of goods and services are made to and from other companies controlled by San Faustin. These sales and purchases are primarily made in the ordinary course of business and we believe they are carried out on terms no less favorable than those we could obtain from unaffiliated third parties. We will continue to engage in related-party transactions in the future, and these transactions may not be on terms as favorable as could be obtained from unaffiliated third parties. For information concerning our principal transactions with related parties, see Item 7.B. Major Shareholders and Related Party Transactions Related Party Transactions .

If we do not comply with laws and regulations designed to combat governmental corruption in countries in which we sell our products, we could become subject to fines, penalties or other sanctions and our sales and profitability could suffer.

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.

The cost of complying with environmental regulations and potential environmental and product liabilities may increase our operating costs and negatively impact our business, financial condition, results of operations and prospects.

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. Additionally, international environmental requirements vary. While standards in the European Union, Canada, and Japan are generally comparable to U.S. standards, other nations, particularly developing nations, including China, have substantially lesser requirements that may give competitors in such nations a competitive advantage. It is possible that any international agreement to regulate emissions may provide exemptions and lesser standards for developing nations. In such case, we may be at a competitive disadvantage relative to competitors having more or all of their production in such developing nations.

Environmental laws and regulations may, in some cases, impose strict liability rendering a person liable for damages to natural resources or threats to public health and safety without regard to negligence or fault. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. These laws and regulations may expose us to liability for the conduct of or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed.

Compliance with applicable requirements and the adoption of new requirements could have a material adverse effect on our consolidated financial condition, results of operations or cash flows. The costs and ultimate impact of complying with environmental laws and regulations are not always clearly known or determinable since regulations under some of these laws have not yet been promulgated or are undergoing revision. The expenditures necessary to remain in compliance with these laws and regulations, including site or other remediation costs, or costs incurred from

potential environmental liabilities, could have a material adverse effect on our financial condition and profitability. While we incur and will continue to incur expenditures to comply with applicable laws and regulations, there always remains a risk that environmental incidents or accidents may occur that may negatively affect our reputation or our operations.

Our oil and gas casing, tubing and line pipe products are sold primarily for use in oil and gas drilling, gathering, transportation, processing and power generation facilities, which are subject to inherent risks, 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. Any of these hazards and risks can result in environmental liabilities, personal injury claims and property damage from the release of hydrocarbons. Similarly, defects in specialty tubing products could result in death, personal injury, property damage, environmental pollution, damage to equipment and facilities or loss of production.

We normally warrant the oilfield products and specialty tubing products we sell or distribute in accordance with customer specifications, but as we pursue our business strategy of providing customers with additional supply chain services, we may be required to warrant that the goods we sell and services we provide are fit for their intended purpose. Actual or claimed

defects in our products may give rise to claims against us for losses suffered by our customers and expose us to claims for damages. The insurance we maintain may not be adequate or available to protect us in the event of a claim, its coverage may be limited, canceled or otherwise terminated, or the amount of our insurance may be less than the related impact on enterprise value after a loss. Similarly, our sales of tubes and components for the automobile industry subject us to potential product liability risks that could extend to being held liable for the costs of the recall of automobiles sold by car manufacturers and their distributors.

Risks Relating to the Structure of the Company

As a holding company, the Company s ability to pay cash dividends depends on the results of operations and financial condition of its subsidiaries and could be restricted by legal, contractual or other limitations.

The Company conducts its operations through subsidiaries. Dividends or other intercompany transfers of funds from those subsidiaries are the Company s primary source of funds to pay its expenses, debt service and dividends and to repurchase Shares or ADSs.

The ability of the Company s subsidiaries to pay dividends and make other payments to us will depend on the results of operations and financial condition and could be restricted by applicable corporate and other laws and regulations, including those imposing foreign exchange controls or restrictions on the repatriation of capital or the making of dividend payments and agreements and commitments of such subsidiaries. If earnings and cash flows of the Company s operating subsidiaries are substantially reduced, the Company may not be in a position to meet its operational needs or to pay dividends. For information concerning limitations on payments of dividends, see Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition .

In addition, the Company s ability to pay dividends to shareholders is subject to legal and other requirements and restrictions in effect at the holding company level. For example, the Company may only pay dividends out of net profits, retained earnings and distributable reserves and premiums, each as defined and calculated in accordance with Luxembourg law and regulations. See Item 8.A. Financial Information Consolidated Statements and Other Financial Information Dividend Policy .

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

As of March 31, 2015, San Faustin beneficially owned 60.45% of our Shares. Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, or RP STAK, controls a significant portion of the voting power of San Faustin and has the ability to influence matters affecting, or submitted to a vote of, the shareholders of San Faustin. As a result, RP STAK is indirectly able to elect a substantial majority of the members of the Company s board of directors and has the power to determine the outcome of most actions requiring shareholder approval, including, subject to the requirements of Luxembourg law, the payment of dividends. The decisions of the controlling shareholder may not reflect the will or best interests of other shareholders. For example, the Company s articles of association permit the Company s board of directors to waive, limit or suppress preemptive rights in certain cases. Accordingly, the Company s controlling shareholder may cause its board of directors to approve an issuance of Shares for consideration without preemptive rights, thereby diluting the minority interest in the Company. See Item 3.D. Key Information Risk Factors Risks Relating to Shares and ADSs Holders of Shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases .

Risks Relating to Shares and ADSs

In deciding whether to purchase, hold or sell Shares or ADSs, you may not have access to as much information about us as you would in the case of a U.S. company.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, corporate and securities regulations governing Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Furthermore, IFRS, the accounting standards in accordance with which we prepare our consolidated financial statements, differ in certain material aspects from U.S. GAAP.

Table of Contents

Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders.

Certain shareholders rights under Luxembourg law, including the rights to participate and vote at general meetings of shareholders, to include items on the agenda for the general meetings of shareholders, to receive dividends and distributions, to bring actions, to examine our books and records and to exercise appraisal rights may not be available to holders of ADSs, or may be subject to restrictions and special procedures for their exercise, as holders of ADSs only have those rights that are expressly granted to them in the deposit agreement. Deutsche Bank Trust Company Americas, as depositary under the ADS deposit agreement, or the Depositary, through its custodian agent, is the registered shareholder of the deposited Shares underlying the ADSs, and therefore only the Depositary can exercise the shareholders rights in connection with the deposited Shares. For example, if we make a distribution in the form of securities, the Depositary is allowed, at its discretion, to sell that right to acquire those securities on your behalf and instead distribute the net proceeds to you. Also, under certain circumstances, such as our failure to provide the Depositary with properly completed voting instructions on a timely basis, you may not be able to vote at general meetings of shareholders by giving instructions to the Depositary. If the Depositary does not receive voting instructions from the holder of ADS by the prescribed deadline, or the instructions are not in proper form, then the Depositary shall deem such holder of ADS to have instructed the Depositary to vote the underlying Shares represented by ADSs in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote such underlying Shares on any given issue in accordance with the majority shareholder vote on that issue), for which purposes the Depositary shall issue a proxy to a person appointed by the Company to vote such underlying Shares represented by ADSs in favor of any proposals or recommendations of the Company. Under the ADS deposit agreement, no instruction shall be deemed given and no proxy shall be given with respect to any matter as to which the Company informs the Depositary that (i) it does not wish such proxy given, (ii) it has knowledge that substantial opposition exists with respect to the action to be taken at the meeting, or (iii) the matter materially and adversely affects the rights of the holders of ADSs.

Holders of Shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases.

Pursuant to Luxembourg corporate law, existing shareholders of the Company are generally entitled to preferential subscription rights (preemptive rights) in the event of capital increases and issues of Shares against cash contributions. Under the Company s articles of association, the board of directors has been authorized to waive, limit or suppress such preemptive subscription rights; and the renewal of such authorization will be submitted to the consideration of the Company s general extraordinary meeting of shareholders to be held on May 6, 2015 or any adjournment thereof. The Company may, however, issue Shares without preemptive subscription rights only if (i) Shares (including without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into shares, or similar instruments convertible or exchangeable into Shares) are issued against a contribution other than in cash; (ii) Shares (including by way of free Shares or at discount), up to an amount of 1.5% of the issued shares capital of the Company, are issued to directors, officers, agents, employees of the Company, its direct or indirect subsidiaries or its affiliates (collectively, the Beneficiaries), for the purpose of compensation or incentive of the Beneficiaries or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit), including without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into Shares or similar instruments convertible or exchangeable into Shares.

Holders of ADSs in the United States may, in any event, not be able to exercise any preemptive rights, if granted, for Shares underlying their ADSs unless additional Shares and ADSs are registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, with respect to those rights, or an exemption from the registration requirements of the Securities Act is available. We intend to evaluate, at the time of any rights offering, the costs and potential liabilities associated with the exercise by holders of Shares and ADSs of the preemptive rights for Shares, and any

other factors we consider appropriate at the time, and then to make a decision as to whether to register additional Shares. We may decide not to register any additional Shares, requiring a sale by the Depositary of the holders rights and a distribution of the proceeds thereof. Should the Depositary not be permitted or otherwise be unable to sell preemptive rights, the rights may be allowed to lapse with no consideration to be received by the holders of the ADSs.

It may be difficult to enforce judgments against us in U.S. courts.

The Company is a public limited liability company (*société anonyme*) organized under the laws of Luxembourg, and most of its assets are located outside the United States. Furthermore, most of the Company s directors and officers named in this annual report reside outside the United States. As a result, investors may not be able to effect service of process within the United States upon us or our directors or officers or to enforce against us or them in U.S. courts judgments predicated upon the civil liability provisions of U.S. federal securities law. Likewise, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the Company, directors and officers. There is also uncertainty with regard to the enforceability of original actions in courts

outside the United States of civil liabilities predicated upon the civil liability provisions of U.S. federal securities laws. Furthermore, the enforceability in courts outside the United States of judgments entered by U.S. courts predicated upon the civil liability provisions of U.S. federal securities law will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction.

Item 4. Information on the 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.

We 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.

A. History and Development of the Company

The Company

Our holding company s legal and commercial name is Tenaris S.A. The Company was established as a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg on December 17, 2001. The Company s registered office is located at 29 avenue de la Porte-Neuve, 3rd Floor, L-2227, Luxembourg, telephone (352) 2647-8978. Its agent for U.S. federal securities law purposes is Tenaris Global Services (U.S.A.) Corporation, located at 2200 West Loop South, Suite 800, Houston, TX 77027.

Tenaris

Tenaris began with the formation of Siderca S.A.I.C., or Siderca, the sole Argentine producer of seamless steel pipe products, by San Faustin s predecessor in Argentina in 1948. Siat, an Argentine welded steel pipe manufacturer, was acquired in 1986. We grew organically in Argentina and then, in the early 1990s, began to evolve beyond this initial base into a global business through a series of strategic investments. These investments included the acquisition, directly or indirectly, of controlling or strategic interests in the following companies:

Tubos de Acero de México S.A., or Tamsa, the sole Mexican producer of seamless steel pipe products (June 1993);

Dalmine S.p.A., or Dalmine, a leading Italian producer of seamless steel pipe products (February 1996);

Tavsa, the sole Venezuelan producer of seamless steel pipe products (October 1998)[1];

Confab Industrial S.A., or Confab, the leading Brazilian producer of welded steel pipe products (a controlling interest in August 1999, and the remainder during the second quarter of 2012);

NKKTubes, a leading Japanese producer of seamless steel pipe products (August 2000);

Algoma Tubes Inc., or AlgomaTubes, the sole Canadian producer of seamless steel pipe products (October 2000);

S.C. Silcotub S.A., or Silcotub, a leading Romanian producer of seamless steel pipe products (July 2004);

Maverick, a leading North American producer of welded steel pipe products with operations in the United States, Canada and Colombia (October 2006);

Hydril, a leading North American manufacturer of premium connection products for oil and gas drilling production (May 2007);

[1] In 2009, the Venezuelan government nationalized Tavsa. For more information on the Tavsa nationalization process, see note 30 Nationalization of Venezuelan Subsidiaries to our audited consolidated financial statements included in this annual report.

- SPIJ, an Indonesian OCTG processing business with heat treatment and premium connection threading facilities (April 2009);

- Pipe Coaters Nigeria Ltd, the leading company in the Nigerian coating industry (October 2011);

- Usiminas, where through our subsidiary Confab, we hold an interest representing 5.0% of the shares with voting rights and 2.5% of the total share capital (January 2012); *and*

- A sucker rod business in Campina, Romania (February 2012).

In addition, we have established a global network of pipe finishing, distribution and service facilities with a direct presence in most major oil and gas markets and a global network of research and development centers.

For information on Tenaris s principal capital expenditures and divestitures, see Item 4.B. Information on the Company Business Overview Capital Expenditure Program .

B. Business Overview

Our business strategy is to continue expanding our operations worldwide and further consolidate our position as a leading global supplier of high-quality tubular products and services to the energy and other industries by:

- pursuing strategic investment opportunities in order to strengthen our presence in local and global markets;

- expanding our comprehensive range of products and developing new high-value products designed to meet the needs of customers operating in increasingly challenging environments;

- securing an adequate supply of production inputs and reducing the manufacturing costs of our core products; *and*

- enhancing our offer of technical and pipe management services designed to enable customers to optimize their selection and use of our products and reduce their overall operating costs.

Pursuing strategic investment opportunities and alliances

We have a solid record of growth through strategic investments and acquisitions. We pursue selective strategic investments and acquisitions as a means to expand our operations and presence in select markets, enhance our global competitive position and capitalize on potential operational synergies. Our track record on acquisitions is described above (See Item 4.A. Information on the Company History and Development of the Company Tenaris). In addition, we are building a new greenfield seamless mill in Bay City, Texas. The new facility will include a state-of-the-art rolling mill as well as finishing and heat treatment lines. We plan to bring the 600,000 tons per year capacity mill and logistics center into operation in 2017, within a budget of approximately $1.5 billion to $1.8 billion.

Developing high-value products

We have developed an extensive range of high-value products suitable for most of our customers operations using our network of specialized research and testing facilities and by investing in our manufacturing facilities. As our customers expand their operations, we seek to supply high-value products that reduce costs and enable our customers to operate safely in increasingly challenging environments.

Securing inputs for our manufacturing operations

We seek to secure our existing sources of raw material and energy inputs, and to gain access to new sources, of low-cost inputs which can help us maintain or reduce the cost of manufacturing our core products over the long term. For example, in February 2014, we entered into an agreement with Ternium and Tecpetrol (a wholly-owned subsidiary of San Faustin, the controlling shareholder of both Tenaris and Ternium) to build a natural gas-fired combined cycle electric power plant in Mexico¸ which will supply Tenaris s and Ternium s respective Mexican industrial facilities. For information on the new power plant, see note 12 Investments in non-consolidated companies Techgen S.A.de C.V. to our audited consolidated financial statements included in this annual report. For more information on the Company s commitments under the new power plant, see item 5 Operating and Financial Review and Prospects E. Off-Balance Sheet Arrangements .

Table of Contents

Enhancing our offer of technical and pipe management services

We continue to enhance our offer of technical and pipe management services for our customers worldwide. Through the provision of these services, we seek to enable our customers to optimize their operations, reduce costs and to concentrate on their core businesses. They are also intended to differentiate us from our competitors and further strengthen our relationships with our customers worldwide through long-term agreements. For example, we have been a supplier for Petróleos Mexicanos, or Pemex, the Mexican state-owned oil company and one of the world s largest crude oil and condensates producers, since 1994. Our just-in-time (JIT) agreements allow us to provide it with comprehensive pipe management services on a continuous basis.

Our Competitive Strengths

We believe our main competitive strengths include:

- our global production, commercial and distribution capabilities, offering a full product range with flexible supply options backed up by local service capabilities in important oil and gas producing and industrial regions around the world;
- our ability to develop, design and manufacture technologically advanced products;
- our solid and diversified customer base and historic relationships with major international oil and gas companies around the world, and our strong and stable market shares in the countries in which we have manufacturing operations;
- our proximity to our customers;
- our human resources around the world with their diverse knowledge and skills;
- our low-cost operations, primarily at state-of-the-art, strategically located production facilities with favorable access to raw materials, energy and labor, and more than 60 years of operating experience; *and*
- our strong financial condition.

Business Segments

Tenaris has one major business segment, Tubes, which is also the reportable operating segment.

The Tubes segment includes the production and sale of both seamless and welded steel tubular products and related services mainly for the oil and gas industry, particularly OCTG used in drilling operations, and for other industrial applications with production processes that consist in the transformation of steel into tubular products. Business activities included in this segment are mainly dependent on the oil and gas industry worldwide, as this industry is a

major consumer of steel pipe products, particularly OCTG used in drilling activities. Demand for steel pipe products from the oil and gas industry has historically been volatile and depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. Sales are generally made to end users, with exports being done through a centrally managed global distribution network and domestic sales made through local subsidiaries. Corporate general and administrative expenses have been allocated to the Tubes segment.

Others includes all other business activities and operating segments that are not required to be separately reported, including the production and selling of sucker rods, welded steel pipes for electric conduits, industrial equipment, coiled tubing, energy and raw materials that exceed internal requirements.

For more information on our business segments, see II Accounting Policies C Segment information to our audited consolidated financial statements included in this annual report.

Our Products

Our principal finished products are seamless and welded steel casing and tubing, line pipe and various other mechanical and structural steel pipes for different uses. Casing and tubing are also known as oil country tubular goods or OCTG. We manufacture our steel pipe products in a wide range of specifications, which vary in diameter, length, thickness, finishing, steel grades, coating, threading and coupling. For most complex applications, including high pressure and high temperature applications, seamless steel pipes are usually specified and, for some standard applications, welded steel pipes can also be used.

Casing. Steel casing is used to sustain the walls of oil and gas wells during and after drilling.

Tubing. Steel tubing is used to conduct crude oil and natural gas to the surface after drilling has been completed.

Line pipe. Steel line pipe is used to transport crude oil and natural gas from wells to refineries, storage tanks and loading and distribution centers.

Mechanical and structural pipes. Mechanical and structural pipes are used by general industry for various applications, including the transportation of other forms of gas and liquids under high pressure.

Cold-drawn pipe. The cold-drawing process permits the production of pipes with the diameter and wall thickness required for use in boilers, superheaters, condensers, heat exchangers, automobile production and several other industrial applications.

Premium joints and couplings. Premium joints and couplings are specially designed connections used to join lengths of steel casing and tubing for use in high temperature or high pressure environments. A significant portion of our steel casing and tubing products are supplied with premium joints and couplings. We own an extensive range of premium connections, and following the integration of Hydril s premium connections business, we market our premium connection products under the TenarisHydril brand name. In addition, we hold licensing rights to manufacture and sell the Atlas Bradford range of premium connections outside the United States.

Coiled tubing. Coiled tubing is used for oil and gas drilling and well workovers and for subsea pipelines.

Other Products. We also manufacture sucker rods used in oil extraction activities, industrial equipment of various specifications and diverse applications, including liquid and gas storage equipment, and welded steel pipes for electric conduits used in the construction industry. In addition, we sell energy and raw materials that exceed our internal requirements.

Production Process and Facilities

We operate relatively low-cost production facilities, which we believe is the result of:

- state-of-the-art, strategically located plants;
- favorable access to high quality raw materials, energy and labor at competitive costs;
- operating history of more than 60 years, which translates into solid industrial know-how;
- constant benchmarking and best-practices sharing among the different facilities;
- increasing specialization of each of our facilities in specific product ranges; *and*

extensive use of information technology in our production processes.

Our seamless pipes production facilities are located in North and South America, Europe and Asia and our welded pipes production facilities are located in North and South America. In addition, we manufacture welded steel pipes for electric conduits in the United States and Colombia, tubular accessories such as sucker rods (used in oil drilling) at facilities in Argentina, Brazil, Mexico and Romania, couplings in the United States, Argentina, China, Indonesia, Mexico and Romania, and pipe fittings in Mexico. In addition to our pipe threading and finishing facilities at our integrated pipe production facilities, we also have pipe threading facilities for steel pipes manufactured in accordance with the specifications of the American Petroleum Institute or API, and premium joints in the United States, Canada, China, Indonesia, Nigeria, the United Kingdom and Saudi Arabia.

The following table shows our aggregate installed production capacity of seamless and welded steel pipes and steel bars at the dates indicated as well as the aggregate actual production volumes for the periods indicated. The figures for effective annual capacity are based on our estimates of effective annual production capacity under present conditions.

	At or for the year ended December 31,		
	2014	**2013**	**2012**
Thousands of tons			
Steel Bars			
Effective Capacity (annual)[1]	3,635	3,635	3,635
Actual Production	2,865	2,612	2,721
Tubes Seamless			

	At or for the year ended December 31,		
	2014	2013	2012
Effective Capacity (annual)(1)	3,790	3,790	3,740
Actual Production	2,940	2,611	2,806
Tubes Welded			
Effective Capacity (annual)(1)	2,620	2,620	2,620
Actual Production	908	988	1,188

(1) Effective annual production capacity is calculated based on standard productivity of production lines, theoretical product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.

Production Facilities Tubes

North America

In North America, we have a fully integrated seamless pipe manufacturing facility, a threading plant and a pipe fittings facility in Mexico, three welded pipe manufacturing facilities, three threading plants and a couplings manufacturing facility in the United States, and a seamless pipe rolling mill, a welded pipe manufacturing facility and one threading plant in Canada.

Mexico

In Mexico, our fully integrated seamless pipe manufacturing facility is located near the major exploration and drilling operations of Pemex, about 13 kilometers from the port of Veracruz on the Gulf of Mexico. Situated on an area of 650 hectares, the plant includes two state-of-the-art seamless pipe mills and has an installed annual production capacity of approximately 1,230,000 tons of seamless steel pipes (with an outside diameter range of 2 to 20 inches) and 1,000,000 tons of steel bars. The plant is served by two highways and a railroad and is close to the port of Veracruz, which reduces transportation costs and facilitates product shipments to export markets.

The Veracruz facility comprises:

- a steel shop, including an electric arc furnace, refining equipment, vacuum degassing, four-strand continuous caster and a cooling bed;
- a multi-stand pipe mill, including a rotary furnace, direct piercing equipment, mandrel mill with retained mandrel, sizing mill and a cooling bed;
- a premium quality finishing, or PQF, technology mill (2 3/8 to 7 inches), including a rotary furnace, direct piercing equipment, mandrel mill with retained mandrel, sizing mill and a cooling bed;
- a pilger pipe mill, including a rotary furnace, direct piercing equipment, a reheating furnace, sizing mill and a cooling bed;

six finishing lines, including heat treatment facilities, upsetting machines and threading and inspection equipment;

a cold-drawing mill; *and*

automotive components production machinery.

20

Table of Contents

The major operational units at the Veracruz facility and the corresponding effective annual production capacity (in thousands of tons per year, except for the auto components facility, which is in millions of parts) as of December 31, 2014, are as follows:

	Effective Annual Production Capacity (thousands of tons)[1]
Steel Shop	1,000
Pipe Production	
Multi-Stand Pipe Mill	700
PQF Mill	450
Pilger Mill	80
Cold-Drawing Mill	35
Auto Components Facility	30

(1) Effective annual production capacity is calculated based on standard productivity of production lines, theoretical product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.

In Veracruz, located near our fully integrated seamless pipe manufacturing facility, we have a threading plant, which produces premium connections and accessories.

In addition to the Veracruz facilities, we operate a manufacturing facility near Monterrey in the state of Nuevo León, Mexico, for the production of weldable pipe fittings. This facility has an annual production capacity of approximately 15,000 tons.

United States

In the United States we have the following production facilities:

Hickman, Arkansas: This facility, which is our main U.S. production facility and covers an area of 78 hectares, processes steel coils to produce electric resistance welded, or ERW, OCTG and line pipe with an outside diameter range from 2 ⅜ to 16 inches and has an annual production capacity of approximately 900,000 tons. It includes:

A plant comprising two mills producing 2 ⅜ through 5 ½ inches API products with three finishing lines and three heat treatment lines;

A plant comprising two mills producing 4 ½ through 16 inches API products with two finishing lines; *and*

A coating facility coating sizes up to 16 inches.

Conroe, Texas: A plant located on an area of 47 hectares which processes steel coils to produce ERW OCTG, with an outside diameter range of $4\frac{1}{2}$ to $8\frac{5}{8}$ inches and has an annual production capacity of approximately 250,000 tons. The facility includes one mill, one heat treatment line and one finishing line. In April 2015, Tenaris temporarily suspended operations at this mill, due to the record levels of unfairly traded imports of OCTG from South Korea and the sharp decline in the price of oil and consequential reduction in drilling activity.

Counce, Tennessee: A plant located on an area of 54 hectares which processes steel coils to produce line pipe with an outside diameter range of $4\frac{1}{2}$ to $8\frac{5}{8}$ inches and has an annual production capacity of approximately 90,000 tons. The plant has one mill and a finishing line capable of producing line pipe products. Currently, for efficiency reasons, the plant is not operational and these products are being produced by our Hickman plant.

In the Houston area we have the Texas Arai coupling facility with an annual capacity of approximately 4.4 million couplings in OCTG sizes ranging from $2\frac{3}{8}$ through 20 inches in carbon and alloy steel grades. Furthermore, we have the following threading facilities, which are mainly dedicated to the finishing of tubes with premium connections:

- *McCarty*: a threading facility in Houston, Texas, which comprises two main production buildings in an area of approximately 20 hectares;

- *Westwego*: a threading facility located in Louisiana; on April 6, 2015, Tenaris announced that it will temporarily suspend operations at this facility , mainly due to the ongoing decline in drilling activity driven by the low price of oil; *and*

- *Bakersfield*: a threading facility in California, mainly used as a repair shop.

In addition, we are currently building a new greenfield seamless mill in Bay City, Texas. The new facility will include a state-of-the-art rolling mill as well as finishing and heat treatment lines. We plan to bring the 600,000 tons per year capacity mill and logistics center into operation in 2017, within a budget of approximately $1.5 billion to $1.8 billion. As of December 31, 2014, approximately $0.4 billion had already been invested with an additional $0.5 billion being committed.

Canada

In Canada, we have a seamless steel pipe manufacturing facility located in Sault Ste. Marie, near the mouth of Lake Superior in the province of Ontario. The facility includes a retained mandrel mill, a stretch reducing mill and heat treatment and finishing facilities producing seamless pipe products with an outside diameter range of 2 to $9\frac{7}{8}$ inches. The effective annual production capacity of the facility is approximately 300,000 tons. To source steel bars, in 2007, we signed a 10-year contract with Rio Tinto Fer et Titane (ex-QIT), a Canadian producer of titanium dioxide and high purity iron, under which Rio Tinto Fer et Titane supplies round steel bars at U.S. dollar prices adjusted in accordance with variations in raw material costs. In 2012 we signed a new contract, with an evergreen feature, to extend the original contract. The contract accommodates 50% of our steel bar needs. We use steel bars produced in our integrated facilities in Argentina and Romania for the remainder of our round steel bar requirements.

We also own a welded steel pipe manufacturing facility located in Calgary, Alberta, which processes steel coils into ERW OCTG and line pipe with an outside diameter range of $2\frac{3}{8}$ to $12\frac{3}{4}$ inches. The facility includes a slitter, three welding lines and four threading lines. The effective annual production capacity of this plant is approximately 400,000 tons. Tenaris is temporarily interrupting operations at this mill, due to the high levels of unfairly traded imports of OCTG and line pipe products and the sharp decline in the price of oil and consequential reduction in drilling activity.

In addition, we have a threading facility in Nisku, Alberta, near the center of Western Canadian drilling area. The facility is dedicated to premium connections and accessories including related repairs. In 2010, we closed a repair shop in Dartmouth, Nova Scotia. At the same time, we entered into a lease agreement for the equipment with a third party in Nova Scotia so that we can continue to provide this service to the East Coast.

South America

In South America, we have a fully integrated seamless pipe facility in Argentina. In addition, we have welded pipe manufacturing facilities in Argentina, Brazil and Colombia.

Argentina

Our principal manufacturing facility in South America is a fully integrated plant on the banks of the Paraná river near the town of Campana, approximately 80 kilometers from the City of Buenos Aires, Argentina. Situated on over 300 hectares, the plant includes a state-of-the-art seamless pipe facility and has an effective annual production capacity of approximately 900,000 tons of seamless steel pipe (with an outside diameter range of $1\frac{1}{4}$ to $10\frac{3}{4}$ inches) and 1,300,000 tons of steel bars.

The Campana facility comprises:

- a direct reduced iron, or DRI, production plant;

a steel shop with two production lines, each including an electric arc furnace, refining equipment, four-strand continuous caster and a cooling bed;

two continuous mandrel mills, each including a rotary furnace, direct piercing equipment and a cooling bed and one of them also including a stretch reducing mill;

seven finishing lines, including heat treatment facilities, upsetting machines, threading and inspection equipment and make-up facilities;

a cold-drawing mill; *and*

a port on the Paraná river for the supply of raw materials and the shipment of finished products.

In Argentina, we have a modern gas turbine power generation plant, located in San Nicolás, approximately 150 kilometers from Campana. The 160 megawatt capacity of this power generation plant together with a smaller thermo-electric power generating plant located within the Campana facility, is sufficient to supply all of the electric power requirements of the Campana facility.

Table of Contents

The major operational units at the Campana facility and corresponding effective annual production capacity (in thousands of tons per year) as of December 31, 2014, are as follows:

	Effective Annual Production Capacity (thousands of tons)(1)
DRI	960
Steel Shop	
Continuous Casting I	530
Continuous Casting II	770
Pipe Production	
Mandrel Mill I	330
Mandrel Mill II	570
Cold-Drawing Mill	20

(1) Effective annual production capacity is calculated based on standard productivity of production lines, theoretical product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.

In addition to our main integrated seamless pipe facility, we also have two welded pipe manufacturing facilities in Argentina. One is located at Valentín Alsina just south of the city of Buenos Aires. The facility includes ERW and submerged arc welding, or SAW, rolling mills with one spiral line. The facility was originally opened in 1948 and processes steel coils and plates to produce welded steel pipes with an outside diameter range of 4 ½ to 80 inches, which are used for the conveying of fluids at low, medium and high pressure and for mechanical and structural purposes. The facility has an annual production capacity of approximately 350,000 tons. The other welded facility is located at Villa Constitución in the province of Santa Fe. The facility has an annual production capacity of approximately 80,000 tons of welded pipes with an outside diameter range of 1 to 6 inches.

Brazil

In Brazil, we have the Confab welded pipe manufacturing facility, located at Pindamonhangaba, 160 kilometers from the city of São Paulo. The facility includes an ERW rolling mill and a SAW rolling mill with one spiral line and one longitudinal line. The facility, which was originally opened in 1974, processes steel coils and plates to produce welded steel pipes with an outside diameter range of 4 ½ to 100 inches for various applications, including OCTG and line pipe for oil, petrochemical and gas applications. The facility also supplies anticorrosion pipe coating made of extruded polyethylene or polypropylene, external and internal fusion bonded epoxy and paint for internal pipe coating. The facility has an annual production capacity of approximately 500,000 tons. In addition to our welded pipe manufacturing facility, in September 2014, we closed the acquisition of Socotherm Brasil S.A. (now known as Tenaris Coating do Brasil S.A., or Socotherm), a pipe coating services company in which we already had a 50% ownership interest and that performed pipe coating services for us over the years. The pipe coating facility, located beside the Confab welded pipes mill in Pindamonhangaba, was previously managed in partnership by Tenaris and by an affiliate of ShawCor.

Colombia

In Colombia we have the Tubocaribe welded pipe manufacturing facility in Cartagena, on an area of 28 hectares. The total estimated annual production capacity is approximately 140,000 tons. The plant produces mainly ERW OCTG and line pipe products having two mills with an outside diameter range of 2 ⅜ to 9 ⅝ inches, three heat treatment lines and three threading lines. Inspection lines and materials testing laboratories complete the production facility. A 2 to 42 inches diameter multilayer coating facility complements our line pipe production facilities.

In addition, we are building a new greenfield and state-of-the-art finishing plant, on an area of 30 hectares, adjacent to the Tubocaribe facility. This investment, of approximately $200 million, will expand the finishing capacity by 130,000 tons, through a new casing finishing plant, a new heat treatment plant, a new ultrasound inspection line and new threading lines, including premium connections.

Table of Contents

Ecuador

During 2013, we started operating a small threading and finishing service center in Machachi, Ecuador.

Europe

In Europe, we have several seamless pipe manufacturing facilities in Italy and one in Romania and a premium connection threading facility in the United Kingdom.

Italy

Our principal manufacturing facility in Europe is an integrated plant located in the town of Dalmine in the industrial region of Bergamo, about 40 kilometers from Milan in northern Italy. Situated on an area of 150 hectares, the plant includes a state-of-the-art seamless pipe mill and has an annual production capacity of approximately 790,000 tons of seamless steel pipes and 935,000 tons of steel bars.

The Dalmine facility comprises:

- a steel shop, including an electric arc furnace, two ladle furnaces, one vacuum degassing, two continuous casters and a cooling bed;
- a continuous floating mandrel mill with one heat treatment and two finishing lines;
- a retained mandrel mill with two in-line-high-productivity finishing lines including one heat treatment; *and*
- a rotary expander with a finishing line including a heat treatment.

The major operational units at the Dalmine facility and corresponding effective annual production capacity (in thousands of tons per year) as of December 31, 2014, are as follows:

	Effective Annual Production Capacity (thousands of tons)[1]
Steel Shop	935
Pipe Production	
Mandrel Mill:	
Floating Mandrel Mill Small Diameter[2]	140
Retained Mandrel Mill Medium Diameter (plus Rotary Expander for Large Diameter)	650

(1) Effective annual production capacity is calculated based on standard productivity of production lines, theoretical product mix allocations, the maximum number of possible working shifts and a continued flow of supplies to the production process.
(2) Currently, for efficiency reasons, the plant is not operational.

The Dalmine facility manufactures seamless steel pipes with an outside diameter range of 21 to 711 mm (0.75 to 28.00 inches), mainly from carbon, low alloy and high alloy steels for diverse applications. The Dalmine facility also manufactures steel bars for processing at our other facilities in Italy.

Our production facilities located in Italy have a collective annual production capacity of approximately 920,000 tons of seamless steel pipes. Aside from the main facility mentioned above, they include:

- the Costa Volpino facility, which covers an area of approximately 31 hectares and comprises a cold-drawing mill and an auto components facility producing cold-drawn carbon, low alloy and high alloy steel pipes with an outside diameter range of 12 to 380 mm (0.47 to 15 inches), mainly for automotive, mechanical and machinery companies in Europe. The Costa Volpino facility has an annual production capacity of approximately 80,000 tons;

- the Arcore facility, which covers an area of approximately 26 hectares and comprises a Diescher mill with associated finishing lines. Production is concentrated in heavy-wall mechanical pipes with an outside diameter range of 48 to 219 mm (1.89 to 8.62 inches). The Arcore facility has an annual production capacity of approximately 150,000 tons; *and*

- the Piombino facility, which covers an area of approximately 67 hectares and comprises, a hot dip galvanizing line and associated finishing facilities. Production is focused on finishing of small diameter seamless pipe for plumbing applications in the domestic market, such as residential water and gas transport. The Piombino facility has an annual production capacity of approximately 100,000 tons.

Table of Contents

In addition to these facilities, we operate a manufacturing facility at Sabbio, which manufactures gas cylinders with an annual production capacity of approximately 14,000 tons or 270,000 pieces.

In order to reduce the cost of electrical energy at our operations in Dalmine, we constructed a gas-fired, combined heat and power station with a capacity of 120 megawatts at Dalmine. Our operations in Dalmine consume most of the power generated at the power station which is designed to have sufficient capacity to meet the electric power requirements of these operations at peak load. Excess power is sold to third party consumers and heat is sold for district heating.

Romania

We have a seamless steel pipe manufacturing facility in Romania, located in the city of Zalau, near the Hungarian border, 480 kilometers from Bucharest. The Silcotub facility includes a continuous mandrel mill and has an annual production capacity of approximately 180,000 tons of seamless steel tubes, of which 25,000 tons are cold drawn. The plant produces carbon and alloy steel tubes with an outside diameter range of 8 to 146 mm (0.314 to 5.74 inches). We also have a steelmaking facility in southern Romania, with an annual steelmaking capacity of 400,000 tons. Following investments to convert this capacity to the production of steel bars for seamless pipe production, this facility has been integrated into our Romanian and European operations and supplies steel bars to the Silcotub facility as well as to other rolling mills in our industrial system. The combined Romanian facilities comprise:

- a steel shop including an electric arc furnace, a ladle furnace and a continuous caster;
- a continuous mandrel mill;
- four finishing lines, including heat treatment facilities, upsetting machine, line pipe, threading, make-up and inspection equipment facilities;
- a coupling shop;
- a cold-drawing plant with finishing area; *and*
- automotive and hydraulic cylinders components production machinery.

United Kingdom

In Aberdeen, the United Kingdom, we have a premium connection threading facility and repair shop, which works as a hub to service our customers working in the North Sea region. The facility has an annual production capacity of approximately 24,000 pieces.

Denmark

We have a facility in Esbjerg, Denmark for the manufacturing of casing and tubing accessories and the provision of casing and tubing repairs, with a production range of 2 $\frac{3}{8}$ to 18$\frac{5}{8}$ and production capacity of 3,600 ends per year.

Middle East and Africa

We have a threading facility for the production of premium joints and accessories in Saudi Arabia. The facility has an annual production capacity of approximately 40,000 tons of premium joints.

In Nigeria we have a facility dedicated to the production of premium joints and couplings in Onne, where we are consolidating our operations in the area (previously distributed between Onne and Warri). This plant comprises a threading facility for both API and premium connections with an annual production capacity of approximately 40,000 tons, inspection facilities and a stockyard. In addition, in October 2011, we acquired 40% of the shares of Pipe Coaters Nigeria Ltd, a leading company in the Nigerian pipe coating industry. Also, located in Onne, Pipe Coaters Nigeria supplies a wide variety of products and services for the oil and gas industry, such as internal, anticorrosion, concrete and thermal insulation coatings for deepwater applications.

Table of Contents

Far East and Oceania

Our seamless pipe manufacturing facility in Asia, operated by NKKTubes, is located in Kawasaki, Japan, in the Keihin steel complex owned by JFE, the successor company of NKK that resulted from the business combination of NKK with Kawasaki Steel Corporation, or Kawasaki Steel. The facility includes a floating mandrel mill, a plug mill and heat treatment and upsetting and threading facilities producing seamless pipe products with an outside diameter range of 1 to 17 inches. The effective annual production capacity of the facility is approximately 260,000 tons. The plant was operated by NKK until its acquisition by NKKTubes in 2000. Steel bars and other essential inputs and services are supplied by JFE, which retains a 49% interest in NKKTubes through its subsidiary JFE Engineering. The NKKTubes facility produces a wide range of carbon, alloy and stainless steel pipes for the local market and high value-added products for export markets.

We own a facility for the production of premium joints and couplings in Qingdao, on the east coast of China. The facility has an annual production capacity of approximately 40,000 tons of premium joints.

In addition, in Indonesia we have a premium joints threading facility in the state of Batam, which we integrated to our operations following the acquisition of Hydril. We also hold 77.45% of SPIJ, an Indonesian OCTG processing business with heat treatment, premium connection threading facilities, coupling shop and a quality testing laboratory, including an ultrasonic testing machine, which has an annual processing capacity of approximately 120,000 tons.

Production Facilities Others

We have four facilities for the manufacture of sucker rods in Villa Mercedes, San Luis, Argentina, in Moreira Cesar, São Paulo, Brazil, in Veracruz, Mexico and in Campina, Romania. In 2013, we finalized a capacity expansion investment at our sucker rods mill in Veracruz, to meet the growing demand of our customers in North America, with flexible and optimized delivery times. This investment strengthens our total annual manufacturing capacity of sucker rods to 3 million units.

In Moreira Cesar, São Paulo, Brazil, we also have facilities for the manufacture of industrial equipment. In many cases, we also provide the assembly service of this equipment at the client s site.

We have a welded steel pipe business for electric conduits with manufacturing facilities in Louisville, Kentucky, in Cedar Springs, Georgia, in the United States and in Cartagena, Colombia. These plants process steel coils into conduit tubing and have a combined annual production capacity of approximately 240,000 tons.

In addition, we have specialized facilities in the Houston area producing coiled tubing and umbilical tubing:

- A coiled tubing facility of approximately 150,000 square feet of manufacturing space on 4 hectares. The plant consists of two mills and coating operations capable of producing coiled tubing products in various grades, sizes and wall thicknesses.

- An umbilical tubing facility of approximately 85,000 square feet of manufacturing space on 6 hectares. The facility is capable of producing stainless or carbon steel tubing in various grades, sizes and wall thickness.

Sales and Marketing

Net Sales

Our total net sales amounted to $10,338 million in 2014, compared to $10,597 million in 2013 and $10,834 million in 2012. For further information on our net sales see Item 5.A. Operating and Financial Review and Prospects Results of Operations .

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

Millions of U.S. dollars	**For the year ended December 31,**					
	2014		**2013**		**2012**	
Tubes	9,582	93%	9,812	93%	10,023	93%
Others	756	7%	784	7%	811	7%
Total	**10,338**	100%	**10,597**	100%	**10,834**	100%

Table of Contents

Tubes

The following table indicates, for our Tubes business segment, net sales by geographic region:

Millions of U.S. dollars	For the year ended December 31, 2014		2013		2012	
Tubes						
North America	4,609	48%	4,077	42%	4,954	49%
South America	1,823	19%	2,237	23%	2,305	23%
Europe	924	10%	890	9%	1,042	10%
Middle East and Africa	1,817	19%	2,094	21%	1,247	12%
Far East and Oceania	408	4%	513	5%	475	5%
Total Tubes	**9,582**	100%	**9,812**	100%	**10,023**	100%

North America

Sales to customers in North America accounted for 48% of our sales of tubular products and services in 2014, compared to 42% in 2013 and 49% in 2012.

We have significant sales in each of the United States, Canada and Mexico, where we provide customers with an integrated product and service offering based on local production capabilities supported by our global industrial system.

Sales to our oil and gas customers in the United States and Canada are sensitive to oil prices and natural gas prices in that region. In the past few years, the drilling of productive shale gas and tight oil reserves, made possible by new drilling technology, has transformed drilling activity and oil and gas production in the United States. Following 25 years of declining production, U.S. crude oil production began to increase in 2009 and, in the past three years, has risen significantly, increasing 15% year on year in 2012, 15% in 2013 and 16% in 2014, reducing the need for imports. Production of natural gas liquids, or NGLs, has also increased significantly in the past few years in North America. In the United States, natural gas production has increased over the past five years, despite a reduction in gas-directed drilling activity, resulting in a reduction in net imports of natural gas into the United States and prices maintaining levels significantly below natural gas prices in Asia and Europe. In Canada, there has been a similar shift towards drilling of shale gas and tight oil reserves in addition to the development of thermal projects to extract and process extra-heavy oil from Canada s oil sands reserves.

In 2012, demand for our OCTG products in the United States increased driven by higher oil and NGLs drilling activity. Starting in the second half of 2012 and running through 2013, there was a slowdown in drilling activity in the United States as producers, who had invested in excess of operating cash flows, adjusted their investments to levels more in line with their operating cash flows and focused on improving drilling efficiencies in their tight oil and shale gas operations. In 2014, growth in oil drilling activity resumed, reaching a peak in November before starting to fall in response to plunging oil prices. Gas drilling activity has steadily declined over the past three years as production continues to increase reflecting productivity increases particularly in the Marcellus formation, natural gas prices remain low and operators began production from wells that had been previously drilled but not completed. In Canada, demand for our OCTG products and drilling activity has been relatively stable over the past three years, with increased activity in shale gas drilling (mainly for NGLs) largely offsetting declines in conventional drilling. Thermal drilling began to decline in 2014 after increasing strongly in 2012 and maintaining a high level in 2013.

Our sales in the United States are also affected by the level of investment of oil and gas companies in exploration and production in offshore projects. The blow-out at the Macondo well in the Gulf of Mexico and the subsequent spillage of substantial quantities of oil resulted in a moratorium that halted drilling activity. The drilling moratorium was lifted in October 2010, when new regulations affecting offshore exploration and development activities were announced. Since then, drilling activity has recovered.

Oil and gas drilling in Canada is subject to strong seasonality with the peak drilling season in Western Canada being during the winter months when the ground is frozen. During the spring, as the ice melts, drilling activity is severely restricted by the difficulty of moving equipment in muddy terrain.

In Mexico, we have enjoyed a long and mutually beneficial relationship with Pemex, the Mexican state-owned oil company, and one of the world s largest crude oil and condensates producers. In 1994, we began supplying Pemex under JIT agreements, which allow us to provide it with comprehensive pipe management services on a continuous basis. These

agreements provide for delivery of pipe to our customers on short notice, usually within 72 hours. Under JIT and stocking supply arrangements, we are kept informed of our customers drilling program and pipe requirements. In addition, we are permitted to bring our engineers to the customers drilling locations in order to maintain adequately supplied warehouse inventories. In January 2012, we renewed our JIT agreement with Pemex for a five-year period.

At the end of 2013, Mexico reformed its constitution to permit increased private and foreign investment in the energy industry. Under the reforms, foreign and private investors will be allowed to participate in profit and production sharing contracts and licenses and Pemex has been transformed into a state-owned production company without its previous monopoly on production. A new regulatory framework has been developed and it is expected that contracts to foreign and private investors will begin being awarded in 2015.

Drilling activity in Mexico and demand for our OCTG products has fluctuated in the past few years, with activity increasing in the offshore and south regions but reducing substantially in the Chicontepec and Burgos reserves, where activity has been affected by low productivity and the low level of North American gas prices. In the coming years, the energy reform is expected to lead to increased investment particularly in deepwater exploration and in the shale reserves in Northern Mexico.

Sales to non-oil related customers in Mexico are made directly to those customers or through authorized distributors. The principal Mexican end users, other than Pemex, rely on our products primarily for automotive, thermal, mechanical, conduction and hydraulic uses. Sales to these non-oil customers are primarily affected by trends in North American industrial production activity.

South America

Sales to customers in South America accounted for 19% of our sales of tubular products and services in 2014, compared to 23% in 2013 and 2012.

Our largest markets in South America are Argentina and Brazil. We also have significant sales in Colombia, Ecuador and Venezuela.

We have manufacturing subsidiaries in Argentina, Brazil and Colombia. Our seamless pipe manufacturing facility in Venezuela was nationalized in 2009. For more information on the nationalization of this Venezuelan company, see note 30 Nationalization of Venezuelan Subsidiaries to our audited consolidated financial statements included in this annual report.

Our sales in South America are sensitive to the international price of oil and its impact on the drilling activity of participants in the oil and gas sectors, as well as to general economic conditions in these countries. In addition, sales in Argentina, as well as export sales from our manufacturing facilities in Argentina, are affected by governmental actions and policies, such as the taxation of oil and gas exports, measures affecting gas prices in the domestic market, restrictions on transfers of currency abroad, mandatory repatriation of export revenues and other matters affecting the investment climate. Sales in Brazil are also affected by governmental actions and policies and their consequences, such as measures relating to the taxation and ownership of oil and gas production activities and the operations of Petrobras.

A principal component of our marketing strategy in South American markets is the establishment of long-term supply agreements with local and international oil and gas companies operating in those markets.

In Argentina, we have a significant share of the market for OCTG products. We have longstanding business relationships with YPF S.A., or YPF, the Argentine state-controlled company, and with other operators in the oil and gas sector. We strengthened our relationship with YPF in 2013 through a long-term business alliance under which we have agreed to provide additional services with the objective of reducing YPF s operational costs as it aims to increase production through investments in Argentina s shale oil and gas reserves. In the past three years, drilling activity has increased, led by activity in the Vaca Muerta shale play, which is considered to be one of the world s most promising unconventional reserves. However, growth in oil and gas activity and supply has, in recent years, been affected by governmental actions including the application of additional taxes on the export of oil and gas and the freezing for an extended period of domestic gas tariffs for consumers. More recently, the government has put in place programs to encourage new exploration and production activity. In addition, domestic gas tariffs for consumers have begun to increase as a result of the removal of subsidies and to cover the higher costs of natural gas imports.

In Brazil, we have a longstanding business relationship with Petrobras. We supply Petrobras with casing (including premium connections) and line pipe products, most of which are produced in our Brazilian welded pipe facility, for both offshore and onshore applications. With the development of Brazil s deepwater pre-salt complex, our mix of products sold in Brazil has

evolved from one including mainly line pipe for onshore pipeline projects to one which includes large diameter conductor and surface casing and line pipe for use in deepwater applications. Demand for complex OCTG and line pipe products used in deepwater applications has grown strongly in the past few years but the rate of growth slowed down in 2013, reflecting financial and operational restraints at Petrobras and in 2014 slowed further, as Petrobras reduced inventories of OCTG products and postponed pipeline investments. Demand for line pipe for pipeline projects declined to very low levels in 2013 and 2014 but is expected to pick up in 2015, in both Brazil and Argentina.

In Colombia, we have established a leading position in the market for OCTG products in the past few years following the acquisition of Tubocaribe, a welded pipe manufacturing facility located in Cartagena. The market in the past few years has grown rapidly as the country encouraged investment in its hydrocarbon industry and opened its national oil company to private investment. Over the past three years, however, drilling activity has slowed down. Our principal customer in Colombia is Ecopetrol, which we supply under a JIT arrangement. We have recently invested in strengthening our industrial position in Colombia through the installation of modern heat treatment, pipe threading and processing facilities which will enable us to serve this market with more local industrial content and our customers with more efficient JIT services.

We have been present in the Venezuelan OCTG market for many years and we maintain ongoing business relationships with PDVSA and the joint venture operators in the oil and gas sector. In the past three years, our sales in Venezuela were negatively affected as PDVSA delayed payments to suppliers. See Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition ; and note 30 Nationalization of Venezuelan Subsidiaries to our audited consolidated financial statements included in this annual report.

Europe

Sales to customers in Europe accounted for 10% of our sales of tubular products and services in 2014, compared to 9% in 2013 and 10% in 2012.

Our single largest country market in Europe is Italy. The market for steel pipes in Italy (as in most of the European Union) is affected by general industrial production trends, especially in the mechanical and automotive industry, and by investment in power generation, petrochemical and oil refining facilities. Sales to the mechanical and automotive industries in Italy and the rest of Europe have declined over the past three years. Sales of pipes for HPI and power generation projects remained relatively stable over the last three years.

In Europe, we also have significant sales to the oil and gas sector, which has grown in recent years, with exploration activity taking place in new areas such as unconventional shale plays in Eastern Europe and offshore drilling in the Black Sea, the Eastern Mediterranean and the Barents Sea, together with ongoing investment in the more traditional areas of the North Sea, Romania, Turkey and Russia. Demand from these markets is affected by oil and gas prices in the international markets and their consequent impact on oil and gas drilling activities in these areas. In addition, recently imposed U.S. and European sanctions are affecting demand for our premium pipe products in Russia and limited exploration success in unconventional shale plays in Eastern Europe has led international operators to cut back on their investments in this area.

Middle East and Africa

Sales to customers in the Middle East and Africa accounted for 19% of our sales of tubular products and services in 2014, compared to 21% in 2013 and 12% in 2012.

In 2013, our sales in the region increased significantly driven by a high level of demand from state-owned customers in the Middle East for premium products for complex gas drilling activity and a significant increase in demand for offshore drilling projects in Africa. While demand for premium products for offshore drilling projects in Africa remained strong in 2014, our sales in the region began to decline in the second half of 2014 due to reduced purchases from state-owned customers in the Middle East.

Our sales in the region remain sensitive to international prices of oil and gas and their impact on drilling activities as well as to the production policies pursued by OPEC, many of whose members are located in this region. In the past few years, oil and gas producing countries in the Middle East, led by Saudi Arabia, have increased investments to develop gas reserves to fuel regional gas-based industrial development, which have positively affected their consumption of premium OCTG products. Saudi Arabia, in particular, has shown strong growth in sour and high pressure gas field drilling activity. They are also increasing investments to maintain or add oil production capacity. In addition, there has been a significant increase in drilling

activity in Iraq as that country seeks to reactivate its oil and gas industry. In Africa, international oil companies increased investments in exploration and production in offshore projects in 2012 and 2013 but began to postpone or reduce their investment commitments in 2014 due to the high cost of offshore project developments and a lower success rate in exploration activity.

In the past three years, uprisings affected drilling activity in countries such as Syria, Libya and Yemen and, in the case of Libya, the oil and gas industry was effectively shut down in 2011. In addition, in 2012, 2013 and 2014, U.S. and EU sanctions have affected production and exports in Iran.

Our sales in the Middle East and Africa could be adversely affected by political and other events in the region, such as armed conflicts, terrorist attacks and social unrest, that could materially impact the operations of companies active in the region s oil and gas industry. Our sales in that region can also be affected by the levels of inventories held by the principal national oil companies in the region and their effect on purchasing requirements. For example, Saudi Aramco, after purchasing pipes in excess of their consumption requirements in 2013 and the first half of 2014, has subsequently substantially reduced purchases, notwithstanding increased drilling activity, as they reduce inventory levels.

Far East and Oceania

Sales to customers in the Far East and Oceania accounted for 4% of our sales of tubular products and services in 2014 and 5% in 2013 and 2012.

Our largest markets in the Far East and Oceania are Indonesia, China and Japan, in each of which we have local production facilities.

Sales to Indonesia and other markets in the Far East and Oceania are mainly affected by the level of oil and gas drilling activity, particularly offshore drilling activity, in these countries.

Our sales in China are concentrated on premium OCTG products used in oil and gas drilling activities. Although apparent consumption of pipes in China has increased significantly during the past three years, this increase has been met by higher sales of pipes produced by local producers, who have been increasing their production capacity.

In Japan, our subsidiary, NKKTubes, competes against other domestic producers. The market for steel pipe products in Japan is mostly industrial and depends on general factors affecting domestic investment, including production activity.

Others

Our other products and services include sucker rods used in oil extraction activities, coiled tubes used in oil and gas extraction activities, welded steel pipes for electric conduits, industrial equipment of various specifications and for diverse applications, including liquid and gas storage equipment and sales of raw materials that exceed our internal requirements. Net sales of other products and services decreased 4% in 2014, compared to 2013, mainly due to lower sales of industrial equipment in Brazil.

Competition

The global market for steel pipe products is highly competitive. Seamless steel pipe products, which are used extensively in the oil and gas industry particularly for high pressure, high stress and other complex applications, are

produced in specialized mills using round steel billets and specially produced ingots. Welded steel pipe products are produced in mills which process steel coils and plates into steel pipes. Steel companies that manufacture steel coils and other steel products but do not operate specialized seamless steel mills are generally not competitors in the market for seamless steel pipe products, although they often produce welded steel pipes or sell steel coils and plates used to produce welded steel pipes.

The production of steel pipe products following the stringent requirements of major oil and gas companies requires the development of specialized skills and significant investments in manufacturing facilities. By contrast, steel pipe products for standard applications can be produced in most seamless pipe mills worldwide and sometimes compete with welded pipe products for such applications including OCTG applications. Welded pipe, however, is not generally considered a satisfactory substitute for seamless steel pipe in high-pressure or high-stress applications.

In recent years, substantial investments have been made, especially in China, to increase production capacity of seamless steel pipe products. New production capacity continues to be installed in various regions and there is significant excess

production capacity, particularly for commodity or standard product grades. Capacity for the production of more specialized product grades is also increasing. The competitive environment has, as a result, become more intense, and we expect the current downturn in market demand to cause competition to intensify even further. Effective competitive differentiation will be a key factor for Tenaris.

Our principal competitors in steel pipe markets worldwide are described below.

Vallourec, a French company, has mills in Brazil, France, Germany and the United States. Vallourec has a strong presence in the European market for seamless pipes for industrial use and a significant market share in the international market with customers primarily in Europe, the United States, Brazil, and Africa. Vallourec is an important competitor in the international OCTG market, particularly for high-value premium joint products, where it operates a technology partnership with NSSMC (see below). In the last few years, Vallourec has increased its production capacity through building a new mill in Brazil jointly with Sumitomo, which is aimed primarily at export markets and was commissioned in 2011, and a second seamless pipe rolling mill at its existing facility in Youngstown, Ohio, which began commercial production at the end of 2012. In addition to the construction of the new Youngstown mill, it has reinforced its positioning in the U.S. through the acquisition of three tubular businesses from Grant Prideco: Atlas Bradford® Premium Threading & Services, TCA® and Tube-Alloy. Vallourec has also strengthened its position in the Middle East through the acquisition of heat treatment and threading facilities in Saudi Arabia in 2011 and, in 2010, it concluded an agreement with a Chinese seamless steel producer under which it distributes products from the Chinese producer in markets outside China.

Nippon Steel & Sumitomo Metal Corporation, or NSSMC, and JFE (the seamless pipe business of the former Kawasaki Steel) in the aggregate enjoy a significant share of the international market, having established strong positions in markets in the Far East and the Middle East. They are internationally recognized for their supply of high-alloy grade pipe products. On September 27, 2002, Kawasaki Steel and NKK, our partner in NKKTubes, consummated a business combination and merger, through which they became subsidiaries of JFE. JFE continues to operate the former Kawasaki Steel s seamless steel pipe business in competition with NKKTubes.

In recent years, TMK, a Russian company, has led consolidation of the Russian steel pipe industry, invested to modernize and expand its production capacity in Russia and expanded internationally through acquisitions into Eastern Europe and the United States where it acquired a significant position in the U.S. market through its acquisition of IPSCO s tubular operations comprising both seamless and welded pipe mills and the Ultra family of connections. In 2012, TMK opened a research and development center in Houston and has been expanding its capacity to produce premium connection products. TMK also expanded in the Middle East through the acquisition of a controlling interest in Gulf International Pipe Industry LLC, a welded pipe producer in Oman.

Also in recent years, Chinese producers have increased production capacity substantially and strongly increased their exports of steel pipe products, particularly to the United States, the European Union and Canada before anti-dumping restrictions were placed on Chinese imports to those regions. The largest Chinese producer of seamless steel pipes, TPCO, announced in 2009 its intention to build a new seamless pipe facility in the United States; heat treatment and pipe finishing facilities have been constructed and steelmaking and hot rolling facilities are currently under construction in Corpus Christi, Texas. Although producers from China compete primarily in the commodity sector of the market, some of these producers including TPCO, have been upgrading their

facilities and processes with the intention of entering into the market for more specialized products.

The tubes and pipes business in the United States and Canada experienced a significant consolidation process several years ago. Following the acquisitions of Maverick and Hydril by Tenaris, US Steel Corporation acquired Lone Star Steel Technologies. In 2008, Evraz Group S.A. and TMK, two Russian companies, acquired IPSCO s Tubular division which has both seamless and welded mills in the United States and Canada. Evraz retained IPSCO s operations in Canada while TMK acquired IPSCO s operations in the United States, as mentioned above. More recently, however, new players have built, or announced plans to build, pipe mills in the United States. These include Boomerang LLC, a company formed by a former Maverick executive, which opened a welded pipe mill in Liberty, Texas, in 2010, and Benteler, a European seamless pipe producer, which is building a new seamless pipe mill in Louisiana. North American pipe producers are largely focused on supplying the U.S. and Canadian markets, where they have their production facilities.

Tubos Reunidos S.A. of Spain, Benteler A.G. of Germany and Voest Alpine AG of Austria each have a significant presence in the European market for seamless steel pipes for industrial applications, while the latter also has a relevant presence in the international OCTG market. In 2006, ArcelorMittal created a tubes division through several acquisitions and has mills in North America, Eastern Europe, Venezuela, Algeria and South Africa and has been building a seamless pipe mill in Saudi Arabia.

Producers of steel pipe products can maintain strong competitive positions in markets where they have their pipe manufacturing facilities due to logistical and other advantages that permit them to offer value-added services and maintain strong relationships with domestic customers, particularly in the oil and gas sectors. Our subsidiaries have established strong ties with major consumers of steel pipe products in their home markets, reinforced by JIT arrangements, as discussed above.

Capital Expenditure Program

During 2014, our capital expenditures, including investments at our plants and investments in information systems, amounted to $1,089 million, compared to $753 million in 2013 and $790 million in 2012. Of these capital expenditures, investment at our plants amounted to $1,008 million in 2014, compared to $667 million in 2013 and $747 million in 2012.

In 2014, in addition to the capacity expansion in the United States, we focused on improving our finishing capabilities, mainly heat treatment and threading facilities, including premium products lines and investments at our R&D centers. The major highlights of our capital spending program during 2014 included:

- construction of our new greenfield seamless facility in Bay City, Texas, in the United States;
- construction of a new heat treatment and finishing lines for seamless OCTG in Colombia;
- installation of a new heat treatment line at our Veracruz facility in Mexico;
- line redesign and installation of new equipment for seamless pipes in Campana, Argentina;
- construction and installation of equipment at the new R&D center in Rio de Janeiro, Brazil;
- installation of new non-destructive testing equipment at our Veracruz facility in Mexico;
- construction of a new building for Tenaris University at our Zalau facility in Romania;
- an increase in capacity and redesign of production line for large vessels in Dalmine, Italy;
- an increase in heat treatment capacity and renewal of the straightener machine at our Campana facility, in Argentina; *and*
- construction of a new continuous heat treatment line for coiled tubes in the United States.

Capital expenditures in 2015 are expected to be above the level reached in 2014, mainly due to the continuing construction of the new greenfield seamless mill in Bay City, Texas. The new facility will include a state-of-the-art rolling mill as well as finishing and heat treatment lines. We plan to bring the 600,000 tons per year capacity mill and logistics center into operation in 2017 within a budget of approximately $1.5 billion to $1.8 billion. As of December 31, 2014, approximately $0.4 billion had already been invested and an additional $0.5 billion had been committed.

In addition to the capacity expansion in the United States, we expect our investments during 2015 to be spread among our global industrial system, in line with what already occurred during 2014. These investments will mainly aim at enhancing product differentiation, increasing capacity on critical areas, increasing local finishing capabilities, improving the efficiency of our process, enhancing plant s safety and minimizing environmental impact, as well as increasing the infrastructure for training. Major projects for 2015 include:

- installation of a new state-of-the-art threading line for premium products and new heat treatment line at our Veracruz facility in Mexico;
- installation of new heat treatment and finishing lines for seamless OCTG in Colombia;
- increase the production capacity of sucker rods in the United States;
- expansion of the steel shop continuous casting line at our Veracruz facility in Mexico;
- expansion of heat treatment capacity and finishing lines, including premium threading, for seamless OCTG in Saudi Arabia;
- installation of new premium threading lines in Kazakhstan;
- construction of new facility for OCTG accessories at our Zalau facility in Romania; *and*
- increase the capacity for coiled tubing under the innovative BlueCoil technology, at our facility in the United States.

In addition to capital expenditures at our plants, we have invested in information systems for the integration of our production, commercial and managerial activities. These investments are intended to promote the further integration of our operating facilities and enhance our ability to provide value-added services to customers worldwide. Investments in information systems totaled $80 million in 2014, compared to $86 million in 2013 and $43 million in 2012.

Raw Materials and Energy

The majority of our seamless steel pipe products are manufactured in integrated steel making operations using the electric arc furnace route, with the principal raw materials being steel scrap, DRI, HBI, pig iron and ferroalloys. In Argentina, we produce our own DRI from iron ore using natural gas as a reductant. Our integrated steel making operations consume significant quantities of electric energy, a significant portion of which we generate in our own facilities. Our welded steel pipe products are processed from purchased steel coils and plates. Although the weight of the different steelmaking raw materials and steel, vary among the different production facilities in our industrial system, depending on the specifications of the final products and other factors, on average steel scrap, pig iron, HBI and DRI represent approximately 20% of our steel pipe products costs, while steel in the form of billets or coils represents approximately 25%, with direct energy accounting for approximately 5%.

The aforementioned inputs of raw material are subject to price volatility caused by supply, political and economic situations, financial variables and other unpredictable factors. For further information on price volatility, see Item 3.D. Key Information Risk Factors Risks Relating to our Industry Increases in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy, and price mismatches between raw materials and our products may hurt our profitability . The costs of steelmaking raw materials and of steel coils and plates declined during 2014, particularly in the fourth quarter.

Steel scrap, pig iron and HBI

Steel scrap, pig iron and HBI for our steelmaking operations are sourced from local, regional and international sources. In Argentina, we produce our own DRI and source ferrous scrap domestically through a wholly owned scrap collecting and processing subsidiary. In Italy, we purchase pig iron and ferrous scrap from local and regional markets. In Mexico, we import our pig iron and HBI requirements and purchase scrap from domestic and international markets. In Romania, we source ferrous scrap from the domestic market.

International prices for steel scrap, pig iron and HBI can vary substantially in accordance with supply and demand conditions in the international steel industry. Our costs for these materials remained relatively stable during 2014 until the end of the year, when a correction in pricing started, following the sharp decline in prices of raw materials, such as iron ore. For example, prices for Scrap Shredded FAS U.S. East Coast, published by CRU, averaged $341 per ton in 2013 and $339 per ton in 2014 and in March 2015 they averaged $242 per ton.

Iron ore

We consume iron ore, in the form of pellets and lump ore, for the production of DRI in Argentina. Our annual consumption of iron ore in Argentina is close to 1 million tons and is supplied from Brazil primarily by *Vale S.A.* and *Samarco Mineração S.A.* Prices remained at high levels during the first quarter of 2014; however, slower than expected Chinese growth combined with significant oversupply to push prices down particularly in the second half of the year. As a reference, prices for Iron Ore IODEX 62% Fe (CFR North China), published by Platts, averaged $135 per ton in 2013 and $97 per ton in 2014, and in March 2015 they averaged $57 per ton.

Round steel bars

We purchase round steel bars and ingots for use in our seamless steel pipe facilities in Canada, Japan and Mexico.

In Japan, we purchase these materials from JFE, our partner in NKKTubes. These purchases are made under a supply arrangement pursuant to which the purchase price varies in relation to changes in the cost of production. As a result of their location within a larger production complex operated by the supplier, our operations in Japan are substantially dependent on these contracts for the supply of raw materials and energy. JFE uses imported iron ore, coal and ferroalloys as principal raw materials for producing steel bars at Keihin.

In Canada, we had a long-term agreement with Rio Tinto Fer et Titane, a Canadian producer of titanium dioxide and high purity iron, under which Rio Tinto Fer et Titane was supplying round steel bars, at U.S. dollar prices adjusted in accordance

with variations in raw material costs. In 2012 we signed a new contract, with an evergreen feature, to extend the original contract. The contract accommodates 50% of our steel bar needs. We use steel bars produced in our integrated facilities in Argentina and Romania for the remainder of our round steel bar requirements.

In Mexico, we have been sourcing steel bars from Ternium s Mexican facilities since 2011, under a long term contract that grants us, during an eight-year period, preferential right to purchase up to 250,000 tons of round steel bars per year.

Steel coils and plates

For the production of welded steel pipe products, we purchase steel coils and steel plates principally from domestic producers for processing into welded steel pipes. We have welded pipe operations in Argentina, Brazil, Canada, Colombia and the United States.

Steel coil market prices were relatively stable during 2014, but started to show a downward trend toward the end of the year. As a reference, prices for hot rolled coils, HRC Midwest USA Mill, published by CRU, averaged $692 per ton in 2013 and $724 per ton in 2014 and in March 2015 they averaged $538 per ton.

For our welded pipe operations in the United States, a significant part of our requirements for steel coils are supplied by Nucor Steel and ArcelorMittal. Our principal supplier in the United States is Nucor Steel, which has a steel coil manufacturing facility in Hickman, Arkansas, near to our principal welded pipe facility in the United States. To secure a supply of steel coils for our U.S. facilities, in May 2013 we entered into a long-term purchase agreement with Nucor Steel which is due to expire at the end of 2017. In December 2014 we reached an agreement with Nucor that temporarily allows us to purchase only the steel volumes that we need, until we see a recovery to the current weak pipe demand associated with the reduction in drilling activity.

In Canada, we have long-term agreements with our main steel suppliers for our welded pipe operations with prices referenced to market levels in U.S. dollars (i.e., CRU HRC index). These main suppliers are: ArcelorMittal Dofasco, which has steel coil manufacturing facilities in Hamilton, Ontario, and Essar Steel Algoma (Essar), which has steel coil manufacturing facilities in Sault Ste. Marie, Ontario. In the case of Essar the contract expired in March 2015 and we have agreed to continue buying from them on a spot basis during 2015.

We also purchase steel coils and plates for our welded pipe operations in South America (Colombia, Brazil and Argentina) principally from Usiminas and ArcelorMittal in Brazil, from Siderar S.A.I.C., or Siderar, a subsidiary of Ternium S.A. in Argentina and from Ternium s facilities in Mexico. In addition, in Brazil we also source plates and coils from international suppliers when not produced domestically.

Energy

We consume substantial quantities of electric energy at our electric steel shops in Argentina, Italy, Mexico and Romania. In Argentina, we have a 160 megawatt power generation plant located at San Nicolás, approximately 150 kilometers from Campana, which together with a smaller thermo-electric power generating plant located within the Campana facility, is sufficient to supply the requirements of our steelmaking facility at Campana. In Dalmine, Italy, we have a 120 megawatt power generation facility, which is designed to have sufficient capacity to meet the electric power requirements of the operations at peak load, and excess power is sold to third party consumers and heat is sold for district heating. In Mexico, our electric power requirements are currently furnished by the Mexican government-owned *Comisión Federal de Electricidad*, or the Federal Electric Power Commission, and in Romania, we source power from the local market.

In order to supply our Mexican operations with energy, we have entered into certain arrangements to build and operate a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. The power plant is expected to be operational in the fourth quarter of 2016, and will be operated by Techgen, S.A. de C.V., a Mexican project company owned 48% by Ternium, 30% by Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium) and 22% by Tenaris. The power plant is estimated to require a total investment of $1.1 billion, and each shareholder has agreed to finance or provide guarantees in connection with the plant s construction costs *pro rata* to its respective ownership interest. Tenaris and Ternium have also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen s power capacity of between 850 and 900 megawatts.

We consume substantial volumes of natural gas in Argentina, particularly in the generation of DRI and to operate our power generation facilities. YPF and Metroenergía are our principal suppliers of natural gas in Argentina. The balance of our natural gas requirements is supplied by several companies, including Tecpetrol S.A., or Tecpetrol, a subsidiary of San Faustin, which supplies us under market conditions and according to local regulations.

We have transportation capacity agreements with Transportadora de Gas del Norte S.A., or TGN, a company in which San Faustin holds a significant but non-controlling interest, corresponding to capacity of 1,000,000 cubic meters per day until April 2017. In order to meet our transportation requirements for natural gas above volumes contracted with TGN, we also have agreements with Gas Natural Ban S.A., or Gasban, for interruptible transportation capacity currently corresponding to approximately 970,000 cubic meters per day. For the final transportation phase, we have a supply contract with Gasban that will be in force until April 2019.

In addition to the normal amount of gas consumed at our Italian plants, we also consume substantial quantities of natural gas in connection with the operation of our power generation facility in Italy. Our natural gas requirements in Italy are supplied by various suppliers.

Our costs for electric energy and natural gas vary from country to country. Energy costs have continued to increase since 2010. In addition, we may face occasional shortages. For example, over the course of the last several years, demand for electricity in Argentina has increased substantially, resulting in shortages of electricity to residential and industrial users during periods of high demand. Similarly, the cost of natural gas for industrial use in Argentina increased significantly during the last years driven by increased local demand and by governmental policies that cut back subsidies for consumption of natural gas by certain users. The demand for natural gas continues to outpace supply, therefore supply to industrial users has often been restricted during the Argentine winter. See Item 3.D. Key Information Risk Factors Risks Relating to our Industry Increases in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy; and price mismatches between raw materials and our products may hurt our profitability and Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition .

Ferroalloys

At each of our steel shops we coordinate our purchases of ferroalloys worldwide. The international costs of ferroalloys can vary substantially, within a short period. Our costs of ferroalloys decreased toward the end of 2014, in line with the general decline in international raw material prices.

Product Quality Standards

Our steel pipes are manufactured in accordance with the specifications of API, the American Society for Testing and Materials, or ASTM, the International Standardization Organization, or ISO, and the Japan Industrial Standards, or JIS, among other standards. The products must also satisfy our proprietary standards as well as our customers requirements. We maintain an extensive quality assurance and control program to ensure that our products continue to satisfy proprietary and industry standards and are competitive from a product quality standpoint with products offered by our competitors.

We currently maintain, for all our pipe manufacturing facilities, the Quality Management System Certification ISO 9001:2008 granted by Lloyd s Register Quality Assurance, and the API product licenses granted by API-U.S., which are requirements for selling to the major oil and gas companies, which have rigorous quality standards. Our quality management system, based on the ISO 9001 and API Q1 specifications assures that products comply with customer requirements from the acquisition of raw materials to the delivery of the final product, and are designed to ensure the reliability and improvement of both the product and the processes associated with the manufacturing operations.

All our mills involved in the manufacturing of material for the automotive market are certified according to the standard ISO/TS 16949 by Lloyd s Register Quality Assurance.

Research and Development

Research and development, or R&D, of new products and processes to meet the increasingly stringent requirements of our customers is an important aspect of our business.

R&D activities are carried out primarily at our specialized research facilities located at Campana in Argentina, at Veracruz in Mexico, at Dalmine in Italy, at the product testing facilities of NKKTubes in Japan and at the new R&D center at Ilha do Fundao, Rio de Janeiro, Brazil (which commenced operations in 2014). We strive to engage some of the world s leading

Table of Contents

industrial research institutions to solve the problems posed by the complexities of oil and gas projects with innovative applications. In addition, our global technical sales team is made up of experienced engineers who work with our customers to identify solutions for each particular oil and gas drilling environment.

Product development and research currently being undertaken are focused on the increasingly challenging energy markets and include:

- proprietary premium joint products including Dopeless® technology;
- heavy wall deep water line pipe, risers and welding technology;
- proprietary steels;
- tubes and components for the car industry and mechanical applications;
- tubes for boilers;
- welded pipes for oil and gas and other applications;
- sucker rods; *and*
- coatings.

In addition to R&D aimed at new or improved products, we continuously study opportunities to optimize our manufacturing processes. Recent projects in this area include modeling of rolling and finishing process and the development of different process controls, with the goal of improving product quality and productivity at our facilities.

We seek to protect our intellectual property, from R&D and innovation, through the use of patents and trademarks that allow us to differentiate ourselves from our competitors.

We spent $107 million for R&D in 2014, compared to $106 million in 2013 and $83 million in 2012.

Environmental Regulation

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. International environmental requirements vary.

The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable since regulations under some of these laws have not yet been promulgated or are undergoing revision. The expenditures necessary to remain in compliance with these laws and regulations, including site or other remediation costs, or costs incurred from potential environmental liabilities, could have a material adverse effect on our financial condition and profitability. While we incur and will continue to incur expenditures to comply with applicable laws and regulations, there always remains a risk that environmental incidents or accidents may occur that may negatively affect our reputation or our operations.

Compliance with applicable environmental laws and regulations is a significant factor in our business. We have not been subject to any material penalty for any material environmental violation in the last five years, and we are not aware of any current material legal or administrative proceedings pending against us with respect to environmental matters which could have an adverse material impact on our financial condition or results of operations.

Insurance

We carry property damage, general liability (including employer s, third-party and product liability) and certain other insurance coverage in line with industry practice. Our current general liability coverage includes third party, employers, sudden and accidental seepage and pollution and product liability, up to a limit of $300 million. Our current property insurance program has indemnification caps up to $250 million for direct damage, depending on the different plants. As of February 2015 the Company decided to increase the deductible on the property damage insurance to $100 million.

Table of Contents

Disclosure Pursuant to Section 13(r) of the Exchange Act

Tenaris

The Iran Threat Reduction and Syria Human Rights Act of 2012, or ITRA, created a new subsection (r) in Section 13 of the Exchange Act, which requires a reporting issuer to provide disclosure if the issuer or any of its affiliates engaged in certain enumerated activities relating to Iran, including activities involving the Government of Iran. Tenaris is providing the following disclosure pursuant to Section 13(r).

In January 2010, Tenaris Global Services S.A., or TGS, a Tenaris subsidiary, entered into an agreement with the National Iranian Drilling Company, or NIDC, a company controlled by the Government of Iran, for a total value of EUR9.4 million (approximately $10.1 million). TGS made all deliveries and collected most of its account receivables under the NIDC agreement prior to 2012. In 2012, TGS collected an amount of EUR750 thousand (approximately $810 thousand) for products delivered to NIDC in prior years. As of December 31, 2014, an outstanding balance of EUR172 thousand (approximately $185 thousand) is still due to TGS. In addition, as of December 31, 2014, TGS has not yet fully performed its obligation to allow technical visits to Tenaris s mills by fifteen NIDC experts at TGS s cost. Tenaris expects to fulfill these pending obligations and collect outstanding payments during 2015.

TGS is also a party to an April 2011 agreement with Global Procurement General Trading FZE, or Global FZE, a company incorporated in United Arab Emirates, for the provision of OCTG for an amount of AED16.5 million (approximately $4.5 million). TGS has been informed by Global FZE that the end users of the products delivered under this agreement are Oil Industries Engineering and Construction Group and Pars Oil and Gas Company, which are controlled by the Government of Iran. In 2012, TGS delivered products under the Global FZE agreement for a total value of AED16.3 million (approximately $4.4 million), and collected a total amount of AED15.4 million (approximately $4.2 million). All sales of goods and services to Iran under the agreement with Global FZE have ceased. As of December 31, 2014, a balance of AED862 thousand (approximately $0.2 million) was owing to Tenaris, and Global FZE has advised Tenaris of its inability to process payment to Tenaris of the outstanding balance as a result of the current sanctions relating to Iran.

In March 2011, TGS entered into an agreement for the provision of technical field service assistance to ENI Iran B.V., or ENI Iran, for its project in Darquain, Iran, for a value of EUR246 thousand (approximately $264 thousand). Tenaris has been informed that ENI Iran operates the Darquain project pursuant to a service contract with the National Iranian Oil Company. All services required to be performed by Tenaris for the benefit of ENI Iran were completed and ceased prior to the end of 2012. In December 2013, Tenaris was informed by ENI Iran that it would seek approval to make payment of the contract amount in compliance with applicable laws. In June 2014, Tenaris collected all outstanding amounts under the aforementioned agreement.

Tenaris did not record any profit in 2014 in connection with the agreements described above.

Except as otherwise stated above, there are no pending obligations of Tenaris or its subsidiaries under the agreements described above. While the Tenaris subsidiaries identified above intend to perform their pending obligations under such pre-existing agreements, Tenaris and its subsidiaries ceased prior to the end of 2012 all sales and deliveries of

goods and services to Iran. Tenaris s current policy, based on the sanctions against Iran, is not to engage in future sales or deliveries.

Tenaris believes that its activities concerning Iran do not violate any United States or foreign law, and has procedures in place to ensure that such activities comply with all applicable U.S. and foreign laws.

Tenaris s Affiliates

Pursuant to Section 13(r) of the Exchange Act, Tenaris is also required to disclose whether any of its affiliates have engaged in certain Iran-related activities and transactions. Tenova S.p.A., or Tenova, an Italian supplier of equipment for the mining and the steel-making industry, is indirectly controlled by San Faustin and, accordingly, is deemed an affiliate of Tenaris, as that term is defined in Exchange Act Rule 12b-2.

In response to our inquiry, Tenova informed us that:

> During 2014, Tenova or its subsidiaries supplied equipment and performed engineering services for the steel-making and raw material industries to companies believed by Tenova to be subsidiaries of development agencies of the Government of Iran.

Table of Contents

None of the activities performed is connected to the activities described in Sections 5(a) or (b) of the Iran Sanctions Act of 1996, Section 105A(b)(2) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 or was performed in favor of persons whose property and interests in property are blocked pursuant to Executive Order 13224 (terrorists and terrorist supporters) or 13382 (weapons of mass destruction proliferators and supporters).

All of these sales and activities were authorized by the *Comitato di Sicurezza Finanziaria* CSF, an Italian governmental committee established pursuant to Italian Decree n. 369 of October 12, 2001 (as amended by Italian Law n. 431 of December 14, 2001) under the supervision of the Italian Ministry of Economy.

Since several of Tenova s Iran-related contracts are still currently being executed, Tenova is required to perform all outstanding obligations under such contracts.

Any future contract between Tenova or its subsidiaries and customers controlled by the Government of Iran will continue to be made in compliance with all laws applicable to Tenova or its relevant subsidiaries.

Tenova informed us that its total sales revenue for 2014 with regard to the foregoing transactions amounted to $34 million, which represents 2.3% of its total sales revenue for 2014.

Tenova also estimated that its net profits from such transactions, after internal cost allocation and taxes, were in the range of $5.1 million.

C. Organizational Structure and Subsidiaries

We conduct all our operations through subsidiaries. The following table shows the significant operating subsidiaries of the Company and its direct and indirect ownership in each subsidiary as of December 31, 2014, 2013 and 2012.

			Percentage Ownership		
Company	**Country of Organization**	**Main Activity**	**2014**	**2013**	**2012**
Algoma Tubes Inc.	Canada	Manufacture of seamless steel pipes	100%	100%	100%
Confab Industrial S.A.	Brazil	Manufacture of welded steel pipes and capital goods	100%	100%	100%
Dalmine S.p.A.	Italy	Manufacture of seamless steel pipes	99%	99%	99%
Exiros B.V.	Netherlands	Procurement of raw materials and other products or services	50%	50%	50%
Hydril Company	U.S.A.	Manufacture and marketing of premium connections	100%	100%	100%
Maverick Tube Corporation	U.S.A.	Manufacture of welded steel pipes	100%	100%	100%

Metalmecánica S.A.	Argentina	Manufacture of sucker rods	100%	100%	100%
NKKTubes K.K.	Japan	Manufacture of seamless steel pipes	51%	51%	51%
PT Seamless Pipe Indonesia Jaya	Indonesia	Manufacture of seamless steel pipes	77%	77%	77%
Prudential Steel ULC	Canada	Manufacture of welded steel pipes	100%	100%	100%
S.C. Silcotub S.A.	Romania	Manufacture of seamless steel pipes	100%	100%	100%
Siat S.A.	Argentina	Manufacture of welded steel pipes	100%	100%	100%
Siderca S.A.I.C.	Argentina	Manufacture of seamless steel pipes	100%	100%	100%
Tenaris Coiled Tubes LLC (and predecessors)	U.S.A.	Manufacture of coiled tubing	100%	100%	100%
Tenaris Connection Limited	St. Vincent & Grenadines	Ownership and licensing of technology	100%	100%	100%
Tenaris Financial Services S.A.	Uruguay	Financial services	100%	100%	100%
Tenaris Global Services S.A.	Uruguay	Holding company and marketing of steel pipes	100%	100%	100%
Tenaris Investments S.àr.l Luxembourg, Zug Branch	Switzerland	Holding company and financial services	100%	100%	100%
Tubos de Acero de México S.A.	Mexico	Manufacture of seamless steel pipes	100%	100%	100%
Tenaris Tubocaribe Ltda.	Colombia	Manufacture of welded steel pipes	100%	100%	100%

Table of Contents

Other Investments

Ternium

We have a significant investment in Ternium, one of the leading steel producers of the Americas with production facilities in Latin America. Ternium is a Luxembourg company controlled by San Faustin and its securities are listed on the New York Stock Exchange, or NYSE. As of March 31, 2015, the Company held 11.46% of Ternium s share capital (including treasury shares).

The Company is a party to a shareholders agreement with Techint Holdings S.à r.l., or Techint Holdings, a wholly owned subsidiary of San Faustin, pursuant to which Techint Holdings will take all actions in its power to cause one of the members of Ternium s board of directors to be nominated by the Company and any directors nominated by the Company only be removed pursuant to written instructions by the Company. The Company and Techint Holdings also agreed to cause any vacancies on Ternium s board of directors to be filled with new directors nominated by either the Company or Techint Holdings, as applicable. The shareholders agreement will remain in effect as long as each of the parties holds at least 5% of the shares of Ternium or until it is terminated by either the Company or Techint Holdings pursuant to its terms. Carlos Condorelli was nominated as a director of Ternium pursuant to this agreement.

Usiminas

On January 16 2012, Confab acquired 5.0% of the shares with voting rights and 2.5% of the total share capital in Usiminas, a leading Brazilian producer of high quality, flat steel products used in the energy, automotive and other industries.

This acquisition was part of a larger transaction pursuant to which Confab and Ternium and certain of Ternium s subsidiaries 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, Confab and Ternium and certain of Ternium s subsidiaries entered into an amended and restated Usiminas shareholders agreement with NSSMC, Mitsubishi, Metal One and Previdência Usiminas, an Usiminas employee fund, governing the parties rights within the Usiminas control group. As a result, Usiminas control group, which holds, in the aggregate, 322.7 million ordinary shares subject to the Usiminas shareholders agreement, which represent approximately 63.9% of Usiminas voting capital, is now formed as follows: Nippon Group (comprising NSSMC, Mitsubishi and Metal One), which holds approximately 46.1% of the total shares subject to the Usiminas shareholders agreement; Ternium/Tenaris Group (comprising Ternium Investments, Siderar, Prosid and Confab), which holds approximately 43.3% (with 35.6% corresponding to Ternium and the remaining 7.7% corresponding to Tenaris) of the total shares subject to the Usiminas shareholders agreement; and Previdência Usiminas, which holds the remaining 10.6%. In addition, each of NSSMC and Ternium own 6.7 million and 51.4 million shares not subject to the Usiminas shareholders agreement; however, they are required to vote their shares in accordance with the control group. The rights and obligations of Confab and Ternium and its subsidiaries within the Ternium/Tenaris Group are governed under a separate shareholders agreement. For a discussion of the investment in Usiminas, see note 12 Investments in non-consolidated companies Usiminas S.A. to our audited consolidated financial statements included in this annual report.

Techgen

Techgen, S.A. de C.V., is a joint venture company owned 48% by Ternium, 30% by Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium) and 22% by Tenaris. Techgen is building a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. The plant is expected to be operational in the fourth quarter of 2016 and will supply

electricity to Ternium s and Tenaris s Mexican facilities.

D. Property, Plants and Equipment

For a description of our property, plants and equipment, please see Item 4.B. Information on the Company Business Overview Production Process and Facilities and Item 4.B. Information on the Company Business Overview Capital Expenditure Program .

Item 4A. Unresolved Staff Comments

As part of its regular reviews of Tenaris s filings of financial statements, the Staff of the U.S. Securities and Exchange Commission (SEC) has issued comments regarding the carrying value of Tenaris s investment in Usiminas. While Tenaris has provided information to the SEC Staff supporting the company s accounting treatment of the Usiminas investment under IFRS, discussions with the Staff continue.

If it is determined after the conclusion of this process that an additional impairment of the investment in Usiminas should be recorded in 2014, Tenaris could be required to restate its 2014 financial statements. A restatement of the 2014 financial statements could also result in a restatement of the financial statements for the first quarter of 2015.

The value of Tenaris s investment in Usiminas was determined by the application of IFRS and tested for impairment using the value in use calculation as per IAS 36.

As of December 31, 2014, the value in use calculation on the investment in Usiminas derived in an impairment charge of $49 million. Additionally, during the fourth quarter of 2014, the investment in Usiminas was reduced by $22 million due to the currency translation adjustment (CTA), following a devaluation of the Brazilian Real (BRL). Therefore, including quarterly results, the value of Tenaris s investment in Usiminas decreased from $284 million as of September 30, 2014 to $209 million as of December 31, 2014.

Additionally, in the first quarter of 2015, an additional impairment of $17 million was recorded and a further devaluation of the BRL reduced the value of the investment by $36 million through CTA. Therefore, including quarterly results, the carrying value as of March 31, 2015 amounted to $153 million, representing a 1.2% of Tenaris Net Worth.

The table below shows Tenaris s carrying value for its investment in Usiminas (expressed on a per share basis) at September 30, 2014, December 31, 2014 and March 31, 2015, as well as the book value of Usiminas equity.

Per share amount in USD	**Carrying value**	**Book value**
September 30, 2014	11.3	7.0
December 31, 2014	8.4	6.4
March 31, 2015	6.1	5.2

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of our financial condition and results of operations are based on, and should be read in conjunction with, our audited consolidated financial statements and the related notes included elsewhere in this annual report. This discussion and analysis presents our financial condition and results of operations on a consolidated basis. We prepare our consolidated financial statements in conformity with IFRS. IFRS differ in certain significant respects from U.S. GAAP.

Certain information contained in this discussion and analysis and presented elsewhere in this annual 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 evaluating this discussion and analysis, you should specifically consider the various risk factors identified in Item 3.D. Key Information Risk Factors , other risk factors identified elsewhere in this annual report and other factors that could cause results to differ materially from those expressed in such forward-looking statements.

Overview

We are a leading global manufacturer and supplier of steel pipe products and related services for the energy industry and other industries.

We are a leading global manufacturer and supplier of steel pipe products and related services for the world s energy industry as well as 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 and processing and power facilities. We 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 main source of revenue is the sale of products and services to the oil and gas industry, and the level of such sales is sensitive to international oil and gas prices and their impact on drilling activities.

Demand for our products and services from the global oil and gas industry, particularly for tubular products and services used in drilling operations, represents a substantial majority of our total sales. Our sales, therefore, depend on the condition of the oil and gas industry and our customers willingness to invest capital in oil and gas exploration and development as well as in associated downstream processing activities. The level of these expenditures is sensitive to oil and gas prices as well as the oil and gas industry s view of such prices in the future. Crude oil prices have fallen from over $100 per barrel in June 2014 to their current levels of around $50-$60 per barrel, as rapid production growth in the U.S. and Canada, slowing global demand growth and OPEC s decision not to cut production levels have combined to create an excess of supply in the market. Natural gas prices have also fallen due to increased supply and limited demand growth. In this context, oil and gas operators, particularly in North America, are substantially cutting their exploration and production budgets for the year 2015, and are focused on reducing costs throughout their operations.

In 2014, worldwide drilling activity increased by 5% compared to 2013. In the United States the rig count in 2014 increased by 6% and in Canada by 7%. In the rest of the world, the rig count increased by 3% in 2014. However, due to the significant decline in oil and gas prices in the past few months, drilling activity is being reduced rapidly in North America, with the U.S. rig count falling by 792 rigs (43%) sequentially in the first quarter of 2015, and the Canadian rig count falling by 217 rigs (41%) in the first quarter of 2015 compared to the first quarter of 2014.

A growing proportion of exploration and production spending by oil and gas companies has been directed at offshore, deep drilling and non-conventional drilling operations in which high-value tubular products, including special steel grades and premium connections, are usually specified. Technological advances in drilling techniques and materials are opening up new areas for exploration and development. More complex drilling conditions are expected to continue to demand new and high value products and services in most areas of the world.

Our business is highly competitive.

The global market for steel pipes is highly competitive, with the primary competitive factors being price, quality, service and technology. We sell our products in a large number of countries worldwide and compete primarily against European and Japanese producers in most markets outside North America. In the United States and Canada we compete against a wide range of local and foreign producers. Competition in markets worldwide has been increasing, particularly for products used in standard applications, as producers in countries like China and Russia increase production capacity and enter export markets.

In addition, there is an increased risk of unfairly-traded steel pipe imports in markets in which we produce and sell our products. In August 2014, the U.S. imposed anti-dumping duties on OCTG imports from various countries, including South Korea. However, despite the trade case ruling, unfairly-traded steel pipe imports from South Korea remain at a very high level. Similarly, in Canada, an anti-dumping investigation is underway and while the final determination on injury is still pending, in March 2015 the Canada Border Services Agency introduced anti-dumping duties on OCTG imports from South Korea and other countries.

Our production costs are sensitive to prices of steelmaking raw materials and other steel products.

We purchase substantial quantities of steelmaking raw materials, including ferrous steel scrap, direct reduced iron (DRI), pig iron, iron ore and ferroalloys, for use in the production of our seamless pipe products. In addition, we purchase substantial quantities of steel coils and plate for use in the production of our welded pipe products. Our production costs, therefore, are sensitive to prices of steelmaking raw materials and certain steel products, which reflect supply and demand factors in the global steel industry and in the countries where we have our manufacturing facilities.

The costs of steelmaking raw materials and of steel coils and plates declined during 2014, particularly at the end of the year.

Outlook

While the extent and duration of the decline in drilling activity remains unclear, we expect demand for OCTG products to decline around 30% in 2015 compared to 2014. We expect that the decline in drilling activity and demand for OCTG will be more rapid and pronounced in the United States and Canada and more gradual in the rest of the world.

For 2015, we expect our sales in the United States and Canada to be affected by the aforementioned reduced drilling activity and by the uncertainty concerning the still very high level of unfairly-traded steel pipe imports and its impact on OCTG inventories in the United States. In the Eastern Hemisphere, our sales will be affected by OCTG destocking in Saudi Arabia and lower offshore drilling activity in sub-Saharan Africa, the North Sea and the Far East. However, we expect our sales in South America to be supported by sales for pipeline projects in Argentina and Brazil.

We are adjusting our operations to face the new environment. The costs of our metallic load are declining, we are making certain adjustments in our workforce worldwide and we are optimizing allocation among our plants to take advantage of differences in operating costs and currency movements. We are also reviewing our fixed costs with a view to making our structure more efficient and taking actions to reduce our investment in working capital.

Functional and presentation currency

The functional and presentation currency of the Company is the U.S. dollar. The U.S. dollar is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Tenaris s global operations.

Starting January 1, 2012, the Company changed the functional currency of its Mexican, Canadian and Japanese subsidiaries from their respective local currencies to the U.S. dollar.

Except for the Brazilian and Italian subsidiaries whose functional currencies are their local currencies, Tenaris determined that the functional currency of its other subsidiaries is the U.S. dollar, based on the following principal considerations:

Sales are mainly negotiated, denominated and settled in U.S. dollars. If priced in a currency other than the U.S. dollar, the sales price considers exposure to fluctuation in the exchange rate versus the U.S. dollar;

Prices of their critical raw materials and inputs are priced and settled in U.S. dollars;

Transaction and operational environment and the cash flow of these operations have the U.S. dollars as reference currency;

Significant level of integration of the local operations within Tenaris s international global distribution network;

Net financial assets and liabilities are mainly received and maintained in U.S. dollars; *and*

The exchange rate of certain legal currencies has long been affected by recurring and severe economic crises.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations are based on our audited consolidated financial statements, which have been prepared in accordance with IFRS. IFRS differs in certain significant respects from U.S. GAAP.

The preparation of these audited consolidated financial statements and related disclosures in conformity with IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Management evaluates its accounting estimates and assumptions, including those related to: impairment of long-lived tangible and intangible assets; assets useful lives; obsolescence of inventory; doubtful accounts and loss contingencies, and revises them when appropriate. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Although management believes that these estimates and assumptions are reasonable, they are based upon information available at the time they are made. Actual results may differ significantly from these estimates under different assumptions or conditions.

Our most critical accounting estimates are those that are most important to the portrayal of our financial condition and results of operations, and which require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates and judgments are the following:

Accounting for business combinations

To account for our business combinations we use the purchase method, which requires the acquired assets and assumed liabilities to be recorded at their respective fair value as of the acquisition date. The determination of fair values of assets acquired, liabilities and contingent liabilities assumed and determination of useful lives, requires us to make estimates and use valuation techniques, including the use of independent valuators, when market value is not readily available. The excess of the acquisition cost over the fair value of the identifiable net assets acquired is allocated to goodwill.

Impairment and recoverability of goodwill and other assets

Long-lived assets including identifiable intangible assets are reviewed for impairment at the lowest level for which there are separately identifiable cash flows (cash generating units, or CGU). Most of Tenaris s principal subsidiaries that constitute a CGU have a single main production facility and, accordingly, each such subsidiary represents the lowest level of asset aggregation that generates largely independent cash inflows.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful life, including goodwill, are subject to at least an annual impairment test.

In assessing whether there is any indication that a CGU may be impaired, external and internal sources of information are analyzed. Material facts and circumstances specifically considered in the analysis usually include the discount rate used in Tenaris s cash flow projections and the business condition in terms of competitive and economic factors, such as the cost of raw materials, oil and gas prices, competitive environment, capital expenditure programs for Tenaris s customers and the evolution of the rig count.

An impairment loss is recognized for the amount by which the asset s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset s value in use and fair value less costs to sell. Any impairment loss is allocated to reduce the carrying amount of the assets of the CGU in the following order:

(a) first, to reduce the carrying amount of any goodwill allocated to the CGU; and

(b) then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units), considering not to reduce the carrying amount of the asset below the highest of its fair value less cost to sell, its value in use or zero.

The value in use of each CGU is determined on the basis of the present value of net future cash flows which would be generated by such CGU. Tenaris uses cash flow projections for a five year period with a terminal value calculated based on perpetuity and appropriate discount rates.

Table of Contents

For purposes of calculating the fair value less costs to sell Tenaris uses the estimated value of future cash flows that a market participant could generate from the corresponding CGU. Tenaris uses cash flow projections for a five year period with a terminal value calculated based on perpetuity and appropriate discount rates.

Management judgment is required to estimate discounted future cash flows. Actual cash flows and values could vary significantly from the forecasted future cash flows and related values derived using discounting techniques.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible impairment-reversal at each reporting date.

In 2014, we recorded an impairment charge of $206 million on the value of our welded pipe assets in Colombia and Canada, reflecting the severe decline in oil prices, and its impact on drilling activity and the demand outlook for welded pipe products in the regions served by these facilities. For a detailed explanation of the impairment calculation please see note 5 Other operating income and expenses Impairment charge to our audited consolidated financial statements included in this annual report.

2014 and 2012 Impairment on non-consolidated companies Usiminas

In 2014 we recorded an impairment charge of $49 million related to our investment in Usiminas, due to the deterioration of the business environment in Brazil and the decline in iron ore prices. Previously, in 2012, we had recorded an impairment of $74 million on our investment in Usiminas, due to the weakening industrial environment in Brazil and the uncertainty regarding future prices of iron ore. For more information on our investment in Usiminas and the impairment charge please see note 12 Investments in non-consolidated companies Usiminas S.A. , to our audited consolidated financial statements included in this annual report.

Reassessment of Plant and Equipment Asset Useful Lives

Property, plant and equipment are stated at directly attributable historical acquisition or construction cost less accumulated depreciation and impairment losses, if any. Property, plant and equipment acquired through business combinations are valued initially at fair market value. Depreciation of the cost of the asset (apart from land, which is not depreciated), is done using the straight-line method, to depreciate the cost of the asset to its residual value over its estimated useful life. The depreciation method is reviewed at each year end. Estimating useful lives for depreciation is particularly difficult as the service lives of assets are also impacted by maintenance and changes in technology, and our ability to adapt technological innovation to the existing asset base. In accordance with IAS No. 16, *Property, Plant and Equipment*, the depreciation method, the residual value and the useful life of an asset must be reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change must be treated as a change in an accounting estimate. Management s re-estimation of asset useful lives performed in accordance with IAS 16 (Property, plant and equipment) did not materially affect depreciation expense for 2014. However, if management s estimates prove incorrect, the carrying value of plant and equipment and its useful lives may be required to be reduced from amounts currently recorded. Any such reductions may materially affect asset values and results of operations.

Allowance for Obsolescence of Supplies and Spare Parts and Slow-Moving Inventory

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the net realizable value taking into consideration assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

In relation to finished goods, we make an allowance for slow-moving inventory based on management s analysis of their ageing and market conditions. For this purpose, stocks of finished goods produced by us, more than one year prior to the reporting date, are valued at their estimated recoverable value.

In addition, we estimate the recoverability of inventories of supplies and spare parts, based in part on the following criteria:

- analysis of the ageing of the supplies and spare parts; *and*

- analysis of the potential of materials to be used as intended based on their state of condition and of their potential obsolescence due to technological changes in the mills.

43

Table of Contents

Historically, losses due to obsolescence and scrapping of inventory have been within expectations and the allowances established. If, however, circumstances were to materially change, such as significant changes related to the technology used in the mills, management s estimates of the recoverability of the value of aged inventories could be materially affected. In this case, our results of operations, financial condition and net worth could be materially and adversely affected.

Allowances for Doubtful Accounts and Customer Claims

Management estimates the ultimate collectability of accounts receivable. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, negatively impacting their ability to make payments, additional allowances may be required.

Trade account receivables are analyzed on a regular basis and when we become aware of a customer s inability to meet its financial commitments to us, the value of the receivable is reduced through a charge to an allowance for doubtful accounts. In addition, we also record a charge to the allowance for doubtful accounts upon receipt of customer claims in connection with sales that management estimates are unlikely to be collected in full.

In addition, our allowance for doubtful accounts is adjusted periodically in accordance with the ageing of overdue accounts. For this purpose, trade accounts receivable overdue by more than 180 days, and which are not covered by a credit collateral, guarantee, insurance or similar surety, are fully provisioned.

Historically, losses from uncollectible accounts receivables have been low and within the allowances established. If, however, circumstances were to materially change, such as higher than expected defaults or an unexpected material adverse change in a major customer s ability to meet its financial obligation to us, management s estimates of the recoverability of amounts due could be materially reduced. In this case, our results of operations, financial condition, net worth and cash flows could be materially and adversely affected.

Contingencies

We are subject to various claims, lawsuits and other legal proceedings, including customer claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Our potential liability with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration our litigation and settlement strategies. These estimates are primarily constructed with the assistance of legal counsel. However, if management s estimates prove incorrect, current reserves could be inadequate and we could incur a charge to earnings which could have a material adverse effect on our results of operations, financial condition, net worth and cash flows. As the scope of liabilities becomes better defined, there may be changes in the estimates of future costs which could have a material adverse effect on our results of operations, financial condition, net worth and cash flows.

Table of Contents

A. Results of Operations

The following discussion and analysis of our financial condition and results of operations are based on our audited consolidated financial statements included elsewhere in this annual report. Accordingly, this discussion and analysis present our financial condition and results of operations on a consolidated basis. See Presentation of Certain Financial and Other Information Accounting Principles and Accounting Policies A. Basis of presentation and B. Group accounting to our audited consolidated financial statements included in this annual report. The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes included in this annual report.

Thousands of U.S. dollars (except number of shares and per share amounts)	**For the year ended December 31,**		
	2014	**2013**	**2012**
Selected consolidated income statement data[(1)]			
Continuing Operations			
Net sales	10,337,962	10,596,781	10,834,030
Cost of sales	(6,287,460)	(6,456,786)	(6,637,293)
Gross profit	4,050,502	4,139,995	4,196,737
Selling, general and administrative expenses	(1,963,952)	(1,941,213)	(1,883,789)
Other operating (expenses) income, net[(2)]	(187,734)	(13,952)	43,659
Operating income	1,898,816	2,184,830	2,356,607
Finance income	38,211	34,767	36,932
Finance cost	(44,388)	(70,450)	(55,507)
Other financial results	39,214	7,004	(31,529)
Income before equity in earnings of non-consolidated companies and income tax	1,931,853	2,156,151	2,306,503
Equity in earnings (losses) of non-consolidated companies	20,141	46,098	(63,206)
Income before income tax	1,951,994	2,202,249	2,243,297
Income tax	(586,061)	(627,877)	(541,558)
Income for the year	1,365,933	1,574,372	1,701,739
Income attributable to[(3)]:			
Owners of the parent	1,343,274	1,551,394	1,699,375
Non-controlling interests	22,659	22,978	2,364
	1,365,933	1,574,372	1,701,739
Depreciation and amortization	(615,629)	(610,054)	(567,654)

Weighted average number of shares outstanding	1,180,536,830	1,180,536,830	1,180,536,830
Basic and diluted earnings per share for continuing operations	1.14	1.31	1.44
Basic and diluted earnings per share	1.14	1.31	1.44
Dividends per share[4]	0.45	0.43	0.43

(1) Certain comparative amounts have been re-presented to conform to the adoption of revised IAS19 on Employee Benefits for the year 2012. For more information see II Accounting Policy A Basis of presentation to our audited consolidated financial statements included in this annual report.

(2) Other operating (expenses) income, net in 2014 includes an impairment charge of $206 million on our welded pipe operations in Colombia and Canada.

(3) International Accounting Standard No. 1 (IAS 1) (revised), requires that income for the year as shown on the income statement not exclude non-controlling interests. Earnings per share, however, continue to be calculated on the basis of income attributable solely to the owners of the parent.

(4) Dividends per share correspond to the dividends proposed or paid in respect of the year.

Thousands of U.S. dollars (except number of shares)	At December 31,	
	2014	2013
Selected consolidated financial position data		
Current assets	7,396,322	6,903,900
Property, plant and equipment, net	5,159,557	4,673,767
Other non-current assets	4,119,832	4,353,303
Total assets	16,675,711	15,930,970
Current liabilities	2,602,829	2,119,729
Non-current borrowings	30,833	246,218
Deferred tax liabilities	714,123	751,105
Other non-current liabilities	356,579	344,052
Total liabilities	3,704,364	3,461,104
Capital and reserves attributable to the owners of the parent	12,819,147	12,290,420
Non-controlling interests	152,200	179,446
Equity	12,971,347	12,469,866
Total liabilities and equity	16,675,711	15,930,970
Share capital	1,180,537	1,180,537
Number of shares outstanding	1,180,536,830	1,180,536,830

The following table sets forth our operating and other costs and expenses as a percentage of net sales for the periods indicated.

Percentage of net sales	For the year ended December 31,		
	2014	2013	2012
Continuing Operations			
Net sales	100.0	100.0	100.0
Cost of sales	(60.8)	(60.9)	(61.3)
Gross profit	39.2	39.1	38.7
Selling, general and administrative expenses	(19.0)	(18.3)	(17.4)
Other operating (expenses) income, net	(1.8)	(0.1)	0.4
Operating income	18.4	20.6	21.8
Finance income	0.4	0.3	0.3
Finance cost	(0.4)	(0.7)	(0.5)
Other financial results	0.4	0.1	(0.3)
	18.7	20.3	21.3

Income before equity in earnings of non-consolidated companies and income tax			
Equity in earnings of non-consolidated companies	0.2	0.4	(0.6)
Income before income tax	18.9	20.8	20.7
Income tax	(5.7)	(5.9)	(5.0)
Income for the year	13.2	14.9	15.7
Income attributable to:			
Owners of the parent	13.0	14.6	15.7
Non-controlling interests	0.2	0.2	0.0

Table of Contents

Fiscal Year Ended December 31, 2014, Compared to Fiscal Year Ended December 31, 2013

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

Millions of U.S. dollars	**For the year ended December 31,**				**Increase / (Decrease)**
	2014		**2013**		
Tubes	9,582	93%	9,812	93%	(2%)
Others	756	7%	784	7%	(4%)
Total	10,338	100%	10,597	100%	(2%)

Tubes

The following table indicates, for our Tubes business segment, sales volumes of seamless and welded pipes for the periods indicated below:

Thousands of tons	**For the year ended December 31,**		**Increase / (Decrease)**
	2014	**2013**	
Seamless	2,790	2,612	7%
Welded	885	1,049	(16%)
Total	3,675	3,661	0%

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

Millions of U.S. dollars	**For the year ended December 31,**		**Increase / (Decrease)**
	2014	**2013**	
Net sales			
- North America	4,609	4,077	13%
- South America	1,823	2,237	(19%)
- Europe	924	890	4%
- Middle East & Africa	1,817	2,094	(13%)
- Far East & Oceania	408	513	(20%)
Total net sales	9,582	9,812	(2%)
Operating income [1]	1,866	2,097	(11%)
Operating income (% of sales)	19.5%	21.4%	

(1) Operating income in 2014 includes an impairment charge of $206 million on our welded pipe operations in Colombia and Canada.

Net sales of tubular products and services decreased 2% to $9.6 billion in 2014, compared to $9.8 billion in 2013, reflecting flat overall volumes and a 3% decrease in average selling prices, driven by a less rich mix of products sold both for seamless and welded pipes. In North America, sales increased due to higher sales in the U.S. shale plays reflecting higher drilling activity and improved pricing conditions following the final determination of anti-dumping duties on unfair imports from South Korea and other countries, as well as higher levels of sales to deepwater projects in the Gulf of Mexico. In South America, sales decreased due to a virtual halt of shipments of line pipe products in Brazil and Argentina, due to our customers financial and operating constraints. In Europe, sales increased mainly due to a higher level of sales of OCTG products in continental Europe. In the Middle East and Africa, sales decreased mainly due to lower levels of sales in the Middle East reflecting the onset of OCTG destocking in Saudi Arabia in the second half and lower sales in the United Arab Emirates, partially offset by an increase in sales to offshore projects in sub-Saharan Africa. In the Far East and Oceania, sales decreased mainly due to lower sales of OCTG products in Indonesia and China and of line pipe products to offshore and Hidrocarbon Processing Industry projects.

Operating income from tubular products and services decreased 11% to $1,866 million in 2014, from $2,097 million in 2013. Operating income in 2014 includes an impairment charge of $206 million on our welded pipe operations in Colombia and Canada. Excluding the impairment charge, operating income and margins would have been relatively flat as the decline in average selling prices was offset by a similar decline in costs.

Table of Contents

Others

The following table indicates, for our Others business segment, 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 year ended December 31,		Increase /
	2014	2013	(Decrease)
Net sales	756	784	(4%)
Operating income	33	88	(62%)
Operating income (% of sales)	4.4%	11.2%	

Net sales of other products and services decreased 4% to $756 million in 2014, compared to $784 million in 2013, mainly due to lower sales of industrial equipment in Brazil, partially offset by higher levels of sales of coiled tubes and pipes for electric conduit in the United States.

Operating income from other products and services decreased 62% to $33 million in 2014, from $88 million in 2013, reflecting the reduction in activity levels in our industrial equipment business in Brazil, which had a negative impact in operating performance and margins.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 19.0% in 2014 compared to 18.3% in 2013, mainly due to the effect of a 3% increase in labor costs on lower sales.

Other operating income and expenses resulted in expenses of $188 million in 2014, compared to $14 million in 2013, mainly due to an asset impairment charge in 2014, amounting to $206 million. This charge mainly reflect the decline in oil prices, and its impact on drilling activity and therefore on the expected demand for OCTG products, particularly on our welded pipe operations in Colombia and Canada.

Financial results amounted to a gain of $33 million in 2014, compared to a loss of $29 million in 2013. The improvement in financial results was mainly due to lower financial costs due to a lower average debt position compared to the previous year, in addition to a lower proportion of unhedged Argentine peso-denominated debt (which has higher interest rates).

Equity in earnings of non-consolidated companies generated a gain of $20 million in 2014, compared to a gain of $46 million in 2013. During 2014 we recorded an impairment charge of $49 million related to our investment in Usiminas, due to the deterioration of the business environment in Brazil and the decline in iron ore prices. The $20 million gain was mainly derived from our equity investment in Ternium S.A. (NYSE:TX).

Income tax charges totaled $586 million in 2014, equivalent to 30.3% of income before equity in earnings of non-consolidated companies and income tax, compared to $628 million in 2013, equivalent to 29.1% of income before equity in earnings of non-consolidated companies and income tax. Excluding the portion of the impairment attributable to goodwill ($96 million), which has no effect on deferred tax, the effective tax rate for 2014 was 28.9%.

Income for the year decreased 13% during the year, to $1,366 million in 2014, compared to $1,574 million in 2013. This decline is mostly attributable to a $206 million impairment charge ($171 million after tax) at our Colombian and Canadian welded pipe operations, plus a $49 million impairment charge at our investment in Usiminas in Brazil.

Income attributable to owners of the parent was $1,343 million, or $1.14 per share ($2.28 per ADS), in 2014, compared to $1,551 million, or $1.31 per share ($2.63 per ADS), in 2013. This decline is mostly attributable to a $206 million impairment charge ($171 million after tax) at our Colombian and Canadian welded pipe operations, plus a $49 million impairment charge at our investment in Usiminas in Brazil.

Income attributable to non-controlling interest was $23 million in 2014, the same figure as in 2013. These results are mainly attributable to NKKTubes, our Japanese subsidiary.

Table of Contents

Fiscal Year Ended December 31, 2013, Compared to Fiscal Year Ended December 31, 2012

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

Millions of U.S. dollars	**For the year ended December 31, 2013**		**2012**		**Increase / (Decrease)**
Tubes	9,812	93%	10,023	93%	(2%)
Others	784	7%	811	7%	(3%)
Total	10,597	100%	10,834	100%	(2%)

Tubes

The following table indicates, for our Tubes business segment, sales volumes of seamless and welded pipes for the periods indicated below:

Thousands of tons	**For the year ended December 31, 2013**	**2012**	**Increase / (Decrease)**
Seamless	2,612	2,676	(2%)
Welded	1,049	1,188	(12%)
Total	3,661	3,864	(5%)

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

Millions of U.S. dollars	**For the year ended December 31, 2013**	**2012**	**Increase / (Decrease)**
Net sales			
- North America	4,077	4,954	(18%)
- South America	2,237	2,305	(3%)
- Europe	890	1,042	(15%)
- Middle East & Africa	2,094	1,247	68%
- Far East & Oceania	513	475	8%
Total net sales	9,812	10,023	(2%)
Operating income	2,097	2,252	(7%)
Operating income (% of sales)	21.4%	22.5%	

Net sales of tubular products and services decreased 2% to $9,812 million in 2013, compared to $10,023 million in 2012, as a result of a 5% decrease in volumes and a 3% increase in average selling prices, driven by an improvement in the mix of products that offset the impact of lower prices in less differentiated products. In North America, sales decreased due to lower shipments of OCTG and line pipe products and lower prices for less differentiated products. In South America, sales decreased as sales of line pipe products in Brazil stopped in the second half of the year. In

Europe, sales declined mainly due to lower demand for mechanical products. In the Middle East and Africa, sales increased mainly due to higher shipments of premium OCTG products in the Middle East and for sub Saharan Africa deepwater projects. In the Far East and Oceania, sales increased slightly due to higher shipments of OCTG products in China and Indonesia.

Operating income from tubular products and services, decreased 7% to $2,097 million in 2013, from $2,252 million in 2012. This decrease in operating income was mainly driven by a 2% decrease in sales and a lower operating margin (21.4% in 2013 vs. 22.5% in 2012). Excluding the non-recurring gain of $49 million recorded in 2012 related to a tax judgment collected in Brazil, the decline in operating margin is explained by higher depreciation expenses following the completion of certain investments that began to depreciate upon their availability for use.

Others

The following table indicates, for our Others business segment, 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 year ended December 31,		Increase /
	2013	2012	(Decrease)
Net sales	784	811	(3%)
Operating income	88	105	(16%)
Operating income (% of sales)	11.2%	12.9%	

Net sales of other products and services decreased 3% to $784 million in 2013, compared to $811 million in 2012, mainly due to lower sales of industrial equipment in Brazil and coiled tubing and pipes for electric conduits in the United States, partially offset by higher sales of sucker rods.

Operating income from other products and services decreased 16% to $88 million in 2013, from $105 million in 2012, reflecting the reduction in activity levels in our industrial equipment business in Brazil, which had a negative impact in operating performance and margins.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 18.3% in 2013 compared to 17.4% in 2012, mainly due to higher selling expenses associated with higher export sales to the Middle East and Africa.

Other operating income and expenses, net resulted in expenses of $14 million in 2013, compared to income of $44 million in 2012, mainly attributable to a non-recurring gain of $49 million related to a successful tax judgment that Confab collected in 2012 representing interest and money adjustment over a tax benefit in 1991.

Financial results amounted to a loss of $29 million in 2013, compared to a loss of $50 million in 2012. Net interest expenses amounted to $36 million in 2013, compared to $19 million in 2012. The increase in interest expenses was due to a higher proportion of unhedged Argentine peso-denominated debt (with higher interest rates). This was offset by better other financial results, (a gain of $7 million in 2013, compared to a loss of $32 million in 2012), mainly due to the positive impact of the devaluation of the Argentine peso against the U.S. dollar during 2013 (32.7%) on our Argentine peso-denominated debt.

Equity in earnings (losses) of associated companies generated a gain of $46 million in 2013, compared to a loss of $63 million in 2012 (the 2012 loss was related to an impairment on our investment in Usiminas). The 2013 gain was mostly derived from our equity investment in Ternium S.A. (NYSE:TX).

Income tax charges totaled $628 million in 2013, equivalent to 29.1% of income before equity in earnings of associated companies and income tax, compared to $542 million in 2012, or 23.5% of income before equity in earnings of associated companies and income tax. During 2013, the tax rate was negatively affected mainly by a new withholding tax on dividends from Argentina and by the effect of the Argentine peso devaluation on the tax base used to calculate deferred taxes.

Income for the year decreased 7% during the year, to $1,574 million in 2013, compared to $1,702 million in 2012, mainly reflecting lower operating results and higher taxes, partially offset by higher results from associated companies

and financial results.

Income attributable to owners of the parent was $1,551 million, or $1.31 per share ($2.63 per ADS), in 2013, compared to $1,699 million, or $1.44 per share ($2.88 per ADS) in 2012.

Income attributable to non-controlling interest was $23 million in 2013, compared to $2 million in 2012. The increase was mostly due to better results at our Japanese subsidiary NKKTubes.

Table of Contents

B. 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 each of the last three years:

Millions of U.S. dollars	For the year ended December 31,		
	2014	**2013**	**2012**
Net cash provided by operating activities	2,044	2,377	1,856
Net cash used in investing activities	(1,786)	(1,309)	(1,480)
Net cash used in financing activities	(424)	(1,217)	(426)
(Decrease)/Increase in cash and cash equivalents	(165)	(149)	(49)
Cash and cash equivalents at the beginning of year (excluding overdrafts)	598	773	815
Effect of exchange rate changes	(16)	(26)	7
(Decrease)/Increase in cash and cash equivalents	(165)	(149)	(49)
Cash and cash equivalents at the end of year (excluding overdrafts)	416	598	773
Cash and cash equivalents at the end of year (excluding overdrafts)	416	598	773
Bank overdrafts	1	16	56
Other investments	1,838	1,227	644
Borrowings	(999)	(931)	(1,744)
Net cash / (debt)	1,257	911	(271)

Our financing strategy aims at maintaining adequate financial resources and access to additional liquidity. During 2014 we generated $2.0 billion of operating cash flow, our capital expenditures amounted to $1.1 billion and we paid dividends amounting to $531 million. At the end of the year we had a net cash position of $1.3 billion, compared to $911 million at the beginning of the year.

We believe that funds from operations, the availability of liquid financial assets and our access to external borrowing through the financial markets will be sufficient to satisfy our working capital needs, to finance our planned capital spending program, to service our debt in the foreseeable future and to address short-term changes in business conditions.

We have a conservative approach to the management of our liquidity, which consists mainly of cash and cash equivalents and other current investments, comprising cash in banks, liquidity funds and highly liquid short and medium-term securities. These assets are carried at fair market value, or at historical cost which approximates fair market value.

At December 31, 2014, liquid financial assets as a whole (i.e., cash and cash equivalents and other current investments) were 13.5% of total assets compared to 11.6% at the end of 2013.

We hold primarily investments in liquidity funds and variable or fixed-rate securities from investment grade issuers. We hold our cash and cash equivalents primarily in U.S. dollars and in major financial centers. As of December 31, 2014, U.S. dollar denominated liquid assets represented 83%, of total liquid financial assets compared to 76% at the end of 2013.

Fiscal Year Ended December 31, 2014, Compared to Fiscal Year Ended December 31, 2013

Operating activities

Net cash provided by operations during 2014 was $2.0 billion, compared to $2.4 billion during 2013. This 14% decrease was mainly attributable to an increase in our working capital needs. During 2014 our working capital increased $72 million, while during 2013 it decreased $189 million. The main yearly variation was related to an increase in inventory during 2014, amounting to $73 million, which compares with a decrease in inventory of $288 million in 2013. For more information on cash flow disclosures and changes to working capital, see note 27 Cash flow disclosures to our audited consolidated financial statements included in this annual report.

Investing activities

Net cash used in investing activities was $1.8 billion in 2014, compared to $1.3 billion in 2013, mostly driven by an increase in capital expenditures. Capital expenditures increased $336 million, reaching $1.1 billion in 2014, due to the construction of the greenfield seamless mill in Bay City, Texas. In addition, during 2014 we invested $611 million in short term securities, compared to $583 million in 2013.

Financing activities

Net cash used in financing activities, including dividends paid, proceeds and repayments of borrowings and acquisitions of non-controlling interests, was $424 million in 2014, compared to $1.2 billion in 2013.

Dividends paid during 2014 amounted to $531 million, compared to $508 million in 2013.

During 2014 we had net proceeds from borrowings of $156 million, mainly related to the renewal of short-term facilities, while in 2013 we had net repayments of borrowings of $683 million.

Our total liabilities to total assets ratio was 0.22:1 as of December 31, 2014, the same figure as of December 31, 2013.

Fiscal Year Ended December 31, 2013, Compared to Fiscal Year Ended December 31, 2012

Operating activities

Net cash provided by operations during 2013 was $2.4 billion, compared to $1.9 billion during 2012. This 28% increase was mainly attributable to a reduction in working capital needs. During 2013 working capital decreased $189 million, while during 2012 it increased $303 million. The main yearly variations were related to a decline in inventories and trade receivables during 2013 ($288 million and $130 million, respectively), following the decline in sales and prices of raw materials, compared to an increase in inventories and trade receivables during 2012 ($175 million and $167 million, respectively). For more information on cash flow disclosures and changes to working capital, see note 27 Cash flow disclosures to our audited consolidated financial statements included in this annual report.

Investing activities

Net cash used in investing activities was $1.3 billion in 2013, compared to $1.5 billion in 2012. With capital expenditures amounting to $753 million in 2013 compared to $790 million in 2012, the reduction was mainly due to the lack of investments in subsidiaries and associated companies during 2013, while in 2012 we invested $511 million, mainly for the acquisition of a participation in Usiminas for a total consideration of $505 million.

Financing activities

Net cash used in financing activities, including dividends paid, proceeds and repayments of borrowings and acquisitions of non-controlling interests, was $1.2 billion in 2013, compared to $426 million in 2012.

Dividends paid during 2013 amounted to $508 million, compared to $449 million in 2012.

Investments in non-controlling interest amounted to $8 million in 2013, compared to $759 million in 2012, when we acquired the remaining non-controlling interests in Confab.

Net repayments of borrowings (repayments less proceeds) totaled $683 million in 2013, compared to net proceeds from borrowings of $783 million in 2012, when we took borrowings to finance the acquisition of our participation in Usiminas and the remaining non-controlling interests in Confab.

Our total liabilities to total assets ratio was 0.22:1 as of December 31, 2013 compared to 0.28:1 as of December 31, 2012.

Principal Sources of Funding

During 2014, we funded our operations with operating cash flows and bank financing. Short-term bank borrowings were used as needed throughout the year.

Financial liabilities

During 2014, borrowings increased by $68 million, to $999 million at December 31, 2014, from $931 million at December 31, 2013.

Borrowings consist mainly of bank loans. As of December 31, 2014 U.S. dollar-denominated borrowings plus borrowings denominated in other currencies swapped to the U.S. dollar represented 92% of total borrowings.

For further information about our financial debt, please see note 19 Borrowings to our audited consolidated financial statements included in this annual report.

The following table shows the composition of our financial debt at December 31, 2014 and 2013:

Millions of U.S. dollars	**2014**	**2013**
Bank borrowings	997	913
Bank overdrafts	1	16
Finance lease liabilities	1	2
Total borrowings	999	931

Our weighted average interest rates before tax (considering hedge accounting), amounted to 1.9% at December 31, 2014 and to 7.5% at December 31, 2013. The decrease in our weighted average interest rates is explained by a lower proportion of unhedged, Argentine peso-denominated debt (which has higher interest rates).

The maturity of our financial debt is as follows:

Millions of U.S. dollars **At December 31, 2014**	**1 year or less**	**1 - 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**Over 5 years**	**Total**
Borrowings	968	8	1	1	1	19	999
Interests to be accrued	19	3	1	1	1	2	27
Total	**988**	**10**	**2**	**2**	**2**	**22**	**1,027**

Our current borrowings to total borrowings ratio increased from 0.74:1 as of December 31, 2013 to 0.97:1 as of December 31, 2014. However, our liquid financial assets exceeded our total borrowings, resulting in a net cash position (cash and other current investments less total borrowings) of $1.3 billion at December 31, 2014, compared with $911 million at December 31, 2013.

For information on our derivative financial instruments, please see Quantitative and Qualitative Disclosure about Market Risk Accounting for Derivative Financial Instruments and Hedging Activities and note 24 Derivative financial instruments to our audited consolidated financial statements included in this annual report.

For information regarding the extent to which borrowings are at fixed rates, please see Quantitative and Qualitative Disclosure about Market Risk .

Table of Contents

Significant Borrowings

Our most significant borrowings as of December 31, 2014 were as follows:

Millions of U.S. dollars				
Disbursement date	Borrower	Type	Original & Outstanding	Final maturity
2014	Tamsa	Bank loans	522	2015
Mainly 2014	Siderca	Bank loans	183	Mainly 2015
December 2014	Tubocaribe	Bank loans	180	December 2015(*)

(*) The main covenant on this loan agreement is compliance with financial ratios (i.e., leverage ratio).
As of December 31, 2014, Tenaris was in compliance with all of its covenants.

C. Research and Development, Patents and Licenses, Etc.

See Item 4.B. Information on the Company Business Overview Research and Development .

D. Trend Information

Principal Factors Affecting Oil and Gas Prices and Demand for Steel Pipes from the Global Oil and Gas Industry.

Sales to the oil and gas industry worldwide represent a high percentage of our total sales, and demand for steel pipes from the global oil and gas industry is a significant factor affecting the general level of volumes and prices for our products. Downward pressures on oil and gas prices usually result in lower oil and gas drilling activity and investment throughout the oil and gas industry with consequently lower demand for our steel pipe products and, in some circumstances, upward pressures can result in higher demand from our oil and gas customers.

Whereas oil prices are similar in most parts of the world because oil is a fully tradable commodity, gas prices are influenced by regional factors. In North America, where gas production is extensively developed and there is an extensive regional pipeline system, these factors include available gas storage capacity and seasonal weather patterns, particularly winter temperatures in the United States. Liquefied natural gas, or LNG prices have traditionally been established in relation to international oil prices, particularly in the largest LNG markets in Asia.

International oil prices depend on diverse factors. On the supply side, major oil- and gas-producing nations and companies frequently collaborate to balance the supply (and thus the price) of oil in the international markets. A major vehicle for this collaboration has been OPEC. Many of our customers are state-owned companies in member countries of OPEC, or otherwise cooperate with OPEC in balancing the supply and price of oil. Another factor that has affected the international price level of oil has to do with the political and socioeconomic conditions of oil-producing countries, such as Libya, Nigeria and Venezuela and the persistence of armed conflicts affecting the Middle East region which is home to a substantial proportion of the world s known oil reserves. On the demand side, economic conditions and the level of oil inventories in the leading industrial nations of the world, and more recently China, which constitute the largest oil consuming nations, also play a significant role in oil prices.

Following three years of relatively stable oil prices around $100 per barrel prices started to decline in the middle of 2014 and rapidly reached levels around $50 per barrel in January 2015, once OPEC confirmed at its November 2014 meeting that it would not cut production to balance demand. In 2014, global oil demand growth was weaker than initially expected and production growth from U.S. tight oil exceeded expectations, leading to an excess of supply in the market which has not been balanced by a cut in OPEC production. The collapse in oil prices is leading oil and gas operators to substantially reduce their exploration and production investments and this, in turn, is resulting in a severe contraction in demand and pressure on pricing for steel pipes used in oil and gas drilling and associated operations.

North American gas prices, have remained low following the 2008 economic and financial crisis (less than $6 per million BTU) and have averaged around $3-4 per million BTU over the last three years as increases in production, primarily from productive shale gas deposits, exceeded increases in consumption, reducing the need for imports and putting pressure on gas storage capacity. Low prices are encouraging investment in gas consuming industrial facilities and higher consumption is expected through coal to gas switching for electric power production particularly with the adoption of new regulations which

could force the retirement of older coal-based generating units. Additionally, facilities which had been originally designed to import LNG into the United States are being converted into export facilities to take advantage of low prices to export LNG from the United States.

Drilling activity in the United States and Canada, declined substantially in 2009, but recovered in 2010 and 2011, stayed flat in 2012, declined in 2013, although lower rig counts were largely offset by drilling efficiencies (higher number of wells drilled per rig) and increased in 2014. Since November 2014, however, rig counts have plummeted in response to the cut back in exploration and production investments. In the rest of the world, drilling activity steadily increased over the past few years, led by gas drilling in the Middle East and offshore drilling, but began to decline in the second half of 2014.

In recent years, a growing proportion of exploration and production spending by oil and gas companies has been directed at offshore, deep drilling and non-conventional drilling operations in which high-value tubular products, including special steel grades and premium connections, are usually specified. Technological advances in drilling techniques and materials are opening up new areas for exploration and development. More complex drilling conditions, combined with increased regulatory pressures and more stringent industry standards following the blow-out of the Macondo well in the U.S. Gulf of Mexico, demand new and high value products and services in most areas of the world. However, the high cost and long lead times required to develop some of these projects could lead to a slowdown in new project developments in a context of low and more volatile oil prices.

The tables below show the annual average number of active oil and gas drilling rigs, or rig count, in the United States, Canada, International (worldwide other than the United States and Canada and excluding Iran, Sudan, onshore China, Russia, Syria and up to June 2012 Iraq) and Worldwide, as published by Baker Hughes Inc., for the years indicated and the percentage increase or decrease over the previous year. Baker Hughes, a leading oil service company, has published its rig counts on a monthly basis since 1975 as a general indicator of activity in the oil and gas sector.

Rig count

	2014	2013	2012	2011	2010
International(*)	1,337	1,296	1,165	1,139	1,069
Canada	380	355	365	423	351
United States	1,862	1,761	1,919	1,875	1,541
Worldwide	3,578	3,412	3,449	3,437	2,961

(*) International rig count excludes Syria (discontinued in February 2013) and includes Iraq from 2013 onwards.

Percentage increase (decrease) over the previous year

	2014	2013	2012	2011
International(*)	3%	11%	2%	7%
Canada	7%	(3%)	(14%)	21%
United States	6%	(8%)	2%	22%

Worldwide	5%	(1%)	0%	16%

(*) International rig count excludes Syria (discontinued in February 2013) and includes Iraq from 2013 onwards.

55

Table of Contents

E. Off-Balance Sheet Arrangements

During 2014, the Company granted the following guarantees in relation to its participation in our non-consolidated company, Techgen:

A corporate guarantee covering 22% of the outstanding value of transportation capacity agreements entered into by Techgen with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for a natural gas purchasing capacity of 150,000 million btu per day starting on June 1, 2016 and ending on May 31, 2036. As of December 31, 2014, the outstanding value of this commitment was approximately $285 million. The Company s exposure under the guarantee in connection with these agreements amounts to $62.7 million, corresponding to 30% of the outstanding value of the agreements as of December 31, 2014.

A corporate guarantee covering 22% of Techgen s obligations under three stand-by letters of credit up to an amount of $47.5 million issued in relation to an agreement with GE Power Systems, Inc. and General Electric International Operations Company, Inc. Mexico Branch for the purchase of power generation equipment and other services related to such equipment for an outstanding amount of approximately $238 million. The Company s exposure under the guarantee in connection with these stand-by letters of credit amounts to $7.2 million.

A corporate guarantee covering 22% of Techgen s obligations under a syndicated loan agreement, the proceeds of which will be used by Techgen for the construction of its facilities. As of December 31, 2014, disbursements under the syndicated loan agreement amounted to $440 million, Tenaris having provided a guarantee of approximately $96.8 million. If the $800 million syndicated loan is disbursed in full, the amount guaranteed by the Company will amount to approximately $176 million. The main covenants under the corporate guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio). As of December 31, 2014, Techgen and the Company were in compliance with all of their covenants under this syndicated loan agreement.

In addition, we have various off-balance sheet commitments, as described in note 25 Contingencies, commitments and restrictions on the distribution of profits to our audited consolidated financial statements included in this annual report.

F. Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2014, and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

Millions of U.S. dollars

	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
At December 31, 2014							

Borrowings	968	8	1	1	1	19	999
Interest to be accrued (*)	19	3	1	1	1	2	27
Purchase commitments	675	75					750
Total contractual obligations and commitments	**1,662**	**85**	**2**	**2**	**2**	**21**	**1,776**

(*) Includes the effect of hedge accounting.

Purchase commitments as of December 31, 2014, disclosed in the table above, consist of commitments to purchase steel for the production of tubes in North America, amounting to $248 million, and various contracts relating to our new greenfield seamless mill in Bay City, Texas, amounting to $502 million. For more information on our purchase commitments see note 25 Contingencies, commitments and restrictions on the distribution of profits to our audited consolidated financial statements included in this annual report.

G. Recent Developments

Annual Dividend Proposal

On February 18, 2015 the Company s board of directors proposed, for the approval of the annual general shareholders meeting to be held on May 6, 2015, the payment of an annual dividend of $0.45 per share ($0.90 per ADS), or approximately

$531 million, which includes the interim dividend of $0.15 per share ($0.30 per ADS) or approximately $177 million, paid in November 2014. If the annual dividend is approved by the shareholders, a dividend of $0.30 per share ($0.60 per ADS), or approximately $354 million will be paid in May 2015. Our audited consolidated financial statements included in this annual report do not reflect this dividend payable.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Board of Directors

Management of the Company is vested in a board of directors with the broadest power to act on behalf of the Company and accomplish or authorize all acts and transactions of management and disposal that are within its corporate purpose and not specifically reserved in the articles of association or by applicable law to the general shareholders meeting. The Company s articles of association provide for a board of directors consisting of a minimum of three and a maximum of fifteen directors; however, for as long as the Company s shares are listed on at least one stock exchange, the minimum number of directors must be five. The Company s current board of directors is composed of ten directors.

The board of directors is required to meet as often as required by the interests of the Company and at least four times per year. A majority of the members of the board of directors in office present or represented at the board of directors meeting constitutes a quorum, and resolutions may be adopted by the vote of a majority of the directors present or represented. In the case of a tie, the chairman is entitled to cast the deciding vote.

Directors are elected at the annual ordinary general shareholders meeting to serve one-year renewable terms, as determined by the general shareholders meeting. The general shareholders meeting also determines the number of directors that will constitute the board and their compensation. The general shareholders meeting may dismiss all or any one member of the board of directors at any time, with or without cause, by resolution passed by a simple majority vote, irrespective of the number of shares represented at the meeting.

Under the Company s articles of association, until May 12, 2017, the board of directors is authorized to increase the issued share capital in whole or in part from time to time, through issues of shares within the limits of the authorized share capital against compensation in cash, compensation in kind at a price or if shares are issued by way of incorporation of reserves, at an amount, which shall not be less than the par value and may include such issue premium as the board of directors shall decide. The aforementioned authorization to the Company s board of directors to increase the issued share capital, within the limits of the authorized share capital, is expected to be further extended for a five-year period at the Company s next extraordinary general meeting of shareholders to be held in Luxembourg, on Wednesday, May 6, 2015 at 9:30 A.M., Luxembourg time, or any adjournment thereof. Under the Company s articles of association, however, the Company s existing shareholders shall have a preferential right to subscribe for any new Shares issued pursuant to the authorization granted to its board of directors, except in the following cases (in which cases no preferential subscription rights shall apply):

- any issuance of Shares (including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into shares, or similar instruments convertible or exchangeable into Shares)

against a contribution other than in cash;

any issuance of Shares (including by way of free Shares or at discount), up to an amount of 1.5% of the issued share capital of the Company, to directors, officers, agents, employees of the Company, its direct or indirect subsidiaries, or its affiliates (collectively, the Beneficiaries), including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into Shares, or similar instruments convertible or exchangeable into Shares, issued for the purpose of compensation or incentive of the Beneficiaries or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit).

Table of Contents

The following table sets forth the name of the Company s current directors, their respective positions on the board, their principal occupation, their years of service as board members and their age.

Name	Position	Principal Occupation	Years as Director	Age at December 31, 2014
Roberto Bonatti[(1)]	Director	President of San Faustin	12	65
Carlos Condorelli	Director	Director of Tenaris and Ternium	8	63
Carlos Franck	Director	President of Santa María	12	64
Roberto Monti	Director	Member of the board of directors of Petrobras Energia	10	75
Gianfelice Mario Rocca[(1)]	Director	Chairman of the board of directors of San Faustin	12	66
Paolo Rocca[(1)]	Director	Chairman and chief executive officer of Tenaris	13	62
Jaime Serra Puche	Director	Chairman of SAI Consultores	12	63
Alberto Valsecchi	Director	Director of Tenaris	7	70
Amadeo Vázquez y Vázquez	Director	Director of Tenaris	12	72
Guillermo Vogel	Director	Vice chairman of Tamsa	12	64

(1) Paolo Rocca and Gianfelice Rocca are brothers, and Roberto Bonatti is Paolo and Gianfelice Rocca s first cousin.

Roberto Bonatti. Mr. Bonatti is a member of the Company s board of directors. He is a grandson of Agostino Rocca, founder of the Techint group, a group of companies controlled by San Faustin. Throughout his career in the Techint group he has been involved specifically in the engineering and construction and corporate sectors. He was first employed by the Techint group in 1976, as deputy resident engineer in Venezuela. In 1984, he became a director of San Faustin, and since 2001 he has served as its president. In addition, Mr. Bonatti currently serves as president of Sadma Uruguay S.A. He is also a member of the board of directors of Ternium. Mr. Bonatti is an Italian citizen.

Carlos Condorelli. Mr. Condorelli is a member of the Company s board of directors. He served as our chief financial officer from October 2002 until September 2007. He is also a board member of Ternium. He began his career within the Techint group in 1975 as an analyst in the accounting and administration department of Siderar. He has held several positions within Tenaris and other Techint group companies, including finance and administration director of Tamsa and president of the board of directors of Empresa Distribuidora La Plata S.A., or Edelap, an Argentine utilities company. Mr. Condorelli is an Argentine citizen.

Carlos Franck. Mr. Franck is a member of the Company s board of directors. He is president of Santa María S.A.I.F. and Inverban S.A. and a member of the board of directors of Siderca, Techint Financial Corporation N.V., Techint Holdings S.à r.l. and Siderar. He has financial planning and control responsibilities in subsidiaries of San Faustin. He serves as treasurer of the board of the Di Tella University. Mr. Franck is an Argentine citizen.

Roberto Monti. Mr. Monti is a member of the Company s board of directors. He is a member of the board of directors of Petrobras Energia. He has served as vice president of Exploration and Production of Repsol YPF and as chairman and chief executive officer of YPF. He was also the president of Dowell, a subsidiary of Schlumberger and the president of Schlumberger Wire & Testing division for East Hemisphere Latin America. Mr. Monti is an Argentine citizen.

Gianfelice Mario Rocca. Mr. Rocca is a member of the Company s board of directors. He is a grandson of Agostino Rocca. He is the chairman of the board of directors of San Faustin, a member of the board of directors of Ternium, the president of the Humanitas Group and the president of Tenova S.p.A. In addition, he sits on the board of directors or executive committees of several companies, including Allianz S.p.A., Brembo and Buzzi Unicem. He is president of Assolombarda, the largest territorial association of entrepreneurs in Italy and part of Confindustria (Italian employers organization). In addition, he is member of the EIT Governing Board (European Institute of Innovation and Technology). He is board member of Bocconi University. He is a member of the Advisory Board of Politecnico di Milano, the Allianz Group, the Aspen Institute Executive Committee, the Trilateral Commission, and the European Advisory Board of Harvard Business School. Mr. Rocca is an Italian citizen.

Table of Contents

Paolo Rocca. Mr. Rocca is the chairman of the Company s board of directors and our chief executive officer. He is a grandson of Agostino Rocca. He is also the chairman of the board of directors of Ternium, a director and vice president of San Faustin, and a director of Techint Financial Corporation N.V. He is a member of the Executive Committee of the World Steel Association. Mr. Rocca is an Italian citizen.

Jaime Serra Puche. Mr. Serra Puche is a member of the Company s board of directors. He is the chairman of SAI Consultores, a Mexican consulting firm, and a member of the board of directors of the Mexico Fund, Grupo Vitro, Grupo Modelo and Alpek. Mr. Serra Puche served as Mexico s Undersecretary of Revenue, Secretary of Trade and Industry, and Secretary of Finance. He led the negotiation and implementation of NAFTA. Mr. Serra Puche is a Mexican citizen.

Alberto Valsecchi. Mr. Valsecchi is a member of the Company s board of directors. He served as our chief operating officer from February 2004 until July 2007. He joined the Techint group in 1968 and has held various positions within Tenaris and other Techint group companies. He has retired from his executive positions. He is also a member of the board of directors of San Faustin and chairman of the board of directors of Dalmine, a position he assumed in May 2008. Mr. Valsecchi is an Italian citizen.

Amadeo Vázquez y Vázquez. Mr. Vázquez y Vázquez is a member of the Company s board of directors. He is a member of the *Asociación Empresaria Argentina*, of the *Fundación Mediterránea*, and of the Advisory Board of the *Fundación de Investigaciones Económicas Latinoamericanas*. He served as chief executive officer of Banco Río de la Plata S.A. until August 1997 and was also the chairman of the board of directors of Telecom Argentina S.A. until April 2007. Mr. Vázquez y Vázquez is a Spanish and Argentine citizen.

Guillermo Vogel. Mr. Vogel is a member of the Company s board of directors and holds the position of Vice President of Finance. He is the vice chairman of Tamsa, the chairman of Grupo Collado, Exportaciones IM Promoción and Canacero, a member of the board of directors of each of Alfa, the American Iron and Steel Institute, the *Universidad Panamericana* IPADE, SANLUIS Corporación, Estilo y Vanidad, Innovare, Novopharm, *Corporación Mexicana de Inversiones de Capital* and the European Network Business Solutions. In addition, he is a member of The Trilateral Commission and member of the International Board of The Manhattan School of Music. Mr. Vogel is a Mexican citizen.

Messrs. Monti, Serra Puche and Vázquez y Vázquez qualify as independent directors under the Company s articles of association.

Director Liability

Under Luxembourg law, a director may be liable to the Company for any damage caused by such director s misconduct in the Company s management. In addition, directors will be jointly and severally liable to the Company, its shareholders or other third parties in the event that the Company, its shareholders or such other third parties suffer a loss due to a breach by any one or more of the directors of either the Luxembourg Company Law or the Company s articles of association, provided that the losses are independent and separate from the losses suffered by the Company. A director will be discharged from such joint and several liability only with respect to breaches to which he/she was not a party, provided no misconduct is attributable to such director and such director reports such breaches at the first general meeting after such director first has knowledge thereof.

An action against directors for damages may be initiated by the Company upon a resolution of the shareholders meeting passed by a simple majority vote, irrespective of the number of shares represented at the meeting. In general, claims must be brought within five years from the occurrence of an action or omission for which liability may apply

or, in case the action or omission was fraudulently concealed, from the date of discovery of the relevant action or omission.

It is customary in Luxembourg that the shareholders expressly discharge the members of the board of directors from any liability arising out of or in connection with the exercise of their mandate when approving the Company s annual accounts at the annual shareholders meeting. However, such discharge will not release the directors from liability for any damage caused to the Company by unrevealed acts of mismanagement or unrevealed breaches of Luxembourg Company Law or the Company s articles of association, nor will it release the directors from liability for any personal loss of our shareholders independent and separate from the losses suffered by the Company due to a breach either revealed and unrevealed of either the Luxembourg Company Law or the Company s articles of association.

Table of Contents

Under Luxembourg law, any director having a conflict of interest in respect of a transaction submitted for approval to the board of directors may not take part in the deliberations concerning such transaction and must inform the board of such conflict and cause a record of his statement to be included in the minutes of the meeting. Subject to certain exceptions, transactions in which any directors may have had an interest conflicting with that of the Company must be reported at the next general shareholders meeting following any such transaction.

Auditors

The Company s articles of association require the appointment of an independent audit firm in accordance with applicable law. The primary responsibility of the auditor is to audit the Company s annual accounts and to submit a report on the accounts to shareholders at the annual shareholders meeting. In accordance with applicable law, auditors are chosen from among the members of the Luxembourg Institute of Independent Auditors (*Institut des réviseurs d entreprises*). Auditors are appointed by the general shareholders meeting upon recommendation from our audit committee through a resolution passed by a simple majority vote, irrespective of the number of Shares represented at the meeting, to serve one-year renewable terms. Auditors may be dismissed by the general shareholders meeting at any time, with or without cause. Luxembourg law does not allow directors to serve concurrently as independent auditors. As part of their duties, the auditors report directly to the audit committee.

The Company s audit committee is responsible for, among other things, the oversight of the Company s independent auditors. The audit committee has adopted in its charter a policy of pre-approval of audit and permissible non-audit services provided by its independent auditors. Under the policy, the audit committee makes its recommendations to the shareholders meeting concerning the continuing appointment or termination of the Company s independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves, *ad-referendum* of the general shareholders meeting, the related fees. The general shareholders meeting normally approves such audit fees and authorizes the audit committee to approve any increase or reallocation of such audit fees as may be necessary, appropriate or desirable under the circumstances. The audit committee delegates to its Chairman the authority to consider and approve, on behalf of the audit committee, additional non-audit services that were not recognized at the time of engagement, which must be reported to the other members of the audit committee at its next meeting. No services outside the scope of the audit committee s approval can be undertaken by the independent auditor.

Our independent auditor for the fiscal year ended December 31, 2014, appointed by the shareholders meeting held on May 7, 2014, was PricewaterhouseCoopers Société Coopérative, *Cabinet de révision agréé*, in connection with all of our annual accounts and financial statements.

Table of Contents

Senior Management

Our current senior management as of the date of this annual report consists of:

Name	Position	Age at December 31, 2014
Paolo Rocca	Chairman and Chief Executive Officer	62
Edgardo Carlos	Chief Financial Officer	48
Gabriel Casanova	Supply Chain Director	56
Alejandro Lammertyn	Planning Director	49
Carlos Pappier	Chief Process and Information Officer	53
Marco Radnic	Human Resources Director	65
Marcelo Ramos	Technology Director	51
Vincenzo Crapanzano	Industrial Director	62
Germán Curá	North American Area Manager	52
Sergio de la Maza	Central American Area Manager	58
Renato Catallini	Brazilian Area Manager	48
Javier Martínez Alvarez	Southern Cone Area Manager	48
Gabriel Podskubka	Eastern Hemisphere Area Manager	41
Sergio Tosato	European Area Manager	65

Paolo Rocca. Mr. Rocca is the chairman of the Company s board of directors and our chief executive officer. He is a grandson of Agostino Rocca. He is also the chairman of the board of directors of Ternium, a director and vice president of San Faustin, and a director of Techint Financial Corporation N.V. He is a member of the Executive Committee of the World Steel Association. Mr. Rocca is an Italian citizen.

Edgardo Carlos. Mr. Carlos currently serves as our chief financial officer, a position that he assumed on July 1, 2013. He joined the Techint Group in 1987 in the accounting department of Siderar. After serving as financial manager for Sidor, in Venezuela, in 2001 he joined Tenaris as our financial director. In 2005 he was appointed administration and financial manager for North America and in 2007 he became administration and financial director for Central America. In 2009 he was appointed economic and financial planning director, until he assumed his current position. Mr. Carlos is an Argentine citizen.

Gabriel Casanova. Mr. Casanova currently serves as our supply chain director, with responsibility for the execution of all contractual deliveries to customers. After graduating as a marine and mechanical engineer, he joined Siderca s export department in 1987. In 1995 he became Siderca s Chief Representative in China and from 1997 to 2009 he held several positions in the commercial area in Dalmine. In 2009 he became the head of our supply chain network and in October 2012 he assumed his current position. Mr. Casanova is an Argentine citizen.

Alejandro Lammertyn. Mr. Lammertyn currently serves as our planning director, a position he assumed in April 2013. Mr. Lammertyn began his career with Tenaris in 1990. Previously he served as assistant to the CEO for marketing, organization and mill allocation, supply chain director, commercial director and Eastern Hemisphere area manager.

Mr. Lammertyn is an Argentine citizen.

Carlos Pappier. Mr. Pappier currently serves as our chief process and information officer. Previously, he served as planning director. He began his career within the Techint group in 1984 as a cost analyst in Siderar. After holding several positions within Tenaris and other Techint group companies in 2002, he became chief of staff of Tenaris. He assumed his current position in May 2010. Mr. Pappier is an Argentine citizen.

Marco Radnic. Mr. Radnic currently serves as our human resources director. He began his career within the Techint group in the Industrial Engineering Department of Siderar in 1975. Later he held various positions in the technical departments of Siderca and other companies within the Techint group. After holding several positions in the marketing and procurement areas in Europe, in 1996 he became commercial director of Dalmine. In 1998, he became the director of our Process and Power Services business unit. In 2001, he was appointed chief of staff for Paolo Rocca in Buenos Aires. He assumed his current position in December 2002. Mr. Radnic is an Argentine citizen.

Marcelo Ramos. Mr. Ramos currently serves as our technology director, with responsibility over technology and quality. Previously he served as corporate quality director and managing director of NKKTubes in our Japanese operations. He joined the Techint group in 1987 and has held various positions within Tenaris. He assumed his current position in April 2010, when both, the quality and technology departments were combined. Mr. Ramos is an Argentine citizen.

Table of Contents

Vincenzo Crapanzano. Mr. Crapanzano currently serves as our industrial director, a position he assumed in April 2011. Previously he served as our European area manager, Mexican area manager and executive vice president of Tamsa. Prior to joining Tenaris, he held various positions at Grupo Falck from 1979 to 1989. When Dalmine acquired the tubular assets of Grupo Falck in 1990, he was appointed managing director of the cold drawn tubes division. Mr. Crapanzano is an Italian citizen.

Germán Curá. Mr. Curá currently serves as our North American area manager. He is a marine engineer and was first employed with Siderca in 1988. Previously, he served as Siderca s exports director, Tamsa s exports director and commercial director, sales and marketing manager of our Middle East office, president of Algoma Tubes, president and chief executive officer of Maverick Tubulars and president and chief executive officer of Hydril, director of our Oilfield Services business unit and Tenaris commercial director. He was also a member of the board of directors of API. He assumed his current position in October 2006. Mr. Curá is a U.S. citizen.

Sergio de la Maza. Mr. de la Maza currently serves as our Central American area manager and also serves as a director and executive vice-president of Tamsa. Previously he served as our Mexican area manager. He first joined Tamsa in 1980. From 1983 to 1988, Mr. de la Maza worked in several positions in Tamsa and Dalmine. He then became manager of Tamsa s new pipe factory and later served as manufacturing manager and quality director of Tamsa. Subsequently, he was named manufacturing director of Siderca. He assumed his current position in 2006. Mr. de la Maza is a Mexican citizen.

Renato Catallini. Mr. Catallini currently serves as our Brazilian area manager, a position that he assumed in October 2012, after having served as our supply chain director since August 2007. He joined Tenaris in 2001 in the supply management area, as a general manager of Exiros Argentina. In July 2002, he was appointed operations director and subsequently, in January 2005, became managing director of Exiros. Before joining Tenaris, he worked for ten years in the energy sector, working for TGN, Nova Gas Internacional, TransCanada Pipelines and TotalFinaElf, among others. Mr. Catallini is an Argentine and Italian citizen.

Javier Martínez Alvarez. Mr. Martínez Alvarez currently serves as our Southern Cone area manager, a position he assumed in June 2010, having previously served as our Andean area manager. He began his career in the Techint group in 1990, holding several positions including planning manager of Siderar and commercial director of Ternium-Sidor. In 2006, he joined Tenaris as our Venezuela area manager. Mr Martínez Alvarez is an Argentine citizen.

Gabriel Podskubka. Mr. Podskubka currently serves as our Eastern Hemisphere area manager, based in Dubai. He assumed his current position in April 2013 after serving as the head of our operations in Eastern Europe for 4 years. After graduating as an industrial engineer Mr. Podskubka joined the Techint group in 1995 in the marketing department of Siderca. He held various positions in the marketing, commercial, and industrial areas until he was appointed as oil & gas sales director in the United States in 2006. Mr. Podskubka is an Argentine citizen.

Sergio Tosato. Mr. Tosato currently serves as our European Area Manager, a position he assumed in April 2015. Mr. Tosato first joined Dalmine in 1974 in the personnel organization area, and has held many positions within Tenaris, including industrial coordination director, director of operations in Siderca and manufacturing director in Dalmine. Since 2013, he was the director for industrial expansion, with responsibility over the greenfield seamless mill project in Bay City, Texas, until he assumed his current position. Mr. Tosato is an Italian citizen.

Table of Contents

B. Compensation

The compensation of the members of the Company s board of directors is determined at the annual ordinary general shareholders meeting. Each member of the board of directors received as compensation for their services for the year 2014 a fee of $85,000. The chairman of the audit committee received as additional compensation a fee of $65,000 while the other members of the audit committee received an additional fee of $55,000. Under the Company s articles of association, the members of the audit committee are not eligible to participate in any incentive compensation plan for employees of the Company or any of its subsidiaries.

During the years ended December 31, 2014, 2013 and 2012, the cash compensation of directors and senior managers amounted to $26.0 million, $28.1 million and $24.1 million respectively. In addition, directors and senior managers received 567, 534 and 542 thousand units for a total amount of $6.2 million, $5.6 million and $5.2 million, respectively, in connection with the Employee retention and long term incentive program described in note O (2) *Employee benefits Other long term benefits* to our audited consolidated financial statements included in this annual report.

There are no service contracts between any director and Tenaris that provide for material benefits upon termination of employment.

C. Board Practices

See Item 6.A. Directors, Senior Management and Employees Directors and Senior Management Board of Directors .

Audit Committee

Pursuant to the Company s articles of association, as supplemented by the audit committee s charter, for as long as the Company s shares are listed on at least one stock exchange, the Company must have an audit committee composed of three members, all of which must qualify as independent directors under the Company s articles of association.

Under the Company s articles of association, an independent director is a director who:

- is not and has not been employed by us or our subsidiaries in an executive capacity for the preceding five years;

- is not a person that controls us, directly or indirectly, and is not a member of the board of directors of a company controlling us, directly or indirectly;

- does not have (and is not affiliated with a company or a firm that has) a significant business relationship with us, our subsidiaries or our controlling shareholder;

- is not and has not been affiliated with or employed by a present or former auditor of us, our subsidiaries or our controlling shareholder for the preceding five years; *and*

is not a spouse, parent, sibling or relative up to the third degree of any of the above persons.

The Company s board of directors has an audit committee consisting of three members. On May 7, 2014, the Company s board of directors reappointed Jaime Serra Puche, Amadeo Vázquez y Vázquez and Roberto Monti as members of our audit committee. All three members of the audit committee qualify as independent directors under the Company s articles of association.

Under the Company s articles of association, the audit committee is required to report to the board of directors on its activities from time to time, and on the adequacy of the systems of internal control over financial reporting once a year at the time the annual accounts are approved. In addition, the charter of the audit committee sets forth, among other things, the audit committee s purpose and responsibilities. The audit committee assists the board of directors in its oversight responsibilities with respect to our financial statements, and the independence, performance and fees of our independent auditors. The audit committee also performs other duties entrusted to it by the Company s board of directors.

In addition, the audit committee is required by the Company s articles of association to review material transactions , as such term is defined under the Company s articles of association, to be entered into by the Company or its subsidiaries with related parties , as such term is defined in the Company s articles of association, in order to determine whether their terms are consistent with market conditions or are otherwise fair to the Company and/or its subsidiaries. In the case of material transactions entered into by the Company s subsidiaries with related parties, the Company s audit committee will review those transactions entered into by those subsidiaries whose boards of directors do not have independent members.

Under the Company s articles of association, as supplemented by the audit committee s charter, a material transaction is:

- any transaction between the Company or its subsidiaries with related parties (x) with an individual value equal to or greater than $10 million, or (y) with an individual value lower than $10 million, when the aggregate sum as reflected in the financial statements of the four fiscal quarters of the Company preceding the date of determination- of any series of transactions for such lower value that can be deemed to be parts of a unique or single transaction (but excluding any transactions that were reviewed and approved by Company s audit committee or board of directors, as applicable, or the independent members of the board of directors of any of its subsidiaries) exceeds 1.5% of the Company s consolidated net sales made in the fiscal year preceding the year on which the determination is made;

- any corporate reorganization transaction (including a merger, spin-off or bulk transfer of a business) affecting the Company for the benefit of, or involving, a related party; and

- any corporate reorganization transaction (including a merger, spin-off or bulk transfer of a business) not reviewed and approved by the independent members of the board of directors of any of the Company s direct or indirect subsidiaries, affecting any of the Company s direct or indirect subsidiaries for the benefit of, or involving, a related party.

The audit committee has the power (to the maximum extent permitted by applicable laws) to request that the Company or relevant subsidiary provide any information necessary for it to review any material transaction. A related party transaction shall not be entered into without prior review by the Company s audit committee and approval by the board of directors unless (i) the circumstances underlying the proposed transaction justify that it be entered into before it can be reviewed by the Company s audit committee or approved by the board of directors and (ii) the related party agrees to unwind the transaction if the Company s audit committee or board of directors does not approve it.

The audit committee has the authority to engage independent counsel and other advisors to review specific issues as the committee may deem necessary to carry out its duties and to conduct any investigation appropriate to fulfill its responsibilities, and has direct access to the Company s internal and external auditors as well as to the Company s management and employees and, subject to applicable laws, its subsidiaries.

D. Employees

The following table shows the number of persons employed by Tenaris:

	At December 31, 2014
Argentina	6,421
Mexico	5,518
Brazil	3,835

United States	3,549
Italy	2,352
Romania	1,725
Canada	1,225
Indonesia	677
Colombia	614
Japan	588
Other Countries	1,312
Total employees	**27,816**

At December 31, 2013 and December 31, 2012, the number of persons employed by Tenaris was 26,825 and 26,673 respectively.

Our headcount increased by 4%, at year end 2014, mainly in Brazil, at our industrial equipment business and due to the incorporation of the employees of Socotherm having acquired the remaining 50% of the share capital that was not already owned by Tenaris. The number of employees also increased in Mexico, mainly because of higher production needs and in the United States due to the industrial expansion project in Bay City, Texas.

We estimate that overall market demand for OCTG in 2015 will decline by around 30% compared to 2014, including reductions in inventory. We are therefore adjusting our operation to face the new environment, preparing ourselves for what could be a prolonged downturn. We are reducing our labor costs worldwide through a wide set of measures, while preserving our key competences and maintaining our focus on the relation with our communities.

Approximately 55% of our employees are unionized. We believe that we enjoy good or satisfactory relations with our employees and their unions in each of the countries in which we have manufacturing facilities, and we have not experienced any major strikes or other labor conflicts with a material impact on our operations over the last five years. In some of the countries in which we have significant production facilities (e.g., Argentina and Brazil), significant fluctuations in exchange rates, together with inflationary pressures, affect our costs, increase labor demands and could eventually generate higher levels of labor conflicts.

E. Share Ownership

To our knowledge, the total number of Shares (in the form of Shares or ADSs) beneficially owned by our directors and senior management as of March 31, 2015 was 1,401,103, which represents 0.12% of our outstanding Shares.

The following table provides information regarding share ownership by our directors and senior management:

Director or Officer	Number of Shares Held
Guillermo Vogel	1,325,446
Carlos Condorelli	67,211
Edgardo Carlos	4,000
Gabriel Podskubka	3,946
Carlos Pappier	500
Total	1,401,103

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders

The following table shows the beneficial ownership of the Shares by (1) the Company s major shareholders (persons or entities that have notified the Company of holdings in excess of 5% of the Company s share capital), (2) non-affiliated public shareholders, and (3) the Company s directors and senior management as a group. The information below is based on the most recent information provided to the Company.

Identity of Person or Group	Number	Percent
San Faustin (1)	713,605,187	60.45%
Aberdeen Asset Management PLC (2)	123,207,852	10.44%
Directors and senior management as a group	1,401,103	0.12%
Public	342,322,688	29.00%
Total	1,180,536,830	100.00%

(1) San Faustin owns all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l. The Dutch private foundation (*Stichting*) Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin (RP STAK) holds shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

(2) On January 5, 2015, Aberdeen Asset Management PLC filed a Schedule 13(G) with the SEC informing that, as of December 31, 2014, it is deemed to be the beneficial owner of 61,603,926 ADSs of Tenaris, (representing 123,207,852 Shares par value US$ 1.00 per Share), representing 10.44% of Tenaris s issued and outstanding capital share. Aberdeen Asset Management PLC informed Tenaris that, as of December 31, 2014, it held 8.17% of Tenaris s votes.

As of March 31, 2015, 124,376,483 ADSs (representing 248,752,966 Shares, or 21% of all issued and outstanding Shares of the Company), and there were 374 registered holders resident in the United States.

The voting rights of the Company s major shareholders do not differ from the voting rights of other shareholders. None of its outstanding shares have any special control rights. There are no restrictions on voting rights, nor are there, to the Company s knowledge, any agreements among shareholders of the Company that might result in restrictions on the transfer of securities or the exercise of voting rights.

The Company does not know of any significant agreements or other arrangements to which the Company is a party and which take effect, alter or terminate in the event of a change of control of the Company. The Company does not know of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

B. Related Party Transactions

Tenaris is a party to several related party transactions as described below. Material related party transactions are subject to the review of the audit committee of the Company s board of directors and the requirements of Luxembourg law. For further details on the approval process for related party transactions, see Item 6.C. Directors, Senior Management and Employees Board Practices Audit Committee .

Purchases of Steel Products and Raw Materials

In the ordinary course of business, we purchase round steel bars, flat steel products and other raw materials from Ternium or its subsidiaries. These purchases are made on similar terms and conditions as sales made by these companies to unrelated third parties. These transactions include:

- Purchases of round steel bars done under a long term agreement, for use in our seamless steel pipe operations in Mexico, which amounted to $170 million in 2014, $157 million in 2013 and $163 million in 2012.

- Purchases of flat steel products for use in the production of welded pipes and accessories, which amounted to $50 million in 2014, $50 million in 2013 and $52 million in 2012.

- Purchases of metal building components for our facilities in Mexico, which amounted to $3 million in 2014 and $3 million in 2013.

In Brazil, in the ordinary course of business we purchase flat steel products for use in our welded steel pipe operations, from Usiminas, which became a related party in January 2012 after we acquired 5.0% of its shares with voting rights and 2.5% of the total share capital. These purchases, which are made on similar terms and conditions as sales made by this company to unrelated third parties, amounted to $79 million in 2014, $110 million in 2013 and $193 million in 2012.

Additionally, in 2012 we bought ferroalloys amounting to $35 million from Exiros B.V., in which the Company has a 50% share ownership.

Sales of Raw Materials

In the ordinary course of business, we sell raw materials and other production inputs to Ternium or its subsidiaries. These sales are made on similar terms and conditions as purchases made by these companies from unrelated third parties. These transactions include:

Sales of ferrous scrap, and other raw materials, which amounted to $28 million in 2014, $27 million in 2013 and $34 million in 2012.

Sales of steam and operational services from our Argentine electric power generating facility in San Nicolás. These sales amounted to $2 million in 2014, $12 million in 2013 and $10 million in 2012.

Purchase Agency Services

Exiros, in which we have a 50% share ownership with Ternium having the remaining 50%, provides our subsidiaries with purchase agency services in connection with our purchases of raw materials and other products or services. In connection with Exiros services, Tenaris paid fees amounting to $38 million in 2012. Starting on January 1, 2013, and in connection with an amendment to Exiros shareholders agreement, the Company began to consolidate Exiros s assets, liabilities, revenues and expenses in relation to its interest in the joint operation.

Supply of Natural Gas

We are party to contracts with Tecpetrol, TGN, Litoral Gas and Energy Consulting Services relating to the supply of natural gas to our operations in Argentina. Tecpetrol, a company controlled by San Faustin, is engaged in oil and gas exploration and production and has rights to various oil and gas fields in Argentina and elsewhere in America. TGN operates two major pipelines in Argentina connecting the major gas basins of Neuquén and Noroeste-Bolivia to the major consumption centers in

Argentina, while Litoral Gas distributes gas in the Province of Santa Fe and in the northeastern section of the Province of Buenos Aires. Energy Consulting Services is a company engaged in energy and management consulting, representing one of the major natural gas traders in Argentina. San Faustin holds significant but non-controlling interests in TGN, Litoral Gas and Energy Consulting Services.

Tecpetrol supplies Siderca with natural gas requirements under market conditions and according to local regulations. Tecpetrol s sales to Tenaris amounted to $2 million in 2014, $3 million in 2013 and $8 million in 2012.

TGN charges Siderca a price to transport its natural gas supplies that is equivalent on a comparable basis to prices paid by other industrial users. The Argentine government regulates the general framework under which TGN operates and prices its services. TGN s sales to Tenaris amounted to $1 million in 2014, $1 million in 2013 and $1 million in 2012.

Litoral Gas s sales to Tenaris totaled $1 million in 2014, $2 million in 2013 and $2 million in 2012.

Energy Consulting Services s sales to Tenaris totaled $12 million in 2014, $7 million in 2013 and $2 million in 2012.

Provision of Engineering and Labor Services

We contract with certain companies controlled by San Faustin engineering and non-specialist manual labor services, such as industrial cleaning, general maintenance, handling of by-products and construction services. Fees accrued for these services in the aggregate amounted to $83 million in 2014, $94 million in 2013 and $79 million in 2012.

Sales of Steel Pipes and Sucker Rods

In the ordinary course of business, we sell steel pipes, sucker rods and related services to other companies controlled or under significant influence of San Faustin. These sales, which are made principally to companies involved in the construction of gas pipelines and to Tecpetrol and joint ventures in which Tecpetrol participates, for its oil and gas drilling operations, are made on similar terms and conditions as sales to unrelated third parties. Our sales of steel pipes and sucker rods as well as logistical and certain other services to other companies controlled or under significant influence of San Faustin amounted to $106 million in 2014, $104 million in 2013 and $78 million in 2012.

Sales of Other Products and Services

We also enter into sales transactions with companies controlled by San Faustin for the sale of other products and services. Within them:

We provide technology and information services to companies controlled by San Faustin. Sales of these services amounted to $2 million in 2014, $3 million in 2013 and $4 million in 2012.

We used to provide administrative services to Exiros and other related parties. Sales of these services amounted to $2 million in 2012.

Administrative and Legal Support Services

Finma S.A., Arhsa S.A. and Techinst S.A. a group of companies controlled by San Faustin in which we have a 33% share ownership and other affiliates of San Faustin have the remaining share ownership, provides administrative and legal support services to San Faustin s affiliates in Argentina, including us. Fees accrued for these services amounted to $14 million in 2014, $14 million in 2013 and $13 million in 2012.

Other Transactions

We contracted pipe coating services from Tenaris Coating do Brasil S.A. (formerly Socotherm Brasil S.A. Socotherm), for an amount of $6 million from January 2014 to August 2014, $42 million in 2013 and $60 million in 2012. In September 2014, Tenaris closed the acquisition of 100% of the shares of Socobras Participações Ltda. (Socobras), a holding company that owned 50% of the shares of Socotherm. Tenaris already owned the other 50% interest in Socotherm, following completion of this transaction, Tenaris now owns 100% of Socotherm.

Table of Contents

We entered into various contracts with Tenova (and subsidiaries), a company controlled by San Faustin, for the provision of furnaces, spare parts, accessories and related services for our facilities. Supplies received amounted to $29 million in 2014, $4 million in 2013 and $10 million in 2012.

We sold industrial equipment to companies controlled by San Faustin for an amount of $15 million in 2013 and $4 million in 2012.

In addition, in the ordinary course of business, from time to time, we carry out other transactions and enter into other arrangements with other related parties, none of which are believed to be material.

C. Interest of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18 and pages F-1 through F-57 for our audited consolidated financial statements.

Legal Proceedings

Tenaris is from time to time subject to various claims, lawsuits and other legal proceedings, including customer claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties. Accordingly, our potential liability with respect to a large portion of such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim, lawsuit or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration our litigation and settlement strategies. The Company believes that the aggregate provisions recorded for potential losses in their financial statements are adequate based upon available information at the date of their preparation. However, if management s estimates prove incorrect, current reserves could be inadequate and Tenaris could incur a charge to earnings which could have a material adverse effect on our results of operations, financial condition, net worth and cash flows.

Outstanding Legal Proceedings

Set forth below is a description of Tenaris s ongoing legal proceedings which may have significant effects on its financial position:

Collection of Court Judgment in Brazil

In August 2012, Confab collected from the Brazilian government an amount, net of attorney fees and other related expenses, in BRL of approximately BRL 99.8 million (approximately $49.2 million), recorded in other operating income. The income tax effect on this gain amounted to approximately $17.1 million. This payment was ordered by a final court judgment that represents Confab s right to interest and monetary adjustment over a tax benefit that had been paid to Confab in 1991 and determined the amount of such right. While certain extraordinary appeals from the Brazilian government seeking to reverse the court judgment are still pending, Tenaris believes that the likelihood of a reversal is remote.

Tax assessment in Italy

A Tenaris Italian company received on December 24, 2012 a tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2007. The assessment, which was for an estimated amount of EUR282 million (approximately $342 million), comprising principal, interest and penalties, was appealed with the tax court in Milan. In February 2014, the tax court issued its decision on this tax assessment, partially reversing the assessment for 2007 and lowering the claimed amount to approximately EUR9 million (approximately $11 million), including principal, interest and penalties. On October 2, 2014, the Italian tax authorities appealed against the tax court decision on the first assessment.

On December 24, 2013, the company received a second tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2008. This second assessment, based on the same arguments of the first assessment, is for an estimated amount, as of December 31, 2014, of EUR248 million (approximately $301 million), comprising principal, interest and penalties. On February 20, 2014, the assessment for 2008 was appealed with the tax court in Milan. The hearing on this appeal is scheduled to be held on June 22, 2015.

Based on the tax court decision on the first assessment, Tenaris believes that it is not probable that the ultimate resolution of either the first or the second tax assessment will result in a material liability.

CSN claims relating to the January 2012 acquisition of Usiminas shares

In 2013, Confab was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Confab and the other entities that acquired a participation in Usiminas control group in January 2012.

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas control group, and Confab would have a 17.9% share in that offer.

On September 23, 2013, the first instance court issued its decision finding in favor of Confab and the other defendants and dismissing the CSN lawsuit. The claimants appealed the court decision and the defendants filed their response to the appeal. It is currently expected that the court of appeals will issue its judgment on the appeal during 2015.

The Company is aware that on November 10, 2014, CSN filed a separate complaint with Brazil s securities regulator Comissão de Valores Mobiliários (CVM), on the same grounds and with the same purpose as the lawsuit referred to above. The CVM proceeding is underway and the Company has not yet been served with process or requested to provide its response.

Finally, on December 11, 2014, CSN filed a claim with Brazil s antitrust regulator, Conselho Administrativo de Defesa Econômica (CADE). In its claim, CSN alleges that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders right to a tag-along tender offer, and requests that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company s voting rights in Usiminas until the review is completed. The case is currently under review by CADE s Administrative Tribunal.

Tenaris believes that all of CSN s claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian counsel and previous decisions by CVM, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement, and more recently, the first instance court decision on this matter first referred to above. Accordingly, no provision was recorded in these Consolidated Condensed Financial Statements.

Dividend Policy

The Company does not have, and has no current plans to establish, a formal dividend policy governing the amount and payment of dividends. The amount and payment of dividends has to be determined by a majority vote of shareholders,

generally, but not necessarily, based on the recommendation of the Company s board of directors. The Company s controlling shareholder has the discretion to determine the amount and payment of future dividends. All Shares of the Company s share capital rank *pari passu* with respect to the payment of dividends.

69

Table of Contents

The following table shows the dividends approved by the Company s shareholders in the last five years:

	Approved dividend			Dividend payment date	
Shareholders meeting date	**Amount (USD million)**	**Per share (USD)**	**Per ADS (USD)**	**Interim Dividend**	**Dividend Balance**
June 2, 2010	401	0.34	0.68	November 2009	June 2010
June 1, 2011	401	0.34	0.68	November 2010	June 2011
May 2, 2012	449	0.38	0.76	November 2011	May 2012
May 2, 2013	508	0.43	0.86	November 2012	May 2013
May 7, 2014	508	0.43	0.86	November 2013	May 2014

On February 18, 2015 the Company s board of directors proposed, for the approval of the annual general shareholders meeting to be held on May 6, 2015, the payment of an annual dividend of $0.45 per share ($0.90 per ADS), or approximately $531 million, which includes the interim dividend of $0.15 per share ($0.30 per ADS) or approximately $177 million, paid in November, 2014. If the annual dividend is approved by the shareholders, a dividend of $0.30 per share ($0.60 per ADS), or approximately $354 million will be paid in May 2015.

The Company conducts and will continue to conduct its operations through subsidiaries and, accordingly, its main source of cash to pay dividends, among other possible sources, will be the dividends received from its subsidiaries. See Item 3.D. Key Information Risk Factors Risks Relating to the Structure of the Company As a holding company, the Company s ability to pay cash dividends depends on the results of operations and financial condition of our subsidiaries and could be restricted by legal, contractual or other limitations . The Company s ability to pay cash dividends depends on the results of operations and the financial condition of its subsidiaries and may be restricted by legal, contractual or other limitations.

Dividends may be lawfully declared and paid if the Company s profits and distributable reserves are sufficient under Luxembourg law. The board of directors has the power to initiate dividend installments pursuant to Luxembourg law, but payment of the dividends must be approved by the Company s shareholders at the annual shareholders meeting, subject to the approval of the Company s annual accounts.

Under Luxembourg law, at least 5% of the Company s net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net profits again must be allocated toward the reserve. The legal reserve is not available for distribution. At December 31, 2014, the Company s legal reserve represented 10% of its share capital.

B. Significant Changes

Except as otherwise disclosed in this annual report, there has been no undisclosed significant change since the date of the annual consolidated financial statements.

Item 9. The Offer and Listing

A. Offer and Listing Details

The Shares are listed on the Buenos Aires Stock Exchange and on the Mexican Stock Exchange and its ADSs are listed on the NYSE under the symbol TS . The Shares are also listed on the Italian Stock Exchange under the symbol TEN . Trading on the NYSE, the Buenos Aires Stock Exchange and the Mexican Stock Exchange began on December 16, 2002, and trading on the Italian Stock Exchange began on December 17, 2002.

As of March 31, 2015, a total of 1,180,536,830 Shares were registered in the Company s shareholder register. As of March 31, 2015, a total of 248,752,966 Shares were registered in the name of the depositary for the Company s ADR program. March 2015, month end closing sale price for the ADSs on the NYSE was $28.00, the closing sale price of the Shares on the Italian Stock Exchange was Euro 13.06, on the Buenos Aires Stock Exchange was ARS 169.80 and on the Mexico Stock Exchange was Mexican pesos 215.70.

New York Stock Exchange

As of March 31, 2015, a total of 124,376,483 ADSs were registered of record. Each ADS represents two Shares of the Company s share capital. For the year ended December 31, 2014, Deutsche Bank Trust Company Americas acted as the Company s depositary for issuing ADS evidencing Shares. Fluctuations between the Euro and the U.S. dollar will affect the U.S. dollar equivalent of the price of the Shares on the Italian Stock Exchange and the price of the ADSs on the NYSE. Fluctuations between the Argentine peso and the U.S. dollar will affect the U.S. dollar equivalent of the price of the Shares on the Buenos Aires Stock Exchange and the price of the ADSs on the NYSE. Fluctuations between the Mexican peso and the U.S. dollar will affect the U.S. dollar equivalent of the price of the Shares on the Mexico Stock Exchange and the price of the ADSs on the NYSE.

Table of Contents

The following table sets forth, for the periods indicated, the high and low quoted prices for the ADSs as reported by NYSE (Source: Bloomberg LP).

	Price per ADS	
2010	**High**	**Low**
Full year	49.09	33.50

	Price per ADS	
2011	**High**	**Low**
Full year	50.79	24.08

	Price per ADS	
2012	**High**	**Low**
Full year	44.51	30.50

	Price per ADS	
2013	**High**	**Low**
First quarter	42.80	39.64
Second quarter	44.49	38.78
Third quarter	49.44	41.04
Fourth quarter	48.50	42.63
Full year	49.44	38.78

	Price per ADS	
2014	**High**	**Low**
First quarter	47.36	40.95
Second quarter	47.15	42.55
Third quarter	47.83	42.03
Fourth quarter	44.01	28.18
Full year	47.83	28.18

	Price per ADS	
Last Six Months	**High**	**Low**
October 2014	44.01	37.83
November 2014	39.04	32.93
December 2014	32.54	28.18
January 2015	29.91	26.75
February 2015	31.15	28.01
March 2015	28.89	26.83

Table of Contents

Italian Stock Exchange

The following table sets forth, for the periods indicated, the high and low quoted prices for the Shares (in Euros per share), traded on the Italian Stock Exchange (Source: Bloomberg LP).

	Price per Share	
2010	**High**	**Low**
Full year	18.65	13.04

	Price per Share	
2011	**High**	**Low**
Full year	18.51	9.06

	Price per Share	
2012	**High**	**Low**
Full year	17.02	12.10

	Price per Share	
2013	**High**	**Low**
First quarter	16.24	14.76
Second quarter	16.89	14.72
Third quarter	18.44	15.67
Fourth quarter	17.67	15.44
Full year	18.44	14.72

	Price per Share	
2014	**High**	**Low**
First quarter	17.16	14.80
Second quarter	17.28	15.52
Third quarter	18.18	15.75
Fourth quarter	17.79	11.36
Full year	18.18	11.36

	Price per Share	
Last Six Months	**High**	**Low**
October 2014	17.79	14.74
November 2014	15.58	13.30
December 2014	13.22	11.36
January 2015	12.88	11.25
February 2015	13.67	12.37
March 2015	13.39	12.62

The Italian Stock Exchange, managed by Borsa Italiana, S.p.A., uses a completely electronic trading system for the real-time execution of trades. Blue-chip securities are traded using the auction and continuous trading method from 8:00 A.M. to 5:30 P.M. each business day.

Buenos Aires Stock Exchange

The following table sets forth, for the periods indicated, the high and low quoted prices for the Shares (in nominal ARS per share), traded on the Buenos Aires Stock Exchange (Source: Bloomberg LP).

	Price per Share	
2010	**High**	**Low**
Full year	98.60	65.86

	Price per Share	
2011	**High**	**Low**
Full year	108.00	56.75

2012	Price per Share High	Low
Full year	141.00	90.00

2013	Price per Share High	Low
First quarter	173.80	141.70
Second quarter	208.00	155.10
Third quarter	229.00	156.60
Fourth quarter	226.40	180.50
Full year	229.00	141.70

2014	Price per Share High	Low
First quarter	273.00	190.00
Second quarter	250.50	213.00
Third quarter	346.10	215.00
Fourth quarter	316.00	160.50
Full year	346.10	160.50

Last Six Months	Price per Share High	Low
October 2014	316.00	254.00
November 2014	261.00	202.00
December 2014	195.00	160.50
January 2015	183.00	162.00
February 2015	192.00	166.50
March 2015	173.20	159.95

The Buenos Aires Stock Market, which is affiliated with the Buenos Aires Stock Exchange, is the largest stock market in Argentina. Trading on the Buenos Aires Stock Exchange is conducted electronically or by continuous open outcry from 11:00 A.M. to 5:00 P.M. each business day.

Although the Buenos Aires Stock Exchange is one of Latin America s largest securities exchanges in terms of market capitalization, it remains relatively small and illiquid compared to major world markets and, therefore, subject to greater volatility.

Mexican Stock Exchange

The following table sets forth, for the periods indicated, the high and low quoted prices for the Shares (in nominal Mexican pesos per share), traded on the Mexican Stock Exchange (Source: Bloomberg LP).

2010	Price per Share High	Low
Full year	305.00	218.82

Price per Share

2011	High	Low
Full year	365.00	160.60

Table of Contents

	Price per Share	
2012	**High**	**Low**
Full year	274.23	223.01

	Price per Share	
2013	**High**	**Low**
First quarter	268.83	254.88
Second quarter	272.22	245.34
Third quarter	316.90	301.00
Fourth quarter	311.50	279.12
Full year	316.90	245.34

	Price per Share	
2014	**High**	**Low**
First quarter	310.29	273.41
Second quarter	304.00	283.20
Third quarter	296.35	278.75
Fourth quarter	279.84	208.52
Full year	310.29	208.52

	Price per Share	
Last Six Months	**High**	**Low**
October 2014	279.84	256.87
November 2014	261.01	242.00
December 2014	229.71	208.52
January 2015	209.43	195.00
February 2015	214.00	210.50
March 2015	223.65	206.45

The Mexican Stock Exchange is the only stock exchange in Mexico. Trading on the Mexican Stock Exchange is conducted electronically from 8:30 A.M. to 3:00 P.M. each business day.

Although the Mexican Stock Exchange is one of Latin America s largest securities exchanges in terms of market capitalization, it remains relatively small and illiquid compared to major world markets and, therefore, subject to greater volatility.

B. Plan of Distribution

Not applicable.

C. Markets

See Item 9.A. The Offer and Listing Offer and Listing Details .

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

General

The following is a summary of certain rights of holders of Shares. These rights are set out in the Company s articles of association or are provided by applicable Luxembourg law, and may differ from those typically provided to shareholders of U.S. companies under the corporation laws of some states of the United States. This summary is not exhaustive and does not contain all information that may be important to you. For more complete information, you should read the Company s articles of association, which is an exhibit to this annual report.

The Company is a public limited liability company (*société anonyme*) organized under the laws of Luxembourg. Its object and purpose, as set forth in Article 2 of its articles of association, is the taking of interests, in any form, in corporations or other business entities, and the administration, management, control and development thereof. The Company is registered under the number B85 203 in the Luxembourg *Registre du Commerce et des Sociétés*.

The Company has an authorized share capital of a single class of 2,500,000,000 Shares with a par value of $1.00 per share upon issue. The authorized share capital is fixed by the Company s articles of association as amended from time to time with the approval of shareholders on an extraordinary shareholders meeting. As of March 31, 2015, there were 1,180,536,830 Shares issued. All issued Shares are fully paid.

The Company s articles of association authorize the board of directors until May 12, 2017, to increase the issued share capital in whole or in part from time to time, through issues of shares within the limits of the authorized share capital against compensation in cash, compensation in kind at a price or if shares are issued by way of incorporation of reserves, at an amount, which shall not be less than the par value and may include such issue premium as the board of directors shall decide. The aforementioned authorization to the Company s board of directors to increase the issued share capital, within the limits of the authorized share capital, is expected to be extended for a five-year period at the Company s next extraordinary general meeting of shareholders to be held in Luxembourg, on Wednesday May 6, 2015 at 9:30 A.M., Luxembourg time, or any adjournment thereof. Under the Company s articles of association, however, the Company s existing shareholders shall have a preferential right to subscribe for any new Shares issued pursuant to the authorization granted to its board of directors, except in the following cases (in which cases no preferential subscription rights shall apply):

- any issuance of Shares (including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into shares, or similar instruments convertible or exchangeable into Shares) against a contribution other than in cash;

- any issuance of Shares (including by way of free Shares or at discount), up to an amount of 1.5% of the issued share capital of the Company, to directors, officers, agents, employees of the Company, its direct or

indirect subsidiaries, or its affiliates (collectively, the Beneficiaries), including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into Shares, or similar instruments convertible or exchangeable into Shares, issued for the purpose of compensation or incentive of the Beneficiaries or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit).

Amendment of the Company s articles of association requires the approval of shareholders at an extraordinary shareholders meeting with a two-thirds majority of the votes present or represented.

Dividends

Subject to applicable law, all Shares (including Shares underlying ADSs) are entitled to participate equally in dividends when, as and if declared by the shareholders at the annual general shareholders meeting, out of funds legally available for such purposes. Under Luxembourg law, claims for dividends will lapse in favor of the Company five years after the date such dividends are declared. However, we may elect to pay a declared dividend after such period. Declared and unpaid dividends held by the Company for the account of its shareholders do not bear interest.

At the annual general shareholders meeting, which every shareholder has the right to attend in person or by proxy, shareholders may declare a dividend or other distribution of funds legally available therefor.

Under Article 21 of the Company s articles of association, the board of directors has the power to distribute interim dividends out of profits, share premium or any other available reserves, in accordance with applicable law.

As provided by Article 21 of the Company s articles of association, dividends or other distributions declared by the general meeting as well as interim dividends or other distributions declared by the board of directors will be distributed at the times and places determined by the board of directors The Company will make any and all dividend payments and any other distributions in respect of shares registered in the name of any securities settlement system or operator of such a system or in the name of any financial institution or other professional depositary of securities or any other depositary, whether in cash, shares or other assets, only to such registered holder, or otherwise in accordance with such registered holder s instructions, and, as provided by Article 21 of the Company s articles of association, that payment shall release the Company from any and all obligations for such payment.

Pursuant to Luxembourg law, at least 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% (or such lower amount required to reach the 10% threshold) of net profits again must be allocated toward the reserve. The Company s legal reserve represented 10% of its share capital as of December 31, 2014. The legal reserve is not available for distribution.

Voting Rights; Shareholders Meetings; Election of Directors

Each Share entitles the holder to one vote at the Company s general shareholders meetings. Shareholder action by written consent is not permitted, but proxy voting is permitted. Notices of general shareholders meetings are governed by the provisions of Luxembourg law. Pursuant to applicable Luxembourg law, the Company must give notice of the calling of any general shareholders meeting at least 30 days prior to the date for which the meeting is being called, by publishing the relevant convening notice in the Luxembourg Official Gazette and in a leading newspaper having general circulation in Luxembourg and by issuing a press release informing of the calling of such meeting. If an extraordinary general shareholders meeting is adjourned for lack of a quorum, a new convening notice must be published at least 17 days prior to the date for which the second-call meeting is being called. In case Shares are listed on a foreign regulated market, notices of general shareholders meetings shall also comply with the requirements (including as to content and publicity) and follow the customary practices of such regulated market.

Pursuant to our articles of association, for as long as the Shares or other securities of the Company are listed on a regulated market within the European Union (as they currently are), and unless as may otherwise be provided by applicable law, only shareholders holding shares of the Company as of midnight, central European time, on the day that is fourteen days prior to the day of any given general shareholders meeting can attend and vote at such meeting. The board of directors may determine other conditions that must be satisfied by shareholders in order to participate in a general shareholders meeting in person or by proxy, including with respect to deadlines for submitting supporting documentation to or for the Company.

No attendance quorum is required at ordinary general shareholders meetings, and resolutions may be adopted by a simple majority vote of the Shares represented and voted at the meeting. Unless as may otherwise be provided by applicable Luxembourg law, an extraordinary general shareholders meeting may not validly deliberate on proposed amendments to the Company s articles of association unless a quorum of at least 50% of the issued share capital is represented at the meeting. If a quorum is not reached, such meeting may be reconvened at a later date with no quorum requirements by means of the appropriate notification procedures described above. In both cases, the

Luxembourg Companies Law and the Company s articles of association require that any resolution of an extraordinary general shareholders meeting as to amendments to the Company s articles of association be adopted by a two-thirds majority votes of the Shares represented at the meeting. If a proposed resolution consists of changing the Company s nationality or of increasing the shareholders commitments, the unanimous consent of all shareholders is required. Directors are elected at ordinary general shareholders meetings.

Cumulative voting is not permitted. The Company s articles of association do not provide for staggered terms and directors are elected for a maximum of one year and may be reappointed or removed by the general shareholders meeting at any time, with or without cause, by resolution passed by a simple majority vote of the Shares represented and voted at the meeting. In the case of a vacancy occurring in the Board of Directors, the remaining directors may temporarily fill such vacancy with a temporary director appointed by resolution adopted with the affirmative vote of a majority of the remaining directors; provided that the next general shareholder s meeting shall be called upon to ratify such appointment. The term of any such temporary director shall expire at the end of the term of office of the director whom such temporary director replaced.

The next Company s annual general shareholders meeting that will consider, among other things, our audited consolidated financial statements included in this annual report will take place in Luxembourg, on Wednesday May 6, 2015 at 9:30 A.M., Luxembourg time. On that same date, time and place, the Company will also hold an extraordinary general meeting of shareholders, to consider renewing for a five-year period the authorization granted to its board of directors to issue shares within the limits of the authorized share capital without shareholder approval.

The rights of the shareholders attending the meetings are governed by the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies.

Holders of Shares deposited in fungible securities accounts have the same rights and obligations as holders of Shares recorded in the Company s share register. However, in order to be able to participate in and vote at shareholders meetings of the Company, the former must present, prior to the relevant meeting, reasonably satisfactory evidence to the Company as to the number of Shares held on the applicable record date for such meeting. See section titled Holders of Shares: procedures for attending and voting at one or both Meetings in the report of foreign issuer (Rules 13a-16 and 15d-16) on Form 6-K, filed by the Company on April 2, 2015, (File No. 001-31518 15745932), which is incorporated by reference herein.

Holders of ADSs only have those rights that are expressly granted to them in the deposit agreement. See Item 3.D. Key Information Risk Factors Risks Relating to Shares and ADSs Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders . Holders of record of our ADR as of the relevant ADR holders record date set for any given general shareholders meeting are entitled to instruct the Depositary as to the exercise of the voting rights in respect of the Shares underlying such holder s ADRs at such meeting. Holders of ADRs maintaining non-certificated positions must follow voting instructions given by their broker or custodian bank. See section Holders of ADRs: procedures for voting at one or both Meetings in the report of foreign issuer (Rules 13a-16 and 15d-16) on Form 6-K, filed by the Company on April 2, 2015, (File No. 001-31518 15745932), which is incorporated by reference herein.

Access to Corporate Records

Luxembourg law and the Company s articles of association do not generally provide for shareholder access to corporate records. Shareholders may inspect the annual accounts and auditors reports at our registered office during the fifteen day period prior to a general shareholders meeting.

Appraisal Rights

In the event the Company s shareholders approve:

- the delisting of the Shares from all stock exchanges where the Shares are listed at that time,
- a merger in which the Company is not the surviving entity (unless the Shares or other equity securities of such entity are listed on the New York or London stock exchanges),
- a sale, lease, exchange or other disposition of all or substantially all of the Company s assets,

an amendment of our articles of association that has the effect of materially changing the Company s corporate purpose,

the relocation of the Company s domicile outside of the Grand Duchy of Luxembourg, *or*

amendments to the Company s articles of association that restrict the rights of the Company s shareholders; dissenting or absent shareholders have the right to have their Shares repurchased by the Company at (i) the average market value of the Shares over the 90 calendar days preceding the applicable shareholders meeting or (ii) in the event that the Shares are not traded on a regulated market, the amount that results from applying the proportion of the Company s equity that the Shares being sold represent over the Company s net worth as of the date of the applicable shareholders meeting.

Dissenting or absent shareholders must present their claim within one month following the date of the shareholders meeting and supply the Company with evidence of their shareholding at the time of such meeting. The Company must (to the extent permitted by applicable laws and regulations and in compliance therewith) repurchase its Shares within six months following the date of the shareholders meeting.

If delisting from one or more, but not all, of the stock exchanges where the Shares are listed is approved in the shareholders meeting, only dissenting or absent shareholders with Shares held through participants in the local clearing system for that market or markets can exercise this appraisal right if:

- they held the Shares as of the date of the announcement by the Company of its intention to delist or as of the date of publication of the first convening notice for the general shareholders meeting that approved the delisting; and
- they present their claim within one month following the date of the general shareholders meeting and supply evidence of their shareholding as of the date of the Company s announcement or the publication of the first convening notice to the meeting.

In the event a shareholder exercises its appraisal rights, applicable Luxembourg law provisions shall apply.

Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders, including appraisal rights. See Item 3.D. Key Information Risk Factors Risks Relating to Shares and ADSs Holders of ADSs may not be able to exercise, or may encounter difficulties in the exercise of, certain rights afforded to shareholders .

Distribution of Assets on Winding-up

In the event of the Company s liquidation, dissolution or winding-up, the net assets remaining after allowing for the payment of all debts and expenses will be paid out to the holders of the Shares in proportion to their respective holdings.

Transferability and Form

The Company s articles of association do not contain any redemption or sinking fund provisions, nor do they impose any restrictions on the transfer of Shares. The Shares are issuable in registered form only.

The ownership of registered Shares is evidenced by the inscription of the name of the shareholder, the number of Shares held by him and the amount paid on each share in the Company s share register. In addition, the Company s articles of association provide that the Shares may be held through fungible securities accounts with financial institutions or other professional depositaries.

Shares held through fungible securities accounts may be transferred in accordance with customary procedures for the transfer of securities in book-entry form. Shares that are not held through fungible securities accounts may be transferred by a written statement of transfer signed by both the transferor and the transferee or their respective duly appointed attorney-in-fact and recorded in the Company s share register. The transfer of Shares may also be made in accordance with the provisions of Article 1690 of the Luxembourg Civil Code. As evidence of the transfer of registered Shares, the Company may accept any correspondence or other documents evidencing the agreement between transferor and transferee as to the transfer of registered Shares.

Repurchase of Company Shares

The Company may repurchase its own Shares in the cases and subject to the conditions set by the Luxembourg Companies Law and, in the case of acquisitions of Shares or ADSs made through a stock exchange in which Shares or

ADSs are traded, with any applicable laws and regulations of such market. Please see Item 16.E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers for more information on the authorization granted by the annual general meeting of shareholders to the Company or its subsidiaries to repurchase Shares of the Company, including Shares represented by ADSs.

Limitation on Securities Ownership

There are no limitations currently imposed by Luxembourg law or the articles of association on the rights of the Company s non-resident or foreign shareholders to hold or vote their Shares.

Change in Control

None of our outstanding securities has any special control rights. The Company s articles of association do not contain any provision that would have the effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

In addition, the Company does not know of any significant agreements or other arrangements to which the Company is a party which take effect, alter or terminate in the event of a change of control of the Company. There are no agreements between the Company and members of its board of directors or employees providing for compensation if they resign or are made redundant without reason, or if their employment ceases following a change in control of the Company.

There are no rights associated with the Shares other than those described above.

Ownership Disclosure

The Company s articles of association do not contain any provision requiring disclosure of share ownership. However, under the Luxembourg Transparency Law investors in the Company s securities should notify the Company and the Luxembourg securities commission on an ongoing basis whenever the proportion of voting rights held or controlled by any such investor reaches, exceeds or falls below any of the following thresholds: 5%, 10%, 15%, 20%, 25%, 33.33%, 50% and 66.66%. Failure to notify the Company and the Luxembourg securities commission of the reaching or crossing of any such thresholds may result in the suspension of the voting rights attaching to the Shares exceeding the threshold which would have had to be notified.

C. Material Contracts

For a summary of any material contract entered into by us outside the ordinary course of business during the last two years, see Item 4.B. Information on the Company Business Overview .

D. Exchange Controls

Many of the countries which are important markets for us or in which we have substantial assets have histories of substantial government intervention in currency markets, volatile exchange rates and government-imposed currency controls. These include Argentina, Brazil, Indonesia, Mexico, Nigeria and Romania. Argentina has exchange controls or limitations on capital flows, including requirements for the repatriation of export proceeds, in place.

Argentina

As of December 31, 2014, approximately 8% of Tenaris s consolidated net assets were located in Argentina. Since 2002, the Argentine government has maintained a dirty flotation of the Argentine peso/U.S.-dollar exchange rate, through frequent interventions in the market. For example, the Argentine peso has been subject to a devaluation of approximately 31% during 2014. In addition, the government has imposed foreign exchange restrictions affecting the free flow of capital. These restrictions have proven to change frequently, driven mainly by the need of the government to control the volatility of the foreign exchange rate and to try to impede the flight of capital from Argentina. Since October 2011, the government has significantly raised the restrictions on the purchase of foreign currencies and transfers made abroad, mainly for investment and saving purposes, and in 2012, it reduced drastically the timeframe for repatriating the proceeds from the exports of goods and services into Argentina. The most relevant restrictions on foreign exchange transactions that may affect Tenaris are described below.

Investments in foreign currency

As from July 2012, the Central Bank banned purchases of foreign currency for investment and saving purposes. Until that date, Tenaris s Argentine subsidiaries were entitled to transfer abroad up to $2,000,000 per month, subject to clearance by the Argentine tax authorities. In January 2014, these restrictions were eased with respect to individuals only, who are now allowed to purchase foreign currency in very limited amounts.

Exports of Goods and Services

All proceeds from exports of goods and services must be repatriated and converted into Argentine pesos within the timeframes provided in the applicable regulations. In April 2012, timeframes were drastically shortened by the government. For most sales made by Tenaris s Argentine subsidiaries, timeframes were shortened to 30 days from the shipment date.

Imports of Goods

Since February 2012, customs clearances of imports of goods and remittances to pay for imports are subject to prior approval by the Argentine tax authorities and the Argentine Secretary of Commerce. The criteria for approval of import transactions are not determined in the applicable regulations. Notwithstanding the foregoing, Tenaris s Argentine subsidiaries have not suffered significant delays in obtaining the necessary approvals for its imports of raw materials and equipment during 2014.

Table of Contents

Imports of Services

Since April 2012, remittances to pay fees and royalties to foreign services providers or technology suppliers are conditioned upon the receipt of prior approval by the Argentine tax authorities. In addition, since April 2012, when the beneficiary of the payment is an affiliate of the payer, or if such beneficiary or its bank account is located in a jurisdiction that is deemed non-cooperative for tax transparency purposes under Argentine law, the remittance is subject to prior Central Bank approval. Approvals are discretionary and the approval process has proven to be lengthy. Since April 2012, we have not been able to make any material payment of royalties to our affiliates abroad. If restrictions on such payments continue and we are not able to make payments of royalties abroad, our capacity to produce certain products in Argentina could be limited.

Dividends and other distributions

Since February 2013, all remittances of dividends from Argentina must be approved by the Argentine tax authorities before the transfer is made. In addition, since mid-2012, Argentine authorities have applied limitations on remittances of dividends and other cash distributions from Argentina to abroad. As a result of these restrictions, Tenaris s Argentine subsidiaries may be unable to remit or may experience delays in remitting dividends by way of wire transfers to be made from Argentina

Foreign Indebtedness

Foreign lending to Argentine companies (including Tenaris s Argentine subsidiaries) is subject to certain restrictions, including the following:

- Proceeds from disbursements must be transferred into Argentina and converted into Argentine pesos;
- 30% of the disbursed funds must be deposited with a bank in Argentina in a non-assignable, non-interest bearing account for 365 days (unless the lender is a multilateral credit organization, an export agency or development bank eligible under Central Bank s regulations, or if the funds have been disbursed under a facility to finance foreign trade or in the form of a primary offering of bonds registered and listed in Argentina, among other exceptions);
- No principal payments are allowed for a period of one year following the disbursement (except in the case of foreign trade financing facilities);
- Mandatory and voluntary pre-payments are severely restricted; and
- Since February 2013 all remittances to cancel interest must be approved by the Argentine tax authorities.

For additional information regarding factors affecting the Argentine economy, see Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition .

E. Taxation

The following discussion of the material Luxembourg and United States federal income tax consequences of an investment in our ADSs is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not address all possible tax consequences relating to an investment in our ADSs, such as the tax consequences under United States state and local tax laws.

Grand Duchy of Luxembourg

This section describes the material Luxembourg tax consequences of owning or disposing of ADSs.

You should consult your own tax advisor regarding the Luxembourg tax consequences of owning and disposing of Shares or ADSs in your particular circumstances.

As used herein, a Luxembourg individual means an individual resident in Luxembourg who is subject to personal income tax (impôt sur le revenu) on his or her worldwide income from Luxembourg or foreign sources, and a Luxembourg

80

corporate holder means a company (that is, a fully taxable collectivité within the meaning of Article 159 of the Luxembourg Income Tax Law) resident in Luxembourg subject to corporate income tax (impôt sur le revenu des collectivités) on its worldwide income from Luxembourg or foreign sources. For the purposes of this summary, Luxembourg individuals and Luxembourg corporate holders are collectively referred to as Luxembourg Holders . A non-Luxembourg Holder means any investor in Shares or ADSs of the Company other than a Luxembourg Holder.

Corporate Reorganization

Tenaris S.A. was established as a Luxembourg *société anonyme* holding under Luxembourg s 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including the Company) were exempt from Luxembourg corporate income tax and Luxembourg withholding tax over dividends distributed to shareholders.

On January 1, 2011, the Company became an ordinary public limited liability company (*société anonyme*) and, effective as from that date, the Company is subject to all applicable Luxembourg taxes, (including, among others, corporate income tax on its worldwide income), and its dividend distributions will generally be subject to Luxembourg withholding tax. However, dividends received by the Company from subsidiaries in high income tax jurisdictions, as defined under Luxembourg law, will continue to be exempt from corporate income tax in Luxembourg under Luxembourg s participation exemption.

In light of the then impending termination of Luxembourg s 1929 holding company regime, in the fourth quarter of 2010, the Company carried out a multi-step corporate reorganization, which included, among other transactions, the contribution of most of the Company s assets and liabilities to a wholly-owned, newly-incorporated Luxembourg subsidiary and the restructuring of indirect holdings in certain subsidiaries. The first phase of the corporate reorganization was completed in December 2010, and resulted in a non-taxable revaluation of the accounting value (under Luxembourg GAAP) of the Company s assets, in accordance with the applicable legal provisions. The second phase of the reorganization was completed in 2011.

Following the completion of the first phase of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company recorded a special reserve in its tax balance sheet. Dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should not be subject to Luxembourg withholding tax under current Luxembourg law.

Tax regime applicable to realized capital gains

Luxembourg Holders

Luxembourg resident individual holders

Capital gains realized by Luxembourg resident individuals who do not hold their Shares or ADSs as part of a commercial or industrial business and who hold no more than 10% of the share capital of the Company will only be taxable if they are realized on a sale of Shares or ADSs that takes place within the first six months following their acquisition.

If such Shares or ADSs are held as part of a commercial or industrial business, capital gains would be taxable in the same manner as income from such business.

Capital gains realized by Luxembourg resident individuals holding (together with his/her spouse and underage children) directly or indirectly more than 10% of the capital of the Company[2] will be taxable at a progressive rate, if a holding period of six months has elapsed following their acquisition. Within the six month period, standard rates apply.

Luxembourg resident corporate holders

Capital gains realized upon the disposal of Shares or ADSs by a fully taxable resident corporate holder will in principle be subject to corporate income tax and municipal business tax. The combined applicable rate (including an unemployment fund contribution) is 29.22% for the fiscal years ending 2015 for a corporate holder established in Luxembourg-City. An exemption from such taxes may be available to the holder pursuant to Article 1 of the Grand Ducal Decree dated December 21, 2001 in combination with article 166 of the Luxembourg Income Tax law subject to the fulfillment of the conditions set forth therein.

[2] Or if the Luxembourg resident individuals have received the shares for no consideration within the last 5 years and that the former holder held at least 10% in the capital of the company at any moment during said 5 years.

Table of Contents

Non-Luxembourg Holders

An individual who is a non-Luxembourg Holder of Shares or ADSs (and who does not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg) will only be subject to Luxembourg taxation on capital gains arising upon disposal of such Shares or ADSs if such holder has (together with his or her spouse, registered partner and underage children) directly or indirectly held more than 10% of the capital of the Company at any time during the past five years, and either (i) such holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the last five years preceding the realization of the gain, subject to any applicable tax treaty, or (ii) the disposal of Shares or ADSs occurs within six months from their acquisition (or prior to their actual acquisition), subject to any applicable tax treaty.

A corporate non-Luxembourg Holder (that is, a *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), which has a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which Shares or ADSs are attributable, will bear Luxembourg corporate income tax and municipal business tax on a gain realized on a disposal of such Shares or ADSs as set forth above for a Luxembourg corporate holder. However, gains realized on the sale of the Shares or ADSs may benefit from the full exemption provided for by Article 1 of the Grand Ducal Decree dated December 21, 2001 in combination with article 166 of the Luxembourg Income Tax Law subject in each case to fulfillment of the conditions set out therein.

A corporate non-Luxembourg Holder, which has no permanent establishment in Luxembourg to which the Shares or ADSs are attributable, will bear corporate income tax on a gain realized on a disposal of such Shares or ADSs under the same conditions applicable to an individual non-Luxembourg Holder, as set out above.

Tax regime applicable to distributions

Withholding tax

Distributions to holders are in principle subject to a 15% withholding tax computed on the gross amount distributed. The rate of the withholding tax may be reduced pursuant to double tax avoidance treaty existing between Luxembourg and the country of residence of the relevant holder, subject to the fulfillment of the conditions set forth therein. However, distributions imputed for tax purposes to the special reserve (please see above paragraph corporate reorganization) should be out of the scope of Luxembourg withholding tax under current tax law.

Nevertheless, no withholding tax applies if the distribution is made to:

- a Luxembourg resident corporate holder (that is, a fully taxable collectivité within the meaning of article 159 of the Luxembourg Income Tax Law),

- an undertaking of collective character which is resident of a Member State of the European Union and is referred to by article 2 of the European Union Council Directive of November 30th, 2011 concerning the common fiscal regime applicable to parent and subsidiary companies of different member states (2011/96/UE),

- a corporation or a cooperative company resident in Norway, Iceland or Liechtenstein and subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law,

a company resident in Switzerland which is subject to corporate income tax in Switzerland without benefiting from an exemption,

an undertaking with a collective character subject to a tax comparable to corporate income tax as provided by the Luxembourg Income Tax Law which is resident in a country that has concluded a double tax treaty with Luxembourg, *and*

a Luxembourg permanent establishment of one of the above-mentioned categories, provided each time that at the date of payment, the holder holds or commits to hold directly (or through a vehicle regarded as tax transparent from a Luxembourg tax perspective), during an uninterrupted period of at least twelve months, Shares or ADSs representing at least 10% of the share capital of the Company or acquired for an acquisition price of at least EUR 1,200,000.

Table of Contents

Luxembourg Holders

With the exception of Luxembourg corporate holders benefitting from the exemption referred to above, Luxembourg individual holders, and Luxembourg corporate holders subject to Luxembourg corporate tax, must include the distributions paid on the Shares or ADSs in their taxable income, 50% of the amount of such dividends being exempt from tax. The applicable withholding tax can, under certain conditions, entitle the relevant Luxembourg Holder to a tax credit.

Net wealth tax

Luxembourg Holders

Luxembourg net wealth tax will not be levied on a Luxembourg Holder with respect to the Shares or ADSs held unless (i) the Luxembourg Holder is a legal entity subject to net wealth tax in Luxembourg; or (ii) the Shares or ADSs are attributable to an enterprise or part thereof which is carried on through a permanent establishment, a fixed place of business or a permanent representative in Luxembourg.

Net wealth tax is levied annually at the rate of 0.5% on the net wealth of enterprises resident in Luxembourg, as determined for net wealth tax purposes. The Shares or ADSs may be exempt from net wealth tax subject to the conditions set forth by Paragraph 60 of the Law of October 16, 1934 on the valuation of assets, as amended.

Non-Luxembourg Holders

Luxembourg net wealth tax will not be levied on a non-Luxembourg Holder with respect to the Shares or ADSs held unless the Shares or ADSs are attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Stamp and registration taxes

No registration tax or stamp duty will be payable by a holder of Shares or ADSs in Luxembourg solely upon the disposal of Shares or ADSs by sale or exchange.

Estate and gift taxes

No estate or inheritance tax is levied on the transfer of Shares or ADSs upon the death of a holder of Shares or ADSs in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of Shares or ADSs if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

Where a holder of Shares or ADSs is a resident of Luxembourg for tax purposes at the time of his death, the Shares or ADSs are included in its taxable estate for inheritance tax or estate tax purposes.

United States federal income taxation

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning Shares or ADSs. It applies to you only if you hold your Shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

a dealer in securities,

a bank,

a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,

a tax-exempt organization,

a person who invests through a pass-through entity, including a partnership,

a life insurance company,

a person liable for alternative minimum tax,

a former citizen or long-term resident of the United States,

a person that actually or constructively owns 10% or more of our voting stock (including ADSs),

- a person that holds Shares or ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells Shares or ADSs as part of a wash sale for tax purposes, or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the assumption that each obligation in the ADS deposit agreement and any related agreement will be performed in accordance with its terms.

If a partnership holds the Shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Each such partner holding the Shares or ADSs is urged to consult his, her or its own tax advisor.

You are a U.S. holder if you are a beneficial owner of Shares or ADSs and you are, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or
- a trust if (i) a U.S. court can exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing of Shares or ADSs in your particular circumstances.

This discussion addresses only U.S. federal income taxation.

In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the Shares represented by those ADRs. Exchanges of Shares for ADRs, and ADRs for Shares, generally will not be subject to U.S. federal income tax.

Taxation of dividends

Under the U.S. federal income tax laws, and subject to the passive foreign investment company, or PFIC, rules discussed below, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation. If you are a noncorporate U.S. holder, dividends paid to you that constitute qualified dividend

income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold Shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the Shares or ADSs generally will be qualified dividend income but there can be no assurance in this regard.

You must generally include any Luxembourg tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you receive it, or, in the case of ADSs, when the depositary receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Shares or ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

The amount of any dividend paid in foreign currency will equal the U.S. dollar value of the foreign currency received calculated by reference to the exchange rate in effect on the date the dividend is includible in your income, regardless of whether the foreign currency is converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Dividends will be income from sources outside the United States and will, depending on your circumstances, be either passive or general income for purposes of computing the foreign tax credit allowable to you. In certain circumstances, if you have held Shares or ADSs for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for foreign taxes imposed on dividends that we pay.

Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to you under Luxembourg law or under any applicable treaty, the amount of tax withheld that is refundable will not be eligible for credit against your U.S. federal income tax liability. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Taxation of capital gains

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell or otherwise dispose of your Shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your Shares or ADSs. Capital gain of a noncorporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Additional U.S. Federal Income Tax Considerations

PFIC rules. Based on the Company s expected income and assets, we believe that the Shares or ADSs should not be treated as stock of a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, gain realized on the sale or other disposition of your Shares or ADSs would in general not be treated as capital gain. Furthermore, if you are a U.S. holder, unless you are permitted to elect and you do elect to be taxed annually on a mark-to-market basis with respect to the Shares or ADSs, upon sale or disposition of your Shares or ADSs, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the Shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your Shares or ADSs will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your Shares or ADSs. Dividends that you receive from us and that are not treated as excess distributions will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

The Company is required to file annual and special reports and other information with the SEC. You may read and copy any documents filed by the Company at the SEC s public reference room at 100 F Street, N.E., Room 1580 Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website at http://www.sec.gov which contains reports and other information regarding registrants that file electronically with the SEC.

The Company is subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, as applied to foreign private issuers. Because the Company is a foreign private issuer, the SEC s rules do not require it to deliver proxy statements or to file quarterly reports. In addition, the Company s insiders are not subject to the SEC s rules that prohibit short-swing trading. We prepare quarterly and annual reports containing consolidated financial

statements. The Company s annual consolidated financial statements are certified by an independent accounting firm. The Company submits quarterly financial information with the SEC on Form 6-K simultaneously with or promptly following the publication of that information in Luxembourg or any other jurisdiction in which the Company s securities are listed, and the Company files annual reports on Form 20-F within the time period required by the SEC, which is currently four months from the close of the fiscal year on December 31. These quarterly and annual reports may be reviewed at the SEC s public reference room. Reports and other information filed electronically with the SEC are also available at the SEC s Internet website.

As a foreign private issuer under the Securities Act, the Company is not subject to the proxy rules of Section 14 of the Exchange Act or the insider short-swing profit reporting requirements of Section 16 of the Exchange Act.

For the year ended December 31, 2014, the Company s Depository for issuing ADSs evidencing Shares was Deutsche Bank Trust Company Americas. During the time there continues to be ADSs deposited with the Depositary, the Company will furnish the Depositary with:

- its annual reports, *and*
- copies of all notices of shareholders meetings and other reports and communications that are made generally available to the Company s shareholders.

The Depositary will, as provided in the deposit agreement and if requested in writing by the Company, arrange for the mailing of such reports, notices and communications to all record holders of ADSs, on a basis similar to that for holders of Shares, or on such other basis as the Company may advise the Depositary may be required by any applicable law or regulation or any requirement of any stock exchange to which the Company may be subject. Any reports and communications, including any proxy solicitation material, shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the SEC.

Any record holder of ADSs may read the reports, notices, and other communications including any proxy solicitation material at the Depositary s office located at 60 Wall Street, New York, New York 10005.

In addition, such reports, notices and other communications are made available to all shareholders and holders of ADSs on the Company s website at: www.tenaris.com/investors.

Whenever a reference is made in this annual report to a contract or other document, please be aware that such reference is not necessarily complete and that you should refer to the exhibits that are a part of this annual report for a copy of the contract or other document. You may review a copy of the annual report at the SEC s public reference room in Washington, D.C.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosure about Market Risk

The multinational nature of our operations and customer base expose us to a variety of risks, including the effects of changes in foreign currency exchange rates, interest rates and commodity prices. In order to reduce the impact related to these exposures, management evaluates exposures on a consolidated basis to take advantage of natural exposure netting. For the residual exposures, we may enter into various derivative transactions in order to reduce potential adverse effects on our financial performance. Such derivative transactions are executed in accordance with internal policies and hedging practices. We do not enter into derivative financial instruments for trading or other speculative purposes, other than non-material investments in structured products.

The following information should be read together with section III, Financial risk management to our audited consolidated financial statements included elsewhere in this annual report.

Debt Structure

The following tables provide a breakdown of our debt instruments at December 31, 2014 and 2013 which included fixed and variable interest rate obligations, detailed by maturity date:

At December 31, 2014	Expected maturity date						
	2015	2016	2017	2018	2019	Thereafter	Total[1]
	(in millions of U.S. dollars)						
Non-current Debt							
Fixed rate		7	1	1	1	19	**30**
Floating rate		0	0	0	0		**1**
Current Debt							
Fixed rate	725						**725**
Floating rate	243						**243**
	968	**8**	**1**	**1**	**1**	**19**	**999**

At December 31, 2013	Expected maturity date						
	2014	2015	2016	2017	2018	Thereafter	Total[1]
	(in millions of U.S. dollars)						
Non-current Debt							
Fixed rate		15	8	1	1	1	**27**
Floating rate		84	84	45	6	0	**219**
Current Debt							
Fixed rate	616						**616**
Floating rate	69						**69**
	685	**99**	**92**	**46**	**7**	**2**	**931**

(1) As most borrowings are based on short-term fixed rates, or floating rates that approximate market rates, with interest rate resetting every 3 to 6 months, the fair value of the borrowings approximates its carrying amount and is not disclosed separately.

Our weighted average interest rates before tax (considering hedge accounting), amounted to 1.9% at December 31, 2014 and to 7.5% at December 31, 2013. The decrease in our weighted average interest rates is explained by a lower proportion of unhedged, Argentine peso-denominated debt (which has higher interest rates).

Our financial liabilities (other than trade payables and derivative financial instruments) consist mainly of bank loans. As of December 31, 2014 U.S. dollar denominated financial debt plus debt denominated in other currencies swapped to the U.S. dollar represented 92% of total financial debt. For further information about our financial debt, please see note 19 Borrowings to our audited consolidated financial statements included in this annual report.

Interest Rate Risk

Fluctuations in market interest rates create a degree of risk by affecting the amount of our interest payments. At December 31, 2014, we had variable interest rate debt of $244 million and fixed rate debt of $755 million ($725 million of the fixed rate debt are short-term). This risk is to a great extent mitigated by our investment portfolio.

We estimate that, if market interest rates applicable to Tenaris s borrowings had been 100 basis points higher, then the additional pre-tax loss would have been $6 million in 2014 and $11 million in 2013.

Tenaris s exposure to interest risk associated with its debt is also mitigated by its investment portfolio. We estimate that, if interest rates on the benchmark rates for Tenaris portfolio had been 100 basis points higher, then the additional pre-tax gain would have been $6 million in 2014 and $4 million in 2013, partially offsetting the net losses to Tenaris s borrowing costs.

In addition, in the past, we have entered into foreign exchange derivative contracts and/or interest rate swaps in order to mitigate the exposure to changes in interest rates, but there were no interest rate derivatives outstanding at December 31, 2014, nor at December 31, 2013.

Foreign Exchange Rate Risk

We manufacture and sell our products in a number of countries throughout the world and consequently we are exposed to foreign exchange rate risk. Since the Company s functional currency is the U.S. dollar, the purpose of our foreign currency hedging program is mainly to reduce the risk caused by changes in the exchange rates of other currencies against the U.S. dollar.

Table of Contents

Most of our revenues are determined or influenced by the U.S. dollar. In addition, most of our costs correspond to steelmaking raw materials and steel coils and plates, also determined or influenced by the U.S. dollar. However, outside the United States, a portion of our expenses is incurred in foreign currencies (e.g. labor costs). Therefore, when the U.S. dollar weakens in relation to the foreign currencies of the countries where we manufacture our products, the U.S. dollar-reported expenses increase. In 2014, a 5% weakening of the U.S. dollar average exchange rate against the currencies of the countries where we have labor costs would have decreased operating income by approximately 4%.

Our consolidated exposure to currency fluctuations is reviewed on a periodic basis. A number of hedging transactions are performed in order to achieve an efficient coverage in the absence of operative or natural hedges. Almost all of these transactions are forward exchange rate contracts.

Because certain subsidiaries have functional currencies other than the U.S. dollar, the results of hedging activities as reported in the income statement under IFRS may not reflect entirely management s assessment of its foreign exchange risk hedging needs. Also, intercompany balances between our subsidiaries may generate exchange rate results to the extent that their functional currencies differ.

The value of our financial assets and liabilities is subject to changes arising out of the variation of foreign currency exchange rates. The following table provides a breakdown of our main financial assets and liabilities (including foreign exchange derivative contracts) that impact our profit and loss as of December 31, 2014.

All amounts in millions of U.S. dollars

Currency Exposure	Functional currency	Long / (Short) Position
Argentine Peso	U.S. dollar	(191)
Euro	U.S. dollar	(189)
U.S. dollar	Brazilian real	(150)

The main relevant exposures as of December 31, 2014 corresponds to Argentine peso-denominated trade, social and fiscal payables at our Argentine subsidiaries whose functional currency is the U.S. dollar, and Euro-denominated liabilities at certain subsidiaries whose functional currency is the U.S. dollar.

Foreign Currency Derivative Contracts

The fair value of our foreign currency derivative contracts amounted to ($31) million at December 31, 2014 and $1 million at December 31, 2013. For further detail on our foreign currency derivative contracts, please see note 24 Derivative financial instruments Foreign exchange derivative contracts and hedge accounting to our audited consolidated financial statements included in this annual report.

Accounting for Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are classified as financial assets (or liabilities) at fair value through profit or loss. Their fair value is calculated using standard pricing techniques and, as a general rule, we recognize the full amount related to the change in its fair value under financial results in the current period.

We designate for hedge accounting certain derivatives that hedge risks associated with recognized assets, liabilities or highly probable forecast transactions. These instruments are classified as cash flow hedges. The effective portion of

the fair value of such derivatives is accumulated in a reserve account in equity. Amounts accumulated in equity are then recognized in the income statement in the same period than the offsetting losses and gains on the hedged item are recorded. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. The fair value of our derivative financial instruments (assets or liabilities) continues to be reflected on the consolidated statement of financial position.

At December 31, 2014, the effective portion of designated cash flow hedges, included in other reserves in shareholders equity amounted to a loss of $8 million.

Concentration of credit risk

There is no significant concentration of credit from customers. No single customer comprised more than 10% of our net sales in 2014.

Table of Contents

Our credit policies related to sales of products and services are designed to identify customers with acceptable credit history, and to allow us to use credit insurance, letters of credit and other instruments designed to minimize credit risk whenever deemed necessary. We maintain allowances for potential credit losses.

Commodity Price Sensitivity

We use commodities and raw materials that are subject to price volatility caused by supply conditions, political and economic variables and other unpredictable factors. As a consequence, we are exposed to risk resulting from fluctuations in the prices of these commodities and raw materials. Although we fix the prices of such raw materials and commodities for short-term periods, typically not in excess of one year, in general we do not hedge this risk. In the past we have occasionally used commodity derivative instruments to hedge certain fluctuations in the market prices of raw material and energy.

Item 12. Description of Securities Other Than Equity Securities

A. Debt securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other securities

Not applicable.

D. American Depositary Shares

According to our deposit agreement, holders of ADSs may have to pay to the Depositary, either directly or indirectly, fees or charges up to the amounts set forth below:

A fee of USD5.00 (or less) per 100 ADSs (or portion of 100 ADSs) for: issuance of ADSs, including issuances resulting from a distribution of Shares or rights or other property; and cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.

A fee of USD0.02 (or less) per ADSs for any cash distribution to ADS registered holders, excluding cash dividend.

As necessary, charges for taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or Share underlying an ADS (e.g., share transfer taxes, stamp duty or withholding taxes).

Registration or transfer fees for transfer and registration of shares on our share register to or from the name of the Depositary or its agent when you deposit or withdraw Shares.

Expenses of the Depositary for cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and conversion of foreign currency.

A fee equivalent to the fee that would be payable if securities distributed to ADS holders had been Shares and the Shares had been deposited for issuance of ADSs for distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS registered holders.

As necessary, charges for any costs incurred by the Depositary or its agents for servicing the deposited securities. The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing Shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Under the deposit agreement with the Depositary, the Depositary is not liable to holders of ADSs, except that the Depositary agrees to perform its obligations specifically set forth therein without gross negligence and willful misconduct.

Fees payable by the Depositary to the Company

Fees incurred in 2014

For the year ended December 31, 2014, the Company received $2.5 million in fees from Deutsche Bank Trust Company Americas, as the Company s Depositary, for continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADSs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), any applicable performance indicators relating to the ADS program, underwriting fees and legal fees.

Fees to be paid in the future

Deutsche Bank Trust Company Americas, has agreed to reimburse the Company annually for certain investor relations expenses or other expenses related to the maintenance of the Company s ADR Program, including for its continuing annual stock exchange listing fees, investor relations expenses, legal, accounting (including audit) and advisory expenses in any jurisdiction, expenses related to compliance with federal or state securities laws, marketing and financial advertising expenses, public relations activities, roadshows, conferences or any other expenses related to the Company s ADR Program. There are limits on the amount of expenses for which the Depositary will reimburse the Company, but the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the Depositary collects from investors. The Depositary has also agreed to waive the cost of providing certain administrative and reporting services, which includes preparing and filing U.S. information returns, issuing and mailing dividend checks, mailing shipment of ADRs, preparing periodic reports on the ADR Program, liaising with the Depository Trust Company, and distributing the Company s reports and communications to holders of ADSs.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2014. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and

reported within the time periods specified in the SEC s rules and forms and to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at a reasonable assurance level.

Management s report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Tenaris s internal control over financial reporting was designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its consolidated financial statements for external purposes in accordance with IFRS.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or omissions. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted its assessment of the effectiveness of Tenaris s internal control over financial reporting based on the framework in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, management has concluded that Tenaris s internal control over financial reporting, as of December 31, 2014, is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Changes in internal control over financial reporting

During the period covered by this report, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Company s board of directors has determined that the audit committee members do not meet the attributes defined in Item 16A of Form 20-F for audit committee financial experts . However, it has concluded that the membership of the audit committee as a whole has sufficient recent and relevant financial experience to properly discharge its functions. In addition, the audit committee, from time to time and as it deems necessary, engages persons that meet all of the attributes of an audit committee financial expert as consultants.

Item 16B. Code of Ethics

In addition to the general code of conduct incorporating guidelines and standards of integrity and transparency applicable to all of our directors, officers and employees, we have adopted a code of ethics for financial officers which applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and is intended to supplement the Company s code of conduct.

The text of our codes of conduct and code of ethics is posted on our Internet website at:

www.tenaris.com/en/aboutus/codeofconduct.aspx

Item 16C. Principal Accountant Fees and Services

Fees Paid to the Company s Principal Accountant

In 2014 and 2013, PwC served as the principal external auditor for the Company. Fees payable to PwC in 2014 and 2013 are detailed below.

	For the year ended December 31,	
Thousands of U.S. dollars	**2014**	**2013**
Audit Fees	5,231	5,723

Audit-Related Fees	142	143
Tax Fees	89	117
All Other Fees	35	51
Total	5,497	6,034

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the consolidated financial statements and internal control over financial reporting of the Company, the statutory financial statements of the Company and its subsidiaries, and any other audit services required for the SEC or other regulatory filings.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the consolidated financial statements of the Company and the statutory financial statements of the Company and its subsidiaries and are not reported under the audit fee item above. This item includes fees for attestation services on financial information of the Company and its subsidiaries included in their annual reports that are filed with their respective regulators.

Tax Fees

Fees paid for tax compliance professional services.

All Other Fees

Other fees paid to PwC include fees for the support in the assessment of processes and certifications.

Audit Committee s Pre-approval Policies and Procedures

The Company s audit committee is responsible for, among other things, the oversight of the Company s independent auditors. The audit committee has adopted in its charter a policy of pre-approval of audit and permissible non-audit services provided by its independent auditors.

Under the policy, the audit committee makes its recommendations to the shareholders meeting concerning the continuing appointment or termination of the Company s independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves, *ad-referendum* of the general shareholders meeting, the related fees. The general shareholders meeting normally approves such audit fees and authorizes the audit committee to approve any increase or reallocation of such audit fees as may be necessary, appropriate or desirable under the circumstances. The audit committee delegates to its Chairman the authority to consider and approve, on behalf of the audit committee, additional non-audit services that were not recognized at the time of engagement, which must be reported to the other members of the audit committee at its next meeting. No services outside the scope of the audit committee s approval can be undertaken by the independent auditor.

The audit committee did not approve any fees pursuant to the *de minimis* exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X during 2014 or 2013.

Item 16D. Exemptions from the Listing Standards for Audit Committees
Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2014, there were no purchases of any class of registered equity securities of the Company by the Company or, to our knowledge, any affiliated purchaser (as such term is defined in Rule 10b-18(a)(3) under the Exchange Act).

On June 2, 2010, at the Company s annual general shareholders meeting, the Company s shareholders authorized the Company and the Company s subsidiaries to acquire, from time to time, Shares, including shares represented by ADSs, on the following terms and conditions:

Purchases, acquisitions or receptions of securities may be made in one or more transactions as the Board of Directors or the board of directors or other governing bodies of the relevant entity, as applicable, considers advisable.

The maximum number of securities acquired pursuant to this authorization may not exceed 10% of the Company s issued and outstanding shares or, in the case of acquisitions made through a stock exchange in which the securities are traded, such lower amount as may not be exceeded pursuant to any applicable laws or regulations of such market. The number of securities acquired as a block may amount to the maximum permitted amount of purchases.

Table of Contents

The purchase price per share to be paid in cash may not exceed 125% (excluding transaction costs and expenses), nor may it be lower than 75% (excluding transaction costs and expenses), in each case of the average of the closing prices of the Company s securities in the stock exchange through which the Company s securities are acquired, during the five trading days in which transactions in the securities were recorded in such stock exchange preceding (but excluding) the day on which the Company s securities are acquired. For over-the-counter or off-market transactions, the purchase price per ADR to be paid in cash may not exceed 125% (excluding transaction costs and expenses), nor may it be lower than 75% (excluding transaction costs and expenses), in each case of the average of the closing prices of the ADSs in the New York Stock Exchange during the five trading days in which transactions in ADSs were recorded in the New York Stock Exchange preceding (but excluding) the day on which the ADSs are acquired; and, in the case of acquisition of securities, other than in the form of ADSs, such maximum and minimum purchase prices shall be calculated based on the number of underlying shares represented by such ADSs. Compliance with maximum and minimum purchase price requirements in any and all acquisitions made pursuant to this authorization (including, without limitation, acquisitions carried out through the use of derivative financial instruments or option strategies) shall be determined on and as of the date on which the relevant transaction is entered into, irrespective of the date on which the transaction is to be settled.

The above maximum and minimum purchase prices shall be adapted automatically, in the event of a change in the par value of the shares, a capital increase by means of a capitalization of reserves, a distribution of shares under compensation or similar programs, a stock split or reverse stock split, a distribution of reserves or any other assets, the redemption of capital, or any other transaction impacting on the Company s equity, so that the impact of any such transaction on the value of the shares shall be reflected.

The acquisitions of securities may not have the effect of reducing the Company s net assets below the sum of the Company s capital stock plus its undistributable reserves.

Only fully paid-up securities may be acquired pursuant to this authorization.

The acquisitions of securities may be carried out for any purpose, as may be permitted under applicable laws and regulations, including without limitation to reduce the share capital of the Company, to offer such shares to third parties in the context of corporate mergers or acquisitions of other entities or participating interests therein, for distribution to the Company s or the Company s subsidiaries directors, officers or employees or to meet obligations arising from convertible debt instruments.

The acquisitions of securities may be carried out by any and all means, as may be permitted under applicable laws and regulations, including through any stock exchange in which the Company s securities are traded, through public offers to all shareholders of the Company to buy securities, through the use of derivative financial instruments or option strategies, or in over the counter or off-market transactions or in any other manner.

The acquisitions of securities may be carried out at any time, during the duration of the authorization, including during a tender offer period, as may be permitted under applicable laws and regulations.

The authorization granted to acquire securities shall be valid for such maximum period as may be provided for under applicable Luxembourg law as in effect from time to time (such maximum period being, as of to date, 5 years).

The acquisitions of securities shall be made at such times and on such other terms and conditions as may be determined by the Board of Directors or the board of directors or other governing bodies of the relevant entity, provided that, any such purchase shall comply with Article 49-2 et. seq. of the Luxembourg law of August 10, 1915 on commercial companies (or any successor law) and, in the case of acquisitions of securities made through a stock exchange in which the Company s securities are traded, with any applicable laws and regulations of such market.

In the future, we may, on the terms and subject to the conditions above referred, initiate a stock repurchase or similar program or engage in other transactions pursuant to which we would repurchase, directly or indirectly, the Company s securities. In addition, we or our subsidiaries may enter into transactions involving sales or purchases of derivatives or other instruments, either settled in cash or through physical delivery of securities, with returns linked to the Company s securities. The timing and amount of repurchase transactions under any such program, or sales or purchases of derivatives or other instruments, would depend on market conditions as well as other corporate and regulatory considerations.

Item 16F. Change in Registrant s Certifying Accountant

Not applicable

Table of Contents

Item 16G. Corporate Governance

The Company s corporate governance practices are governed by Luxembourg Law (including, among others, the law of August 10, 1915 on commercial companies, the law of January 11, 2008, implementing the European Union s transparency directive and the law of May 24, 2011, implementing the European Union s directive on the exercise of certain shareholders rights in general meetings of listed companies) and the Company s articles of association. As a Luxembourg company listed on the New York Stock Exchange (the NYSE), the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange), the Bolsa de Comercio de Buenos Aires (the Buenos Aires Stock Exchange) and Borsa Italiana S.p.A. (the Italian Stock Exchange), the Company is required to comply with some, but not all, of the corporate governance standards of these exchanges. The Company, however, believes that the Company s corporate governance practices meet, in all material respects, the corporate governance standards that are generally required for controlled companies by all of the exchanges on which the Company s securities trade.

The following is a summary of the significant ways that the Company s corporate governance practices differ from the corporate governance standards required for controlled companies by the NYSE. The Company s corporate governance practices may differ in non-material ways from the standards required by the NYSE that are not detailed here.

Non-management directors meetings

Under NYSE standards, non-management directors must meet at regularly scheduled executive sessions without management present and, if such group includes directors who are not independent, a meeting should be scheduled once per year including only independent directors. Neither Luxembourg law nor the Company s articles of association require the holding of such meetings and the Company does not have a set policy for these meetings. For additional information on board meetings, see Item 6.A. Directors, Senior Management and Employees Directors and Senior Management Board of Directors .

In addition, NYSE-listed companies are required to provide a method for interested parties to communicate directly with the non-management directors as a group. While the Company does not have such a method, it has set up a compliance line for investors and other interested parties to communicate their concerns directly to the members of our audit committee, all of whom are non-management, independent directors.

Audit committee

Under NYSE standards, listed U.S. companies are required to have an audit committee composed of independent directors that satisfies the requirements of Rule 10A-3 promulgated under the Exchange Act. The Company s articles of association currently require to have an audit committee composed of three members, of which at least two must be independent (as defined in the articles of association) and the Company s audit committee complies with such requirements. In accordance with NYSE standards, the Company has an audit committee entirely composed of independent directors. For more information on the Company s audit committee see Item 6.C. Directors, Senior Management and Employees Board Practices Audit Committee .

Under NYSE standards, all audit committee members of listed U.S. companies are required to be financially literate or must acquire such financial knowledge within a reasonable period and at least one of its members shall have experience in accounting or financial administration. In addition, if a member of the audit committee is simultaneously a member of the audit committee of more than three public companies, and the listed company does not limit the number of audit committees on which its members may serve, then in each case the board must determine whether the simultaneous service would prevent such member from effectively serving on the listed company s audit committee and shall publicly disclose its decision. Luxembourg law provisions on audit committee membership require only that at least one member of the committee have competence in accounting or auditing. The Company s

board of directors has concluded that the membership of the audit committee as a whole has sufficient recent and relevant financial experience to properly discharge its functions. In addition, the audit committee, from time to time and as it deems necessary, engages persons that meet all of the attributes of a financial expert as consultants. See Item 16A. Audit Committee Financial Expert .

Standards for evaluating director independence

Under the NYSE standards, the board is required, on a case by case basis, to express an opinion with regard to the independence or lack of independence of each individual director. Neither Luxembourg law nor the Company s articles of association requires the board to express such an opinion. In addition, the definition of independent under the NYSE rules differ in some non-material respects from the definition contained in the Company s articles of association. For information on our independent directors and the definition of independent under our articles of association see Item 6.A. Directors, Senior Management and Employees Directors and Senior Management Board of Directors and Item 6.C. Directors, Senior Management and Employees Board Practices Audit Committee.

Table of Contents

Audit committee responsibilities

Pursuant to the Company s articles of association, the audit committee shall assist the board of directors in fulfilling its oversight responsibilities relating to the integrity of its consolidated financial statements and system of internal controls and the independence and performance of the independent auditors. The audit committee is required to review material transactions (as defined by our articles of association) between the Company or its subsidiaries with related parties and also perform the other duties entrusted to it by the board. The NYSE requires certain matters to be set forth in the audit committee charter of U.S. listed companies.

The Company s audit committee charter provides for many of the responsibilities that are expected from such bodies under the NYSE standard; however, due to the Company s equity structure and holding company nature, the charter does not contain all such responsibilities, including provisions related to setting hiring policies for employees or former employees of independent auditors, discussion of risk assessment and risk management policies, and an annual performance evaluation of the audit committee. However, our audit committee from time to time monitors the effectiveness of the Company s risk management systems. For more information on our audit committee see Item 6.C. Directors, Senior Management and Employees Board Practices Audit Committee .

Shareholder voting on equity compensation plans

Under NYSE standards, shareholders must be given the opportunity to vote on equity-compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans. The Company does not currently offer equity based compensation to our directors, senior management or employees, and therefore does not have a policy on this matter. For more information on directors compensation see Item 6.B. Directors, Senior Management and Employees Compensation .

Disclosure of corporate governance guidelines

NYSE-listed companies must adopt and disclose corporate governance guidelines. Neither Luxembourg law nor the Company s articles of association require the adoption or disclosure of corporate governance guidelines. The Company s board of directors follows corporate governance guidelines consistent with its equity structure and holding company nature, but the Company has not codified them and therefore does not disclose them on its website.

Code of business conduct and ethics

Under NYSE standards, listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Neither Luxembourg law nor the Company s articles of association require the adoption or disclosure of such a code of conduct. The Company, however, has adopted a code of conduct that applies to all directors, officers and employees that is posted on its website and which complies with the NYSE s requirements, except that it does not require the disclosure of waivers of the code for directors and officers. In addition, it has adopted a supplementary code of ethics for senior financial officers, which is also posted on our website. See Item 16.B. Code of Ethics .

Chief executive officer certification

A chief executive officer of a U.S. company listed on the NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. In accordance with NYSE rules applicable to foreign private issuers, the Company s chief executive officer is not required to provide the NYSE with this annual

compliance certification. However, in accordance with NYSE rules applicable to all listed companies, the Company s chief executive officer must promptly notify the NYSE in writing after any of our executive officers becomes aware of any noncompliance with any applicable provision of the NYSE s corporate governance standards. In addition, the Company must submit an executed written affirmation annually and an interim written affirmation upon the occurrence of any of the events listed in the foreign private issuer interim written affirmation form by the NYSE.

Item 16H. Mine Safety Disclosure

Not applicable.

Table of Contents

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

See pages F-1 through F-55 of this annual report.

TENARIS S.A.

CONSOLIDATED

FINANCIAL STATEMENTS

For the years ended December 31, 2014, 2013 and 2012

29, Avenue de la Porte-Neuve 3rd Floor.

L 2227 Luxembourg

Table of Contents

CONSOLIDATED INCOME STATEMENT

(all amounts in thousands of U.S. dollars, unless otherwise stated)		Year ended December 31,		
	Notes	**2014**	**2013**	**2012**
Continuing operations				
Net sales	**1**	10,337,962	10,596,781	10,834,030
Cost of sales	**2**	(6,287,460)	(6,456,786)	(6,637,293)
Gross profit		**4,050,502**	**4,139,995**	**4,196,737**
Selling, general and administrative expenses	**3**	(1,963,952)	(1,941,213)	(1,883,789)
Other operating income	**5**	27,855	14,305	71,380
Other operating expenses	**5**	(215,589)	(28,257)	(27,721)
Operating income		**1,898,816**	**2,184,830**	**2,356,607**
Finance Income	**6**	38,211	34,767	36,932
Finance Cost	**6**	(44,388)	(70,450)	(55,507)
Other financial results	**6**	39,214	7,004	(31,529)
Income before equity in earnings of non-consolidated companies and income tax		**1,931,853**	**2,156,151**	**2,306,503**
Equity in earnings (losses) of non-consolidated companies	**7**	20,141	46,098	(63,206)
Income before income tax		**1,951,994**	**2,202,249**	**2,243,297**
Income tax	**8**	(586,061)	(627,877)	(541,558)
Income for the year		**1,365,933**	**1,574,372**	**1,701,739**
Attributable to:				
Owners of the parent		1,343,274	1,551,394	1,699,375
Non-controlling interests		22,659	22,978	2,364
		1,365,933	**1,574,372**	**1,701,739**
Earnings per share attributable to the owners of the parent during the period:				
Weighted average number of ordinary shares (thousands)		1,180,537	1,180,537	1,180,537
Continuing operations				
Basic and diluted earnings per share (U.S. dollars per share)		1.14	1.31	1.44
Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)		2.28	2.63	2.88

(*) Each ADS equals two shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2014	**2013**	**2012**
Income for the year	**1,365,933**	**1,574,372**	**1,701,739**
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations	1,850	18,314	(13,443)
Income tax on items that will not be reclassified	(513)	(4,865)	3,715
	1,337	**13,449**	**(9,728)**
Items that may be subsequently reclassified to profit or loss:			
Currency translation adjustment	(197,711)	(1,941)	(4,547)
Change in value of available for sale financial instruments and cash flow hedges	(10,483)	2,941	5,631
Share of other comprehensive income of non-consolidated companies:			
Currency translation adjustment	(74,412)	(87,666)	(108,480)
Changes in the fair value of derivatives held as cash flow hedges and others	(3,857)	2,682	951
Income tax relating to components of other comprehensive income (*)	400	478	(618)
	(286,063)	**(83,506)**	**(107,063)**
Other comprehensive loss for the year, net of tax	**(284,726)**	**(70,057)**	**(116,791)**
Total comprehensive income for the year	**1,081,207**	**1,504,315**	**1,584,948**
Attributable to:			
Owners of the parent	1,059,962	1,480,572	1,588,447
Non-controlling interests	21,245	23,743	(3,499)
	1,081,207	**1,504,315**	**1,584,948**

(*) Relates to cash flow hedges

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in thousands of U.S. dollars)	Notes	At December 31, 2014		At December 31, 2013	
ASSETS					
Non-current assets					
Property, plant and equipment, net	**10**	5,159,557		4,673,767	
Intangible assets, net	**11**	2,757,630		3,067,236	
Investments in non-consolidated companies	**12**	808,663		912,758	
Available for sale assets	**30**	21,572		21,572	
Other investments		1,539		2,498	
Deferred tax assets	**20**	268,252		197,159	
Receivables	**13**	262,176	9,279,389	152,080	9,027,070
Current assets					
Inventories	**14**	2,779,869		2,702,647	
Receivables and prepayments	**15**	267,631		220,224	
Current tax assets	**16**	129,404		156,191	
Trade receivables	**17**	1,963,394		1,982,979	
Other investments	**18**	1,838,379		1,227,330	
Cash and cash equivalents	**18**	417,645	7,396,322	614,529	6,903,900
Total assets			**16,675,711**		**15,930,970**
EQUITY					
Capital and reserves attributable to owners of the parent			12,819,147		12,290,420
Non-controlling interests			152,200		179,446
Total equity			**12,971,347**		**12,469,866**
LIABILITIES					
Non-current liabilities					
Borrowings	**19**	30,833		246,218	
Deferred tax liabilities	**20**	714,123		751,105	
Other liabilities	**21(i)**	285,865		277,257	
Provisions	**22(ii)**	70,714	1,101,535	66,795	1,341,375
Current liabilities					
Borrowings	**19**	968,407		684,717	
Current tax liabilities	**16**	352,353		266,760	
Other liabilities	**21(ii)**	296,277		250,997	
Provisions	**23(ii)**	20,380		25,715	
Customer advances		133,609		56,911	
Trade payables		831,803	2,602,829	834,629	2,119,729

Total liabilities	**3,704,364**	**3,461,104**
Total equity and liabilities	**16,675,711**	**15,930,970**

Contingencies, commitments and restrictions to the distribution of profits are disclosed in Note 25.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to owners of the parent								
	Share Capital (1)	**Legal Reserves**	**Share Premium**	**Currency Translation Adjustment**	**Other Reserves**	**Retained Earnings (2)**	**Total**	**Non-controlling interests**	**Total**
Balance at December 31, 2013	**1,180,537**	**118,054**	**609,733**	**(406,744)**	**(305,758)**	**11,094,598**	**12,290,420**	**179,446**	**12,469,866**
Income for the year						**1,343,274**	**1,343,274**	**22,659**	**1,365,933**
Currency translation adjustment				(196,852)			**(196,852)**	(859)	**(197,711)**
Remeasurements of post employment benefit obligations, net of taxes					1,503		**1,503**	(166)	**1,337**
Change in value of available for sale financial instruments and cash flow hedges net of tax					(9,694)		**(9,694)**	(389)	**(10,083)**
Share of other comprehensive income of non-consolidated companies				(74,412)	(3,857)		**(78,269)**		**(78,269)**
Other comprehensive (loss) income for the year				**(271,264)**	**(12,048)**		**(283,312)**	**(1,414)**	**(284,726)**
Total comprehensive income for the year				**(271,264)**	**(12,048)**	**1,343,274**	**1,059,962**	**21,245**	**1,081,207**
					7		**7**	(152)	**(145)**

Acquisition of non-controlling interests									
Dividends paid in cash						(531,242)	**(531,242)**	(48,339)	**(579,581)**
Balance at December 31, 2014	**1,180,537**	**118,054**	**609,733**	**(678,008)**	**(317,799)**	**11,906,630**	**12,819,147**	**152,200**	**12,971,347**

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. As of December 31, 2014 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in Note 25.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont.)

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

	Attributable to owners of the parent								
	Share Capital (1)	**Legal Reserves**	**Share Premium**	**Currency Translation Adjustment**	**Other Reserves**	**Retained Earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at December 31, 2012 (*)	1,180,537	118,054	609,733	(316,831)	(314,297)	10,050,835	**11,328,031**	171,561	**11,499,592**
Income for the year						**1,551,394**	**1,551,394**	**22,978**	**1,574,372**
Currency translation adjustment				(2,247)			**(2,247)**	306	**(1,941)**
Effect of adopting IAS 19R					13,449		**13,449**		**13,449**
Hedge reserve, net of tax					2,960		**2,960**	459	**3,419**
Share of other comprehensive income of non-consolidated companies				(87,666)	2,682		**(84,984)**		**(84,984)**
Other comprehensive (loss) income for the year				**(89,913)**	**19,091**		**(70,822)**	**765**	**(70,057)**
Total comprehensive income for the year				**(89,913)**	**19,091**	**1,551,394**	**1,480,572**	**23,743**	**1,504,315**
Acquisition of non-controlling interests					(10,552)		**(10,552)**	2,784	**(7,768)**
Dividends paid in cash						(507,631)	**(507,631)**	(18,642)	**(526,273)**
Balance at December 31,	**1,180,537**	**118,054**	**609,733**	**(406,744)**	**(305,758)**	**11,094,598**	**12,290,420**	**179,446**	**12,469,866**

2013

	Attributable to owners of the parent								
	Share Capital (1)	**Legal Reserves**	**Share Premium**	**Currency Translation Adjustment**	**Other Reserves**	**Retained Earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at December 31, 2011 (*)	1,180,537	118,054	609,733	(210,772)	(40,911)	8,800,064	**10,456,705**	666,031	**11,122,736**
ncome for the year						**1,699,375**	**1,699,375**	**2,364**	**1,701,739**
Currency ranslation djustment				2,421			**2,421**	(6,968)	**(4,547)**
Effect of dopting AS 19R					(9,664)		**(9,664)**	(64)	**(9,728)**
Hedge reserve, et of tax					3,925		**3,925**	1,088	**5,013**
Share of other omprehensive ncome of on-consolidated ompanies				(108,480)	870		**(107,610)**	81	**(107,529)**
Other omprehensive oss for the year				**(106,059)**	**(4,869)**		**(110,928)**	**(5,863)**	**(116,791)**
Total omprehensive ncome for the year				**(106,059)**	**(4,869)**	**1,699,375**	**1,588,447**	**(3,499)**	**1,584,948**
Acquisition and ncrease of on-controlling nterests					(268,517)		**(268,517)**	(490,066)	**(758,583)**
Dividends paid in ash						(448,604)	**(448,604)**	(905)	**(449,509)**
Balance at December 31, 2012	**1,180,537**	**118,054**	**609,733**	**(316,831)**	**(314,297)**	**10,050,835**	**11,328,031**	**171,561**	**11,499,592**

(1)

The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. As of December 31, 2013 and 2012 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(*) See section II.A. for changes in presentation due to the application of IAS19R.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF CASH FLOWS

(all amounts in thousands of U.S. dollars)		Year ended December 31,		
	Notes	**2014**	**2013**	**2012**
Cash flows from operating activities				
Income for the year		1,365,933	1,574,372	1,701,739
Adjustments for:				
Depreciation and amortization	**10 & 11**	615,629	610,054	567,654
Impairment charge	**5**	205,849		
Income tax accruals less payments	**27(ii)**	79,062	125,416	(160,951)
Equity in (earnings) losses of non-consolidated companies	**7**	(20,141)	(46,098)	63,206
Interest accruals less payments, net	**27(iii)**	(37,192)	(29,723)	(25,305)
Changes in provisions		(4,982)	(1,800)	(12,437)
Changes in working capital	**27(i)**	(72,066)	188,780	(303,012)
Other, including currency translation adjustment		(88,025)	(43,649)	25,104
Net cash provided by operating activities		**2,044,067**	**2,377,352**	**1,855,998**
Cash flows from investing activities				
Capital expenditures	**10 & 11**	(1,089,373)	(753,498)	(789,731)
Advance to suppliers of property, plant and equipment		(63,390)	(22,234)	4,415
Investment in non-consolidated companies	**12**	(1,380)		
Acquisition of subsidiaries and non-consolidated companies	**26**	(28,060)		(510,825)
Net loan to non-consolidated companies		(21,450)		
Proceeds from disposal of property, plant and equipment and intangible assets		11,156	33,186	8,012
Increase due to sale of non-consolidated company	**12**			3,140
Dividends received from non-consolidated companies	**12**	17,735	16,334	18,708
Changes in investments in short terms securities		(611,049)	(582,921)	(213,633)
Net cash used in investing activities		**(1,785,811)**	**(1,309,133)**	**(1,479,914)**
Cash flows from financing activities				
Dividends paid	**9**	(531,242)	(507,631)	(448,604)
Dividends paid to non-controlling interest in subsidiaries		(48,339)	(18,642)	(905)
Acquisitions of non-controlling interests	**12**	(145)	(7,768)	(758,583)
Proceeds from borrowings (*)		3,046,837	2,460,409	2,054,090
Repayments of borrowings (*)		(2,890,717)	(3,143,241)	(1,271,537)
Net cash used in financing activities		**(423,606)**	**(1,216,873)**	**(425,539)**
Decrease in cash and cash equivalents		**(165,350)**	**(148,654)**	**(49,455)**
Movement in cash and cash equivalents				
At the beginning of the year		598,145	772,656	815,032

Effect of exchange rate changes		(16,350)	(25,857)	7,079
Decrease in cash and cash equivalents		(165,350)	(148,654)	(49,455)
At December 31,	**27(iv)**	**416,445**	**598,145**	**772,656**

		At December 31,		
Cash and cash equivalents		**2014**	**2013**	**2012**
Cash and bank deposits	**18**	417,645	614,529	828,458
Bank overdrafts	**19**	(1,200)	(16,384)	(55,802)
		416,445	**598,145**	**772,656**

(*) Mainly related to the renewal of short-term local facilities carried out during the years 2014, 2013 and 2012.
The accompanying notes are an integral part of these Consolidated Financial Statements.

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I.	**GENERAL INFORMATION**	F-8
II.	**ACCOUNTING POLICIES (AP)**	F-8
A	Basis of presentation	F-8
B	Group accounting	F-9
C	Segment information	F-11
D	Foreign currency translation	F-12
E	Property, plant and equipment	F-13
F	Intangible assets	F-14
G	Impairment of non-financial assets	F-15
H	Other investments	F-15
I	Inventories	F-16
J	Trade and other receivables	F-16
K	Cash and cash equivalents	F-16
L	Equity	F-16
M	Borrowings	F-17
N	Current and Deferred income tax	F-17
O	Employee benefits	F-18
P	Provisions	F-19
Q	Trade payables	F-19
R	Revenue recognition	F-19
S	Cost of sales and sales expenses	F-20
T	Earnings per share	F-20
U	Financial instruments	F-20
III.	**FINANCIAL RISK MANAGEMENT**	F-22
A	Financial Risk Factors	F-22
B	Financial instruments by category	F-25
C	Fair value hierarchy	F-26
D	Fair value estimation	F-27
E	Accounting for derivative financial instruments and hedging activities	F-28
IV.	**OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**	F-29
1	Segment information	F-29
2	Cost of sales	F-31
3	Selling, general and administrative expenses	F-31
4	Labor costs (included in Cost of sales and in Selling, general and administrative expenses)	F-31
5	Other operating income and expenses	F-32
6	Financial results	F-33
7	Equity in earnings (losses) of non-consolidated companies	F-34
8	Income tax	F-34
9	Dividends distribution	F-34
10	Property, plant and equipment, net	F-35
11	Intangible assets, net	F-36
12	Investments in non-consolidated companies	F-37
13	Receivables non current	F-39

14	Inventories	F-39
15	Receivables and prepayments	F-39
16	Current tax assets and liabilities	F-39
17	Trade receivables	F-40
18	Other investments and Cash and cash equivalents	F-40
19	Borrowings	F-40
20	Deferred income tax	F-42
21	Other liabilities	F-44
22	Non-current allowances and provisions	F-46
23	Current allowances and provisions	F-47
24	Derivative financial instruments	F-48
25	Contingencies, commitments and restrictions on the distribution of profits	F-49
26	Business combinations	F-51
27	Cash flow disclosures	F-51
28	Related party transactions	F-52
29	Principal subsidiaries	F-53
30	Nationalization of Venezuelan Subsidiaries	F-54
31	Fees paid to the Company s principal accountant	F-55
32	Subsequent event	F-55

Table of Contents

I. GENERAL INFORMATION

Tenaris S.A. (the Company) was established as a public limited liability company (Societé Anonyme) under the laws of the Grand-Duchy of Luxembourg on December 17, 2001. The Company holds, either directly or indirectly, controlling interests in various subsidiaries in the steel pipe manufacturing and distribution businesses. References in these Consolidated Financial Statements to Tenaris refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company s subsidiaries is included in Note 29 to these Consolidated Financial Statements.

The Company s shares trade on the Buenos Aires Stock Exchange, the Italian Stock Exchange and the Mexican Stock Exchange; the Company s American Depositary Securities (ADS) trade on the New York Stock Exchange.

These Consolidated Financial Statements were approved for issuance by the Company s Board of Directors on February 18, 2015.

II. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of presentation

The Consolidated Financial Statements of Tenaris have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, under the historical cost convention, as modified by the revaluation of available for sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The Consolidated Financial Statements are, unless otherwise noted, presented in thousands of U.S. dollars ($).

Whenever necessary, certain comparative amounts have been reclassified to conform to changes in presentation in the current year.

As further described below, as from January 1, 2013, the Company adopted IAS 19 (amended 2011). The effect of these changes in the recognition and measurement of pension obligations and other post-employment obligations was $60.7 million ($77.0 million in other long term liabilities net of a deferred income tax of $22.3 million and $6.0 million related to the adoption of IAS 19 in non-consolidated companies) for 2012.

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting dates, and the reported amounts of revenues and expenses during the reporting years. Actual results may differ from these estimates.

(1) New and amended standards not yet adopted and relevant for Tenaris
IFRS 15, Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15, Revenue from contracts with customers , which sets out the requirements in accounting for revenue arising from contracts with customers and which is based on the principle that revenue is

recognized when control of a good or service is transferred to the customer. IFRS 15 must be applied on annual periods beginning on or after January 1, 2017.

IFRS 9, Financial instruments

In July 2014, the IASB issued IFRS 9, Financial instruments , which replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities, as well as an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 must be applied on annual periods beginning on or after January 1, 2018.

Amendments to IFRS 10, Consolidated financial statements and IAS 28, Investments in associates and joint ventures

In September 2014, the IASB issued the Amendments to IFRS 10, Consolidated financial statements and IAS 28, Investments in associates and joint ventures , which addresses an acknowledged inconsistency between the requirements of both standards in dealing with the sale or contribution of assets between an investor and its associate or joint venture. These amendments must be applied annual periods beginning on or after January 1, 2016.

These standards are not effective for the financial year beginning January 1, 2014 and have not been early adopted.

These standards have not been endorsed by the EU.

The Company s management has not yet assessed the potential impact that the application of these standards may have on the Company s financial condition or results of operations.

(2) New and amended standards adopted for Tenaris
Amendments to IAS 32, Financial instruments: Presentation , IAS 36, Impairment of assets and IAS 39, Financial instruments: Recognition and measurement .

All the amendments to the standards IAS 32, Financial instruments: Presentation Offsetting financial assets and financial liabilities, IAS 36, Impairment of assets Recoverable amount disclosures for non-financial assets and IAS 39, Financial instruments: Recognition and measurement Novation of derivatives and continuation of hedge accounting have been analyzed by the Company. The application of these standards did not materially affect the Company s financial condition or results of operations.

B Group accounting

(1) Subsidiaries and transactions with non-controlling interests
Subsidiaries are all entities over which Tenaris has control. Tenaris controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is exercised by the Company and are no longer consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Tenaris. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired,

liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest s proportionate share of the acquiree s net assets. The excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Income Statement.

Transactions with non-controlling interests that do not result in a loss of control are accounted as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Material inter-company transactions, balances and unrealized gains (losses) on transactions between Tenaris subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains (losses) arising from inter-company transactions are generated. These are included in the Consolidated Income Statement under *Other financial results*.

(2) Non-consolidated companies

Non-consolidated companies are all entities in which Tenaris has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in non- consolidated companies (associated and joint ventures) are accounted for by the equity method of accounting and are initially recognized at cost. The Company s investment in non-consolidated companies includes goodwill identified in acquisition, net of any accumulated impairment loss.

Unrealized results on transactions between Tenaris and its non-consolidated companies are eliminated to the extent of Tenaris s interest in the non-consolidated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Financial statements of non-consolidated companies have been adjusted where necessary to ensure consistency with IFRS.

The Company s pro-rata share of earnings in non-consolidated companies is recorded in the Consolidated Income Statement under *Equity in earnings (losses) of non-consolidated companies*. The Company s pro-rata share of changes in other reserves is recognized in the Consolidated Statement of Changes in Equity under *Other Reserves.*

At December 31, 2014, Tenaris holds 11.46% of Ternium s common stock. The following factors and circumstances evidence that Tenaris has significant influence (as defined by IAS 28, Investments in associates companies) over Ternium, and as a result the Company s investment in Ternium has been accounted for under the equity method:

Both the Company and Ternium are under the indirect common control of San Faustin S.A.;

Four out of the nine members of Ternium s Board of Directors (including Ternium s chairman) are also members of the Company s Board of Directors;

Under the shareholders agreement by and between the Company and Techint Holdings S.à r.l, a wholly owned subsidiary of San Faustin S.A. and Ternium s main shareholder, dated January 9, 2006, Techint Holdings S.à r.l, is required to take actions within its power to cause (a) one of the members of Ternium s Board of Directors to be nominated by the Company and (b) any director nominated by the Company to be only removed from Ternium s Board of Directors pursuant to previous written instructions of the Company.

The Company s investment in Ternium is carried at incorporation cost plus proportional ownership of Ternium s earnings and other shareholders equity accounts. Because the exchange of its holdings in Amazonia and Ylopa for

shares in Ternium was considered to be a transaction between companies under common control of San Faustin S.A. (formerly San Faustin N.V.), Tenaris recorded its initial ownership interest in Ternium at $229.7 million, the carrying value of the investments exchanged. This value was $22.6 million less than Tenaris s proportional ownership of Ternium s shareholders equity at the transaction date. As a result of this treatment, Tenaris s investment in Ternium will not reflect its proportional ownership of Ternium s net equity position. Ternium carried out an initial public offering (IPO) of its shares on February 1, 2006, listing its ADS on the New York Stock Exchange.

At December 31, 2014, Tenaris holds through its Brazilian subsidiary Confab Industrial S.A. (Confab), 5.0% of the shares with voting rights and 2.5% of Usiminas s total share capital. For the factors and circumstances that evidence that Tenaris has significant influence over Usiminas to account it for under the equity method (as defined by IAS 28, Investments in Associates companies), see Note 12.

Tenaris reviews investments in non-consolidated companies for impairment whenever events or changes in circumstances indicate that the asset s carrying amount may not be recoverable, such as a significant or prolonged decline in fair value below the carrying value.

Tenaris carries its investment in Ternium at its proportional equity value, with no additional goodwill or intangible assets recognized. At December 31, 2014, 2013 and 2012, no impairment provisions were recorded on Tenaris investment in Ternium.

Tenaris carries its investment in Usiminas at its proportional equity value, plus intangible assets recognized. At December 31, 2014 and 2012, an impairment charge was recorded on Tenaris investment in Usiminas. See Note 7.

C Segment information

The Company is organized in one major business segment, Tubes, which is also the reportable operating segment.

The Tubes segment includes the production and sale of both seamless and welded steel tubular products and related services mainly for the oil and gas industry, particularly oil country tubular goods (OCTG) used in drilling operations, and for other industrial applications with production processes that consist in the transformation of steel into tubular products. Business activities included in this segment are mainly dependent on the oil and gas industry worldwide, as this industry is a major consumer of steel pipe products, particularly OCTG used in drilling activities. Demand for steel pipe products from the oil and gas industry has historically been volatile and depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. Sales are generally made to end users, with exports being done through a centrally managed global distribution network and domestic sales made through local subsidiaries. Corporate general and administrative expenses have been allocated to the Tubes segment.

Others include all other business activities and operating segments that are not required to be separately reported, including the production and selling of sucker rods, welded steel pipes for electric conduits, industrial equipment, coiled tubing, energy and raw materials that exceed internal requirements.

Tenaris 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:

- The use of direct cost methodology to calculate the inventories, while under IFRS it is at full cost, including absorption of production overheads and depreciations;

- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost;

- Other timing and no significant differences.

Tenaris groups its geographical information in five areas: North America, South America, Europe, Middle East and Africa, and Far East and Oceania. For purposes of reporting geographical information, net sales are allocated to

geographical areas based on the customer s location; allocation of assets, capital expenditures and associated depreciations and amortizations are based on the geographical location of the assets.

F-11

Table of Contents

D Foreign currency translation

(1) Functional and presentation currency

IAS 21 (revised) defines the functional currency as the currency of the primary economic environment in which an entity operates.

The functional and presentation currency of the Company is the U.S. dollar. The U.S. dollar is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Tenaris global operations.

Starting January 1, 2012, the Company changed the functional currency of its Mexican, Canadian and Japanese subsidiaries from their respective local currencies to the U.S. dollar.

Except from the Brazilian and Italian subsidiaries whose functional currencies are their local currencies, Tenaris determined that the functional currency of its other subsidiaries is the U.S. dollar, based on the following principal considerations:

- Sales are mainly negotiated, denominated and settled in U.S. dollars. If priced in a currency other than the U.S. dollar, the sales price considers exposure to fluctuation in the exchange rate versus the U.S. dollar;
- Prices of their critical raw materials and inputs are priced and settled in U.S. dollars;
- Transaction and operational environment and the cash flow of these operations have the U.S. dollars as reference currency;
- Significant level of integration of the local operations within Tenaris s international global distribution network;
- Net financial assets and liabilities are mainly received and maintained in U.S. dollars;
- The exchange rate of certain legal currencies has long-been affected by recurring and severe economic crises.

(2) Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured.

At the end of each reporting period: (i) monetary items denominated in currencies other than the functional currency are translated using the closing rates; (ii) non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the transactions; and (iii) non-monetary items that are measured at fair value in a currency other than the functional currency are translated using the exchange rates prevailing at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recorded as gains and losses from foreign exchange and included in *Other financial results* in the Consolidated Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, while translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available for sale reserve in equity. Tenaris had no such assets or liabilities for any of the periods presented.

(3) Translation of financial information in currencies other than the functional currency

Results of operations for subsidiaries whose functional currencies are not the U.S. dollar are translated into U.S. dollars at the average exchange rates for each quarter of the year. Financial Statement positions are translated at the end-of-year exchange rates. Translation differences are recognized in a separate component of equity as currency translation adjustments. In the case of a sale or other disposal of any of such subsidiaries, any accumulated translation difference would be recognized in income as a gain or loss from the sale.

E Property, plant and equipment

Property, plant and equipment are recognized at historical acquisition or construction cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment acquired through acquisitions accounted for as business combinations have been valued initially at the fair market value of the assets acquired.

Major overhaul and rebuilding expenditures are capitalized as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the group and the investment enhances the condition of assets beyond its original condition. The carrying amount of the replaced part is derecognized. Ordinary maintenance expenses on manufacturing properties are recorded as cost of products sold in the year in which they are incurred.

Borrowing costs that are attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of the asset, in accordance with *IAS 23(R) (Borrowing Costs)*. Assets for which borrowing costs are capitalized are those that require a substantial period of time to prepare for their intended use.

Depreciation method is reviewed at each year end. Depreciation is calculated using the straight-line method to depreciate the cost of each asset to its residual value over its estimated useful life, as follows:

Land	No Depreciation
Buildings and improvements	30-50 years
Plant and production equipment	10-40 years
Vehicles, furniture and fixtures, and other equipment	4-10 years

The asset s residual values and useful lives of significant plant and production equipment are reviewed and adjusted, if appropriate, at each year-end date.

Management s re-estimation of assets useful lives, performed in accordance with IAS 16 (Property plant and equipment), did not materially affect depreciation expenses for 2014, 2013 and 2012.

Tenaris depreciates each significant part of an item of property, plant and equipment for its different production facilities that (i) can be properly identified as an independent component with a cost that is significant in relation to the total cost of the item, and (ii) has a useful operating life that is different from another significant part of that same item of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of assets and are recognized under *Other operating income* or *Other operating expenses* in the Consolidated Income Statement.

Table of Contents

F Intangible assets

(1) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of Tenaris s share of net identifiable assets acquired as part of business combinations determined mainly by independent valuations. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is included on the Consolidated Statement of Financial Position under *Intangible assets, net*.

For the purpose of impairment testing, goodwill is allocated to a subsidiary or group of subsidiaries that are expected to benefit from the business combination which generated the goodwill being tested.

(2) Information systems projects

Costs associated with maintaining computer software programs are generally recognized as an expense as incurred. However, costs directly related to the development, acquisition and implementation of information systems are recognized as intangible assets if it is probable they have economic benefits exceeding one year.

Information systems projects recognized as assets are amortized using the straight-line method over their useful lives, generally not exceeding a period of 3 years. Amortization charges are mainly classified as Selling, general and administrative expenses in the Consolidated Income Statement.

Management s re-estimation of assets useful lives, performed in accordance with IAS 38 (Intangible Assets), did not materially affect depreciation expenses for 2014.

(3) Licenses, patents, trademarks and proprietary technology

Licenses, patents, trademarks, and proprietary technology acquired in a business combination are initially recognized at fair value at the acquisition date. Licenses, patents, proprietary technology and those trademarks that have a finite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives, and does not exceed a period of 10 years.

The balance of acquired trademarks that have indefinite useful lives according to external appraisal amounts to $86.7 million at December 31, 2014 and 2013, included in Hydril CGU. Main factors considered in the determination of the indefinite useful lives, include the years that they have been in service and their recognition among customers in the industry.

Management s re-estimation of assets useful lives, performed in accordance with IAS 38 (Intangible Assets), did not materially affect depreciation expenses for 2014.

(4) Research and development

Research expenditures as well as development costs that do not fulfill the criteria for capitalization are recorded as *Cost of sales* in the Consolidated Income Statement as incurred. Research and development expenditures included in *Cost of sales* for the years 2014, 2013 and 2012 totaled $106.9 million, $105.6 million and $83.0 million, respectively.

(5) Customer relationships

In accordance with IFRS 3 and IAS 38, Tenaris has recognized the value of customer relationships separately from goodwill attributable to the acquisition of Maverick and Hydril.

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date, have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the expected life of approximately 14 years for Maverick and 10 years for Hydril.

Table of Contents

G Impairment of non-financial assets

Long-lived assets including identifiable intangible assets are reviewed for impairment at the lowest level for which there are separately identifiable cash flows (cash generating units, or CGU). Most of the Company s principal subsidiaries that constitute a CGU have a single main production facility and, accordingly, each of such subsidiary represents the lowest level of asset aggregation that generates largely independent cash inflows.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful life, including goodwill, are subject to at least an annual impairment test.

In assessing whether there is any indication that a CGU may be impaired, external and internal sources of information are analyzed. Material facts and circumstances specifically considered in the analysis usually include the discount rate used in Tenaris s cash flow projections and the business condition in terms of competitive and economic factors, such as the cost of raw materials, oil and gas prices, competitive environment, capital expenditure programs for Tenaris s customers and the evolution of the rig count.

An impairment loss is recognized for the amount by which the asset s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset s value in use and fair value less costs to sell. Any impairment loss is allocated to reduce the carrying amount of the assets of the CGU in the following order:

(a) first, to reduce the carrying amount of any goodwill allocated to the CGU; and
(b) then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units), considering not to reduce the carrying amount of the asset below the highest of its fair value less cost to sell, its value in use or zero.

The value in use of each CGU is determined on the basis of the present value of net future cash flows which would be generated by such CGU. Tenaris uses cash flow projections for a five year period with a terminal value calculated based on perpetuity and appropriate discount rates.

For purposes of calculating the fair value less costs to sell Tenaris uses the estimated value of future cash flows that a market participant could generate from the corresponding CGU.

Management judgment is required to estimate discounted future cash flows. Actual cash flows and values could vary significantly from the forecasted future cash flows and related values derived using discounting techniques.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

H Other investments

Other investments consist primarily of investments in financial instruments and time deposits with a maturity of more than three months at the date of purchase.

Certain fixed income financial instruments purchased by the Company have been categorized as available for sale if designated in this category or not classified in any of the other categories. The results of these financial investments

are recognized in *Financial Results* in the Consolidated Income Statement using the effective interest method. Unrealized gains and losses other than impairment and foreign exchange results are recognized in *Other comprehensive income*. On maturity or disposal, net gain and losses previously deferred in *Other comprehensive income* are recognized in *Financial Results* in the Consolidated Income Statement.

All other investments in financial instruments and time deposits are categorized as financial assets at fair value through profit or loss because such investments are both (i) held for trading and (ii) designated as such upon initial recognition because they are managed and its performance is evaluated on a fair value basis. The results of these investments are recognized in Financial Results in the Consolidated Income Statement.

Purchases and sales of financial investments are recognized as of their settlement date.

Table of Contents

The fair values of quoted investments are generally based on current bid prices. If the market for a financial investment is not active or the securities are not listed, Tenaris estimates the fair value by using standard valuation techniques (see Section III Financial Risk Management).

I Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods and goods in process is comprised of raw materials, direct labor and utilities (based on FIFO method) and other direct costs and related production overhead costs. It excludes borrowing costs. Tenaris estimates net realizable value of inventories by grouping, where applicable, similar or related items. Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs of completion and selling expenses. Goods in transit at year end are valued based on supplier s invoice cost.

Tenaris establishes an allowance for obsolete or slow-moving inventory related to finished goods, supplies and spare parts. For slow moving or obsolete finished products, an allowance is established based on management s analysis of product aging. An allowance for obsolete and slow-moving inventory of supplies and spare parts is established based on management s analysis of such items to be used as intended and the consideration of potential obsolescence due to technological changes.

J Trade and other receivables

Trade and other receivables are recognized initially at fair value, generally the original invoice amount. Tenaris analyzes its trade receivables on a regular basis and, when aware of a specific counterparty s difficulty or inability to meet its obligations, impairs any amounts due by means of a charge to an allowance for doubtful accounts. Additionally, this allowance is adjusted periodically based on the aging of receivables.

K Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, liquidity funds and short-term investments with a maturity of less than three months at the date of purchase which are readily convertible to known amounts of cash. Assets recorded in cash and cash equivalents are carried at fair market value or at historical cost which approximates fair market value.

In the Consolidated Statement of Financial Position, bank overdrafts are included in *Borrowings* in current liabilities.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes overdrafts.

L Equity

(1) Equity components

The Consolidated Statement of Changes in Equity includes:

The value of share capital, legal reserve, share premium and other distributable reserves calculated in accordance with Luxembourg Law;

The currency translation adjustment, other reserves, retained earnings and non-controlling interest calculated in accordance with IFRS.

(2) Share capital

The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. Total ordinary shares issued and outstanding as of December 31, 2014, 2013 and 2012 are 1,180,536,830 with a par value of $1.00 per share with one vote each. All issued shares are fully paid.

(3) Dividends distribution by the Company to shareholders
Dividends distributions are recorded in the Company s financial statements when Company s shareholders have the right to receive the payment, or when interim dividends are approved by the Board of Directors in accordance with the by-laws of the Company.

Dividends may be paid by the Company to the extent that it has distributable retained earnings, calculated in accordance with Luxembourg law (see Note 25).

M Borrowings
Borrowings are recognized initially at fair value net of transaction costs incurred and subsequently measured at amortized cost.

N Current and Deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognized in the Consolidated Income Statement, except for tax items recognized in the Consolidated Statement of Other Comprehensive Income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company s subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred income tax is recognized applying the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from fair value adjustments of assets acquired in business combinations, the effect of currency translation on fixed assets and inventories, depreciation on property, plant and equipment, valuation of inventories and provisions for pension plans. Deferred tax assets are also recognized for net operating loss carry-forwards. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the time period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available against which the temporary differences can be utilized. At the end of each reporting period, Tenaris reassesses unrecognized deferred tax assets. Tenaris recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

In 2013, Argentina enacted a law that amends its income tax law, including a 10% withholding tax on dividend distributions made by Argentine companies to foreign beneficiaries. Accordingly, as of September 30, 2013, the Company recorded an income tax provision of $45.4 million, for the deferred tax liability on reserves for future dividends at Tenaris s Argentine subsidiaries. As of December 31, 2014, the balance amounted to $17.7 million.

In 2014, Mexico enacted a tax reform which included a withholding tax on the distribution of results generated as from 2014. If 2014 net income were to be distributed as dividend, the estimated amount of withholding tax would amount to approximately $30 million. Tenaris estimates that given the balance of results prior to 2014 pending to be distributed, which are not subject to withholding tax, there will be no tax withholding during 2015,

consequently, no income tax provision was recorded.

O Employee benefits

(1) Post employment benefits

The Company has defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company applied IAS 19 (amended 2011), Employee benefits , as from January 1, 2013. In accordance with the amended standard, post-employment benefits are accounted as follows:

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually (at year end) by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in *Other comprehensive income* in the period in which they arise. Past-service costs are recognized immediately in income statement.

For defined benefit plans, net interest income/expense is calculated based on the surplus or deficit derived by the difference between the defined benefit obligations less plan assets. For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. As required by IAS 19, comparative figures have been adjusted to reflect the retrospective application.

Tenaris sponsors funded and unfunded defined benefit pension plans in certain subsidiaries. The most significant are:

An unfunded defined benefit employee retirement plan for certain senior officers. The plan is designed to provide certain benefits to those officers (additional to those contemplated under applicable labor laws) in case of termination of the employment relationship due to certain specified events, including retirement. This unfunded plan provides defined benefits based on years of service and final average salary.

Employees service rescission indemnity: the cost of this obligation is charged to the Consolidated Income Statement over the expected service lives of employees. This provision is primarily related to the liability accrued for employees at Tenaris s Italian subsidiary. As from January 1, 2007 as a consequence of a change in an Italian law, employees were entitled to make contributions to external funds, thus, Tenaris s Italian subsidiary pays every year the required contribution to the funds with no further obligation. As a result, the plan changed from a defined benefit plan to a defined contribution plan effective from that date, but only limited to the contributions of 2007 onwards.

Funded retirement benefit plans held in Canada for salary and hourly employees hired prior a certain date based on years of service and, in the case of salaried employees, final average salary. Both plans were replaced for defined contribution plans.

Funded retirement benefit plan held in the US for the benefit of some employees hired prior a certain date and is frozen for the purposes of credited service as well as determination of final average pay for the retirement benefit calculation. Plan assets consist primarily of investments in equities and money market funds. Additionally, an unfunded postretirement health and life plan that offers limited medical and life insurance benefits to the retirees, hired before a certain date.

Table of Contents

(2) Other long term benefits

During 2007, Tenaris launched an employee retention and long term incentive program (the Program) applicable to certain senior officers and employees of the Company, who will be granted a number of Units throughout the duration of the Program. The value of each of these Units is based on Tenaris shareholders equity (excluding non-controlling interest). Also, the beneficiaries of the Program are entitled to receive cash amounts based on (i) the amount of dividend payments made by Tenaris to its shareholders, and (ii) the number of Units held by each beneficiary to the Program. Units vest ratably over a period of four years and will be redeemed by the Company ten years after grant date, with the option of an early redemption at seven years after grant date. As the cash payment of the benefit is tied to the book value of the shares, and not to their market value, Tenaris valued this long-term incentive program as a long term benefit plan as classified in IAS 19.

As of December 31, 2014 and 2013, the outstanding liability corresponding to the Program amounts to $98.1 million and $82.4 million, respectively. The total value of the units granted to date under the program, considering the number of units and the book value per share as of December 31, 2014 and 2013, is $108.8 million and $88.6 million, respectively.

(3) Other compensation obligations

Employee entitlements to annual leave and long-service leave are accrued as earned.

Compensation to employees in the event of dismissal is charged to income in the year in which it becomes payable.

P Provisions

Tenaris is subject to various claims, lawsuits and other legal proceedings, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or indemnity. Tenaris s potential liability with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management periodically reviews the status of each significant matter and assesses potential financial exposure. If, as a result of past events, a potential loss from a claim or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration Tenaris litigation and settlement strategies. These estimates are primarily constructed with the assistance of legal counsel. As the scope of liabilities become better defined, there may be changes in the estimates of future costs which could have a material adverse effect on its results of operations, financial condition and cash flows.

If Tenaris expects to be reimbursed for an accrued expense, as would be the case for an expense or loss covered under an insurance contract, and reimbursement is considered virtually certain, the expected reimbursement is recognized as a receivable.

Q Trade payables

Trade payables are recognized initially at fair value, generally the nominal invoice amount.

R Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Tenaris s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Table of Contents

Tenaris products and services are sold based upon purchase orders, contracts or upon other persuasive evidence of an arrangement with customers, including that the sales price is known or determinable. Sales are recognized as revenue upon delivery, when neither continuing managerial involvement nor effective control over the products is retained by Tenaris and when collection is reasonably assured. Delivery is defined by the transfer of risk and may include delivery to a storage facility located at one of the Company s subsidiaries. For bill and hold transactions revenue is recognized only to the extent (a) it is highly probable delivery will be made; (b) the products have been specifically identified and are ready for delivery; (c) the sales contract specifically acknowledges the deferred delivery instructions; (d) the usual payment terms apply.

The percentage of total sales that were generated from bill and hold arrangements for products located in Tenaris s storage facilities that have not been shipped to customers amounted to 1.1%, 1.3% and 2.2% as of December 31, 2014, 2013 and 2012, respectively. The Company has not experienced any material claims requesting the cancellation of bill and hold transactions.

Other revenues earned by Tenaris are recognized on the following basis:

Construction contracts (mainly applicable to Tenaris Brazilian subsidiaries and amounted to 1.1% of total sales). The revenue recognition of the contracts follows the IAS 11 guidance, that means, when the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion (measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract).

Interest income: on the effective yield basis.

Dividend income from investments in other companies: when Tenaris right to receive payment is established.

S Cost of sales and sales expenses

Cost of sales and sales expenses are recognized in the Consolidated Income Statement on the accrual basis of accounting.

Commissions, freight and other selling expenses, including shipping and handling costs, are recorded in *Selling, general and administrative expenses* in the Consolidated Income Statement.

T Earnings per share

Earnings per share are calculated by dividing the income attributable to owners of the parent by the daily weighted average number of common shares outstanding during the year.

U Financial instruments

Non derivative financial instruments comprise investments in financial debt instruments and equity, time deposits, trade and other receivables, cash and cash equivalents, borrowings, and trade and other payables. Tenaris s non derivative financial instruments are classified into the following categories:

Financial instruments at fair value through profit and loss: comprise mainly cash and cash equivalents and investments in certain financial debt instruments and time deposits held for trading.

Loans and receivables: comprise trade receivables and other receivables and are measured at amortized cost using the effective interest rate method less any impairment.

Available for sale assets: comprise certain fixed income financial instruments purchased by the Company that have been categorized as available for sale if designated in this category or not classified in any of the other categories. It also includes the Company s interest in the Venezuelan Companies (see Note 30).

Other financial liabilities: comprise borrowings, trade and other payables and are measured at amortized cost using the effective interest rate method.

Table of Contents

The categorization depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Financial assets and liabilities are recognized and derecognized on their settlement date.

In accordance with IAS 39 (Financial Instruments: Recognition and Measurement) embedded derivatives are accounted separately from their host contracts. The result has been recognized under *Foreign exchange derivatives contracts results* .

Accounting for derivative financial instruments and hedging activities is included within the Section III, Financial Risk Management.

F-21

III. FINANCIAL RISK MANAGEMENT

The multinational nature of Tenaris s operations and customer base exposes the Company to a variety of risks, mainly related to market risks (including the effects of changes in foreign currency exchange rates and interest rates), credit risk and capital market risk. In order to manage the volatility related to these exposures, the management evaluates exposures on a consolidated basis, taking advantage of logical exposure netting. The Company or its subsidiaries may then enter into various derivative transactions in order to prevent potential adverse impacts on Tenaris financial performance. Such derivative transactions are executed in accordance with internal policies and hedging practices. The Company s objectives, policies and processes for managing these risks remained unchanged during 2014.

A. Financial Risk Factors

(i) Capital Market Risk

Tenaris seeks to maintain a low debt to total equity ratio considering the industry and the markets where it operates. The year-end ratio of debt to total equity (where debt comprises financial borrowings and total equity is the sum of financial borrowings and equity) is 0.07 as of December 31, 2014 same as of December 31, 2013. The Company does not have to comply with regulatory capital adequacy requirements as known in the financial services industry.

(ii) Foreign exchange risk

Tenaris manufactures and sells its products in a number of countries throughout the world and consequently is exposed to foreign exchange rate risk. Since the Company s functional currency is the U.S. dollar the purpose of Tenaris s foreign currency hedging program is mainly to reduce the risk caused by changes in the exchange rates of other currencies against the U.S. dollar.

Tenaris s exposure to currency fluctuations is reviewed on a periodic consolidated basis. A number of derivative transactions are performed in order to achieve an efficient coverage in the absence of operative or natural hedges. Almost all of these transactions are forward exchange rates contracts (see Note 24 Derivative financial instruments).

Tenaris does not enter into derivative financial instruments for trading or other speculative purposes, other than non-material investments in structured products.

Because certain subsidiaries have functional currencies other than the U.S. dollar, the results of hedging activities, reported in accordance with IFRS, may not reflect entirely the management s assessment of its foreign exchange risk hedging program. Inter-company balances between Tenaris s subsidiaries may generate financial gains (losses) to the extent that functional currencies differ.

The value of Tenaris s financial assets and liabilities is subject to changes arising out of the variation of foreign currency exchange rates. The following table provides a breakdown of Tenaris s main financial assets and liabilities (including foreign exchange derivative contracts) which impact the Company s profit and loss as of December 31, 2014 and 2013:

All amounts Long / (Short) in thousands of U.S. dollars	**As of December 31,**

Currency Exposure / Functional currency	**2014**	**2013**
Argentine Peso / U.S. Dollar	(191,095)	(368,985)
Euro / U.S. Dollar	(189,366)	(137,599)
U.S. Dollar / Brazilian Real	(150,486)	(51,321)

Table of Contents

The main relevant exposures correspond to:

Argentine Peso / U.S. dollar

As of December 31, 2014 and 2013 consisting primarily of Argentine Peso-denominated financial, trade, social and fiscal payables at certain Argentine subsidiaries which functional currency was the U.S. dollar. A change of 1% in the ARS/USD exchange rate would have generated a pre-tax gain / loss of $1.9 million and $3.7 million as of December 31, 2014 and 2013, respectively.

Euro / U.S. dollar

As of December 31, 2014 and 2013, consisting primarily of Euro-denominated liabilities at certain subsidiaries which functional currency was the U.S. dollar. A change of 1% in the EUR/USD exchange rate would have generated a pre-tax gain / loss of $1.9 million and $1.4 million as of December 31, 2014 and 2013, respectively, which would have been to a large extent offset by changes to Tenaris net equity position.

Considering the balances held as of December 31, 2014 on financial assets and liabilities exposed to foreign exchange rate fluctuations, Tenaris estimates that the impact of a simultaneous 1% favorable / unfavorable movement in the levels of foreign currencies exchange rates relative to the U.S. dollar, would be a pre-tax gain / loss of $7.5 million (including a gain / loss of $2.8 million due to foreign exchange derivative contracts), which would be partially offset by changes to Tenaris s net equity position of $1.8 million. For balances held as of December 31, 2013, a simultaneous 1% favorable / unfavorable movement in the foreign currencies exchange rates relative to the U.S. dollar, would have generated a pre-tax gain / loss of $6.7 million (including a loss / gain of $0.3 million due to foreign exchange derivative contracts), which would have been partially offset by changes to Tenaris net equity position of $0.8 million.

(iii) Interest rate risk

Tenaris is subject to interest rate risk on its investment portfolio and its debt. The Company uses a mix of variable and fixed rate debt in combination with its investment portfolio strategy. From time to time, the Company may choose to enter into foreign exchange derivative contracts and / or interest rate swaps to mitigate the exposure to changes in the interest rates.

The following table summarizes the proportions of variable-rate and fixed-rate debt as of each year end.

	As of December 31,			
	2014		**2013**	
	Amount in thousands of U.S. dollars	**%**	**Amount in thousands of U.S. dollars**	**%**
Fixed rate	755,498	76%	643,005	69%
Variable rate	243,742	24%	287,930	31%
Total (*)	**999,240**		**930,935**	

(*) As of December 31, 2014 approximately 73% of the total debt balance corresponded to fixed-rate borrowings where the original period was nonetheless equal to or lesser than 360 days. This compares to approximately 65% of the total outstanding debt balance as of December 31, 2013.

The Company estimates that, if market interest rates applicable to Tenaris s borrowings had been 100 basis points higher, then the additional pre-tax loss would have been $6.3 million in 2014 and $10.8 million in 2013.

Tenaris s exposure to interest risk associated with its debt is also mitigated by its investment portfolio. Tenaris estimates that, if interest rates on the benchmark rates for Tenaris portfolio had been 100 basis points higher, then the additional pre-tax gain would have been $5.7 million in 2014 and $3.7 million in 2013, partially offsetting the net losses to Tenaris s borrowing costs.

Table of Contents

(iv) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company also actively monitors the creditworthiness of its treasury, derivative and insurance counterparties in order to minimize its credit risk.

There is no significant concentration of credit risk from customers. No single customer comprised more than 10% of Tenaris s net sales in 2014, 2013 and 2012.

Tenaris s credit policies related to sales of products and services are designed to identify customers with acceptable credit history, and to allow Tenaris to require the use of credit insurance, letters of credit and other instruments designed to minimize credit risks whenever deemed necessary. Tenaris maintains allowances for impairment for potential credit losses (See Section II J).

As of December 31, 2014 and 2013 trade receivables amount to $1,963.4 million and $1,983.0 million respectively. Trade receivables have guarantees under credit insurance of $460.5 million and $537.5 million, letter of credit and other bank guarantees of $98.4 million and $36.5 million, and other guarantees of $12.3 million and $55.0 million as of December 31, 2014 and 2013 respectively.

As of December 31, 2014 and 2013 past due trade receivables amounted to $350.1 million and $431.0 million, respectively. Out of those amounts $75.8 million and $147.9 million are guaranteed trade receivables while $69.0 million and $51.2 million are included in the allowance for doubtful accounts. Past due receivable not provisioned relate to a number of customers for whom there is no recent history of default. The allowance for doubtful accounts and the existing guarantees are sufficient to cover doubtful trade receivables.

(v) Counterparty risk

Tenaris has investment guidelines with specific parameters to limit issuer risk on marketable securities. Counterparties for derivatives and cash transactions are limited to high credit quality financial institutions, normally investment grade.

Approximately 88.6% of Tenaris s liquid financial assets correspond to Investment Grade-rated instruments as of December 31, 2014, in comparison with approximately 98.1% as of December 31, 2013.

(vi) Liquidity risk

Tenaris financing strategy aims to maintain adequate financial resources and access to additional liquidity. During 2014, Tenaris has counted on cash flows from operations as well as additional bank financing to fund its transactions.

Management maintains sufficient cash and marketable securities to finance normal operations and believes that Tenaris also has appropriate access to market for short-term working capital needs.

Liquid financial assets as a whole (comprising cash and cash equivalents and other current investments) were 13.5% of total assets at the end of 2014 compared to 11.6% at the end of 2013.

Tenaris has a conservative approach to the management of its liquidity, which consists of cash in banks, liquidity funds and short-term investments mainly with a maturity of less than three months at the date of purchase.

Tenaris holds primarily investments in money market funds and variable or fixed-rate securities from investment grade issuers. As of December 31, 2014 and 2013, Tenaris does not have direct exposure to financial instruments issued by European sovereign counterparties.

Tenaris holds its cash and cash equivalents primarily in U.S. dollars. As of December 31, 2014 and 2013, U.S. dollar denominated liquid assets represented approximately 83% and 76% of total liquid financial assets respectively.

Table of Contents

(vii) Commodity price risk

In the ordinary course of its operations, Tenaris purchase commodities and raw materials that are subject to price volatility caused by supply conditions, political and economic variables and other factors. As a consequence, Tenaris is exposed to risk resulting from fluctuations in the prices of these commodities and raw materials. Tenaris fixes the prices of such raw materials and commodities for short-term periods, typically not in excess of one year, in general Tenaris does not hedge this risk.

B. Financial instruments by category

Accounting policies for financial instruments have been applied to the line items below:

December 31, 2014	Assets at fair value through profit and loss	Loans and receivables	Available for sale	Total
Assets as per statement of financial position				
Derivative financial instruments	25,588			25,588
Trade receivables		1,963,394		1,963,394
Other receivables		172,190		172,190
Available for sale assets (See note 30)			21,572	21,572
Other investments	1,452,159		387,759	1,839,918
Cash and cash equivalents	296,873	120,772		417,645
Total	**1,774,620**	**2,256,356**	**409,331**	**4,440,307**

December 31, 2014	Liabilities at fair value through profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Borrowings		999,240	999,240
Derivative financial instruments	56,834		56,834
Trade and other payables (*)		866,688	866,688
Total	**56,834**	**1,865,928**	**1,922,762**

December 31, 2013	Assets at fair value through profit and loss	Loans and receivables	Available for sale	Total
Assets as per statement of financial position				
Derivative financial instruments	9,273			9,273

Trade receivables		1,982,979		1,982,979
Other receivables		105,950		105,950
Available for sale assets			21,572	21,572
Other investments	1,184,448		45,380	1,229,828
Cash and cash equivalents	491,367	123,162		614,529
Total	**1,685,088**	**2,212,091**	**66,952**	**3,964,131**

December 31, 2013	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Liabilities as per statement of financial position			
Borrowings		930,935	930,935
Derivative financial instruments	8,268		8,268
Trade and other payables (*)		869,933	869,933
Total	**8,268**	**1,800,868**	**1,809,136**

(*) The maturity of most of trade payables is less than one year.

Table of Contents

C. Fair value hierarchy

IFRS 13 requires for financial instruments that are measured in the statement of financial position at fair value, a disclosure of fair value measurements by level according to the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets and liabilities that are measured at fair value as of December 31, 2014 and 2013.

December 31, 2014	**Level 1**	**Level 2**	**Level 3 (*)**	**Total**
Assets				
Cash and cash equivalents	417,645			417,645
Other investments	1,277,465	560,914	1,539	1,839,918
Derivatives financial instruments		25,588		25,588
Available for sale assets (*)			21,572	21,572
Total	**1,695,110**	**586,502**	**23,111**	**2,304,723**
Liabilities				
Derivatives financial instruments		56,834		56,834
Total		**56,834**		**56,834**

December 31, 2013	**Level 1**	**Level 2**	**Level 3 (*)**	**Total**
Assets				
Cash and cash equivalents	614,529			614,529
Other investments	866,382	360,948	2,498	1,229,828
Derivatives financial instruments		9,273		9,273
Available for sale assets (*)			21,572	21,572
Total	**1,480,911**	**370,221**	**24,070**	**1,875,202**
Liabilities				
Derivatives financial instruments		8,268		8,268
Total		**8,268**		**8,268**

(*) For further detail regarding Available for sale assets, see Note 30.
There were no transfers between Level 1 and 2 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm s length basis. The quoted market price used for financial assets held by Tenaris is the current bid price. These instruments are included in Level 1 and comprise primarily corporate and sovereign debt securities.

The fair value of financial instruments that are not traded in an active market (such as certain debt securities, certificates of deposits with original maturity of more than three months, forward and interest rate derivative instruments) is determined by using valuation techniques which maximize the use of observable market data when available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2. Tenaris values its assets and liabilities included in this level using bid prices, interest rate curves, broker quotations, current exchange rates, forward rates and implied volatilities obtained from market contributors as of the valuation date.

Table of Contents

If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Tenaris values its assets and liabilities in this level using observable market inputs and management assumptions which reflect the Company s best estimate on how market participants would price the asset or liability at measurement date. Main balances included in this level correspond to Available for sale assets related to Tenaris s interest in Venezuelan companies under process of nationalization (see Note 30).

The following table presents the changes in Level 3 assets and liabilities:

	Year ended December 31,	
	2014	**2013**
	Assets / Liabilities	
At the beginning of the period	24,070	24,175
Currency translation adjustment and others	(959)	(105)
At the end of the year	**23,111**	**24,070**

D. Fair value estimation

Financial assets or liabilities classified as assets at fair value through profit or loss are measured under the framework established by the IASB accounting guidance for fair value measurements and disclosures.

The fair values of quoted investments are generally based on current bid prices. If the market for a financial asset is not active or no market is available, fair values are established using standard valuation techniques.

For the purpose of estimating the fair value of Cash and cash equivalents and Other Investments expiring in less than ninety days from the measurement date, the Company usually chooses to use the historical cost because the carrying amount of financial assets and liabilities with maturities of less than ninety days approximates to their fair value.

The fair value of all outstanding derivatives is determined using specific pricing models that include inputs that are observable in the market or can be derived from or corroborated by observable data. The fair value of forward foreign exchange contracts is calculated as the net present value of the estimated future cash flows in each currency, based on observable yield curves, converted into U.S. dollars at the spot rate of the valuation date.

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where interest has already been fixed. They are classified under other financial liabilities and measured at their amortized cost. Tenaris estimates that the fair value of its main financial liabilities is approximately 100.1% of its carrying amount including interests accrued in 2014 as compared with 100.2% in 2013. Tenaris estimates that a change of 100 basis points in the reference interest rates would have an estimated impact of approximately 0.4% in the fair value of borrowings as of December 31, 2014 and 0.3% in 2013. Fair values were calculated using standard valuation techniques for floating rate instruments and comparable market rates for discounting flows.

E. Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the statement of financial position at fair value through profit and loss on each date a derivative contract is entered into and are subsequently remeasured at fair value. Specific tools are used for calculation of each instrument s fair value and these tools are tested for consistency on a monthly basis. Market rates are used for all pricing operations. These include exchange rates, deposit rates and other discount rates matching the nature of each underlying risk.

As a general rule, Tenaris recognizes the full amount related to the change in fair value of derivative financial instruments in *Financial results* in the Consolidated Income Statement.

Tenaris designates certain derivatives as hedges of particular risks associated with recognized assets or liabilities or highly probable forecast transactions. These transactions (mainly currency forward contracts on highly probable forecast transactions) are classified as cash flow hedges. The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. Amounts accumulated in equity are then recognized in the income statement in the same period than the offsetting losses and gains on the hedged item. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. The fair value of Tenaris s derivative financial instruments (assets or liabilities) continues to be reflected on the statement of financial position. The full fair value of a hedging derivative is classified as a current or non current asset or liability according to its expiry date.

For transactions designated and qualifying for hedge accounting, Tenaris documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. Tenaris also documents its assessment on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flow of hedged items. At December 31, 2014 and 2013, the effective portion of designated cash flow hedges which is included in *Other Reserves* in equity amounts to $7.9 million debit and $0.1 million credit (see Note 24 Derivative financial instruments).

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements in the hedging reserve included within *Other Reserves* in equity are also shown in Note 24.

Table of Contents

IV. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In the notes all amounts are shown in thousands of U.S. dollars, unless otherwise stated)

1 Segment information

As mentioned in section II. AP C, the Segment Information is disclosed as follows:

Reportable operating segments

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

Year ended December 31, 2014	Tubes	Other	Total
IFRS Net Sales (*)	**9,581,615**	**756,347**	**10,337,962**
Management View Operating income	**2,022,429**	**27,735**	**2,050,164**
Differences in cost of sales and others	(35,463)	5,197	**(30,266)**
Depreciation and amortization/Impairment	(121,289)	207	**(121,082)**
IFRS Operating income	**1,865,677**	**33,139**	**1,898,816**
Financial income (expense), net			33,037
Income before equity in earnings of non-consolidated companies and income tax			**1,931,853**
Equity in earnings of non-consolidated companies			20,141
Income before income tax			**1,951,994**
Capital expenditures	1,051,148	38,225	1,089,373
Depreciation and amortization	593,671	21,958	615,629

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

Year ended December 31, 2013	Tubes	Other	Total
IFRS Net Sales (*)	**9,812,295**	**784,486**	**10,596,781**
Management View Operating income	**2,098,160**	**91,265**	**2,189,425**
Differences in cost of sales and others	(1,855)	(3,337)	(5,192)
Depreciation and amortization	711	(114)	597
IFRS Operating income	**2,097,016**	**87,814**	**2,184,830**
Financial income (expense), net			(28,679)
Income before equity in earnings of non-consolidated companies and income tax			**2,156,151**
Equity in losses of non-consolidated companies			46,098
Income before income tax			**2,202,249**

Capital expenditures	721,869	31,629	753,498
Depreciation and amortization	**589,482**	**20,572**	*610,054*

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

Year ended December 31, 2012	**Tubes**	**Other**	**Total**
IFRS Net Sales (*)	**10,023,323**	**810,707**	**10,834,030**
Management View Operating income	**2,198,704**	**109,385**	**2,308,089**
Differences in cost of sales and others	(58,385)	(1,147)	**(59,532)**
Depreciation and amortization	111,509	(3,459)	**108,050**
IFRS Operating income	**2,251,828**	**104,779**	**2,356,607**
Financial income (expense), net			(50,104)
Income before equity in earnings of non-consolidated companies and income tax			**2,306,503**
Equity in earnings of non-consolidated companies			(63,206)
Income before income tax			**2,243,297**
Capital expenditures	771,734	17,997	*789,731*
Depreciation and amortization	549,130	18,524	*567,654*

(*) In 2014, the company aligned the presentation of sales between Management and IFRS view. Transactions between segments, which were eliminated in consolidation, mainly related to sales of scrap, energy, surplus raw materials and others from the Other segment to the Tubes segment for $233,863, $276,388 and $345,285 in 2014, 2013 and 2012, respectively.

Net income under Management view amounted to $1,154.2 million, while under IFRS amounted to $1,365.9 million. In addition to the amounts reconciled above, the main differences arise from the impact of functional currencies on financial result, deferred income taxes as well as the result of investment in non-consolidated companies.

Table of Contents

Geographical information

(all amounts in thousands of U.S. dollars)	North America	South America	Europe	Middle East & Africa	Far East & Oceania	Unallocated (*)	Total
Year ended December 31, 2014							
Net sales	4,977,239	2,125,984	979,042	1,843,778	411,919		10,337,962
Total assets	9,550,349	3,340,973	1,857,285	598,175	498,694	830,235	16,675,711
Trade receivables	733,864	554,542	259,115	340,880	74,993		1,963,394
Property, plant and equipment, net	2,953,763	1,303,162	683,283	60,354	158,995		5,159,557
Capital expenditures	610,252	338,995	111,232	10,891	18,003		1,089,373
Depreciation and amortization	345,185	120,905	119,226	10,154	20,159		615,629
Year ended December 31, 2013							
Net sales	4,412,263	2,586,496	958,178	2,119,896	519,948		10,596,781
Total assets	8,130,812	3,150,000	2,561,557	562,206	592,065	934,330	15,930,970
Trade receivables	613,735	506,044	364,806	373,844	124,550		1,982,979
Property, plant and equipment, net	2,292,811	1,098,733	1,059,887	59,196	163,140		4,673,767
Capital expenditures	285,413	283,265	151,550	5,048	28,222		753,498
Depreciation and amortization	327,344	110,496	140,180	10,594	21,440		610,054
Year ended December 31, 2012							
Net sales	5,270,062	2,717,234	1,092,642	1,271,585	482,507		10,834,030
Total assets	7,780,873	3,824,931	2,327,901	449,056	578,199	998,583	15,959,543
Trade receivables	528,443	867,223	273,824	286,212	115,076		2,070,778
Property, plant and equipment, net	2,222,906	1,003,871	985,617	64,632	157,944		4,434,970
Capital expenditures	338,827	237,456	185,354	9,720	18,374		789,731
Depreciation and amortization	316,158	103,537	116,771	7,989	23,199		567,654

There are no revenues from external customers attributable to the Company s country of incorporation (Luxembourg). For geographical information purposes, North America comprises Canada, Mexico and the USA (32.6%); South America comprises principally Argentina (10.7%), Brazil, Colombia and Ecuador; Europe comprises principally Italy, United Kingdom, Norway and Romania; Middle East and Africa comprises principally Angola, Iraq, Nigeria, Saudi Arabia, United Arab Emirates, Kazakhstan, Congo and; Far East and Oceania comprises principally China and Indonesia.

(*)

Includes Investments in non-consolidated companies and Available for sale assets for $21.6 million in 2014, 2013 and 2012 (see Note 12 and 30).

Table of Contents

2 Cost of sales

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
Inventories at the beginning of the year	**2,702,647**	**2,985,805**	**2,806,409**
Plus: Charges of the period			
Raw materials, energy, consumables and other	3,944,283	3,749,921	4,330,547
Increase in inventory due to business combinations	4,338		1,486
Services and fees	453,818	422,142	433,944
Labor cost	1,204,720	1,199,351	1,256,041
Depreciation of property, plant and equipment	366,932	368,507	333,466
Amortization of intangible assets	17,324	8,263	7,091
Maintenance expenses	217,694	202,338	260,274
Allowance for obsolescence	4,704	70,970	49,907
Taxes	20,024	4,956	6,793
Other	130,845	147,180	137,140
	6,364,682	**6,173,628**	**6,816,689**
Less: Inventories at the end of the year	(2,779,869)	(2,702,647)	(2,985,805)
	6,287,460	**6,456,786**	**6,637,293**

3 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
Services and fees	178,700	177,996	213,073
Labor cost	594,660	575,588	570,950
Depreciation of property, plant and equipment	20,197	19,132	15,023
Amortization of intangible assets	211,176	214,152	212,074
Commissions, freight and other selling expenses	598,138	600,239	550,611
Provisions for contingencies	35,557	31,429	21,163
Allowances for doubtful accounts	21,704	23,236	3,840
Taxes	165,675	170,659	170,582
Other	138,145	128,782	126,473
	1,963,952	**1,941,213**	**1,883,789**

4 Labor costs (included in Cost of sales and in Selling, general and administrative expenses)

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
Wages, salaries and social security costs	1,743,253	1,714,471	1,772,399

Employees service rescission indemnity (including those classified as defined contribution plans)	17,431	10,978	13,939
Pension benefits defined benefit plans	18,645	32,112	20,808
Employee retention and long term incentive program	20,051	17,378	19,845
	1,799,380	**1,774,939**	**1,826,991**

At the year-end, the number of employees was 27,816 in 2014, 26,825 in 2013 and 26,673 in 2012.

Table of Contents

The following table shows the geographical distribution of the employees:

Country	**2014**	**2013**	**2012**
Argentina	6,421	6,379	6,621
Mexico	5,518	5,290	4,930
Brazil	3,835	3,309	3,161
USA	3,549	3,449	3,522
Italy	2,352	2,352	2,493
Romania	1,725	1,637	1,534
Canada	1,225	1,280	1,334
Indonesia	677	711	752
Colombia	614	627	623
Japan	588	565	593
Other	1,312	1,226	1,110
	27,816	**26,825**	**26,673**

5 Other operating income and expenses

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	**2014**	**2013**	**2012**
Other operating income			
Reimbursement from insurance companies and other third parties agreements (*)	490	148	49,495
Net income from other sales	8,843	10,663	12,314
Net rents	4,041	3,494	2,988
Other	14,481		6,583
	27,855	**14,305**	**71,380**
Other operating expenses			
Contributions to welfare projects and non-profits organizations	9,961	21,147	22,226
Provisions for legal claims and contingencies	(760)	(2)	(668)
Loss on fixed assets and material supplies disposed / scrapped	203	39	227
Impairment charge	205,849		
Allowance for doubtful receivables	336	1,708	5,936
Other		5,365	
	215,589	**28,257**	**27,721**

(*)

In 2012, Confab Industrial S.A., a Tenaris subsidiary organized in Brazil (Confab) collected from the Brazilian government an amount, net of attorney fees and other related expenses, of approximately Brazilian reais (BRL) 99.8 million (approximately $49.2 million), recorded in other operating income. The income tax effect on this gain amounted to approximately $17.1 million. This payment was ordered by a final court judgment that represents Confab s right to interest and monetary adjustment over a tax benefit that had been paid to Confab in 1991 and determined the amount of such right.

Impairment charge

Tenaris s main source of revenue is the sale of products and services to the oil and gas industry, and the level of such sales is sensitive to international oil and gas prices and their impact on drilling activities.

In the past few months, oil prices have fallen from over $100/bbl in June 2014 to less than $50/bbl in January 2015. This decline is affecting drilling activity and the expected demand for OCTG products. Tenaris conducted an impairment test over its main assets and determined a charge of $206 million during the fourth quarter of 2014, which affected its welded pipe assets in Colombia and Canada.

At December 31, 2014, the carrying value of the assets impaired (i.e., property, plant and equipment and intangible assets) was as follows:

(all amounts in thousands of U.S. dollars)	Assets before impairment	Impairment	Assets after impairment
Tubocaribe Colombia	255,060	(174,239)	80,821
Prudential Canada	261,497	(31,610)	229,887
Total	516,557	(205,849)	310,708

Table of Contents

The value-in-use was used to determine the recoverable value. Value-in-use is calculated by discounting the estimated cash flows over a five year period based on forecasts approved by management. For the subsequent years beyond the five-year period, a terminal value is calculated based on perpetuity considering a nominal growth rate of 2%. The growth rate considers the long-term average growth rate for the oil and gas industry, the higher demand to offset depletion of existing fields and the Company s expected market penetration.

The main key assumptions, used in estimating the value in use are oil and natural gas prices evolution, the level of drilling activity and Tenaris s market share.

For purposes of assessing key assumptions, Tenaris uses external sources of information and management judgment based on past experience.

The discount rates used are based on the respective weighted average cost of capital (WACC) which is considered to be a good indicator of capital cost. For each CGU where assets are allocated, a specific WACC was determined taking into account the industry, country and size of the business. In 2014, the main discount rates used were in a range between 9% and 13%.

The main factors that could result in additional impairment charges in future periods would be an increase in the discount rate / decrease in growth rate used in the Company s cash flow projections and a further deterioration of the business, competitive and economic factors, such as the oil and gas prices, capital expenditure program of Tenaris s clients, the evolution of the rig count, the competitive environment and the cost of raw materials.

Following the requirements of IAS 36, Tenaris has determined that the CGU for which a reasonable possible change in a key assumptions would cause the CGUs carrying amount to exceed its recoverable amount was the welded OCTG CGU in the USA. An increase of 100 Bps in the discount rate would generate an impairment of $179 million; a decline of 100 Bps in the growth rate would generate an impairment of $116 million; and a decline of 5% in the cash flow projections would generate an impairment of $73 million.

For Prudential an increase of 100 Bps in the discount rate would generate an impairment of $35 million; a decline of 100 Bps in the growth rate would generate an impairment of $19 million; and a decline of 5% in the cash flow projections would generate an impairment of $12 million. For Tubocaribe an increase of 100 Bps in the discount rate would generate an impairment of $12 million; a decline of 100 Bps in the growth rate would generate an impairment of $7 million; and a decline of 5% in the cash flow projections would generate an impairment of $1 million.

6 Financial results

(all amounts in thousands of U.S. dollars)	**Year ended December 31,**		
	2014	**2013**	**2012**
Interest Income	34,582	34,046	31,693
Interest from available-for-sale financial assets	4,992	191	
Net result on changes in FV of financial assets at FVTPL	(1,478)	540	5,239
Net result on available-for-sale financial assets	115	(10)	
Finance income	**38,211**	**34,767**	**36,932**
Finance Cost	**(44,388)**	**(70,450)**	**(55,507)**

Net foreign exchange transactions results (*)	50,298	37,179	(10,929)
Foreign exchange derivatives contracts results	(4,733)	4,414	(3,195)
Other	(6,351)	(34,589)	(17,405)
Other Financial results	**39,214**	**7,004**	**(31,529)**
Net Financial results	**33,037**	**(28,679)**	**(50,104)**

(*) In 2014 include the positive impact from the Argentine peso devaluation against the U.S. dollar on the Argentine peso denominated borrowings and liabilities.

Tenaris has categorized as available for sale certain fixed income financial instruments. Following is a summary of the available for sale financial assets reserve on Other Comprehensive Income.

	Equity Reserve Dec-12	**Movements 2013**	**Equity Reserve Dec-13**	**Movements 2014**	**Equity Reserve Dec-14**
Available for sale		(39)	(39)	(2,447)	(2,486)
Total Available for sale reserve		**(39)**	**(39)**	**(2,447)**	**(2,486)**

Table of Contents

7 Equity in earnings (losses) of non-consolidated companies

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
From non-consolidated companies	47,906	46,098	4,545
Gain on equity interest / others (**)	21,302		5,899
Impairment loss on non-consolidated companies (*)	(49,067)		(73,650)
	20,141	**46,098**	**(63,206)**

(*) In 2014 and 2012, includes an impairment of Usiminas. See note 12.
(**) For 2014 see note 26.

8 Income tax

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
Current tax	695,136	594,179	636,624
Deferred tax	(109,075)	33,698	(95,066)
	586,061	**627,877**	**541,558**

The tax on Tenaris s income before tax differs from the theoretical amount that would arise using the tax rate in each country as follows:

(all amounts in thousands of U.S. dollars)	Year ended December 31, 2014	2013	2012
Income before income tax	**1,951,994**	**2,202,249**	**2,243,297**
Tax calculated at the tax rate in each country	312,714	465,029	456,530
Non taxable income / Non deductible expenses, net	132,551	72,768	80,527
Changes in the tax rates	3,249	8,287	4,707
Effect of currency translation on tax base (*)	138,925	92,695	5,214
Utilization of previously unrecognized tax losses	(1,378)	(10,902)	(5,420)
Tax charge	**586,061**	**627,877**	**541,558**

(*) Tenaris applies the liability method to recognize deferred income tax on temporary differences between the tax basis of assets and their carrying amounts in the financial statements. By application of this method, Tenaris

recognizes gains and losses on deferred income tax due to the effect of the change in the value on the tax basis in subsidiaries (mainly Argentinian and Mexican), which have a functional currency different to their local currency. These gains and losses are required by IFRS even though the revalued / devalued tax basis of the relevant assets will not result in any deduction / obligation for tax purposes in future periods.

9 Dividends distribution

On November 5, 2014, the Company s Board of Directors approved the payment of an interim dividend of $0.15 per share ($0.30 per ADS), or approximately $177 million, on November 27, 2014, with an ex-dividend date of November 24, 2014.

On May 7, 2014 the Company s Shareholders approved an annual dividend in the amount of $0.43 per share ($0.86 per ADS). The amount approved included the interim dividend previously paid in November 21, 2013 in the amount of $0.13 per share ($0.26 per ADS). The balance, amounting to $0.30 per share ($0.60 per ADS), was paid on May 22, 2014. In the aggregate, the interim dividend paid in November 2013 and the balance paid in May 2014 amounted to approximately $507.6 million.

On May 2, 2013, the Company s shareholders approved an annual dividend in the amount of $0.43 per share ($0.86 per ADS). The amount approved included the interim dividend previously paid in November 2012, in the amount of $0.13 per share ($0.26 per ADS). The balance, amounting to $0.30 per share ($0.60 per ADS), was paid on May 23, 2013. In the aggregate, the interim dividend paid in November 2012 and the balance paid in May 2013 amounted to approximately $507.6 million.

On May 2, 2012, the Company s shareholders approved an annual dividend in the amount of $0.38 per share ($0.76 per ADS). The amount approved included the interim dividend previously paid in November 2011, in the amount of $0.13 per share ($0.26 per ADS). The balance, amounting to $0.25 per share ($0.50 per ADS), was paid on May 24, 2012. In the aggregate, the interim dividend paid in November 2011 and the balance paid in May 2012 amounted to approximately $449 million.

Table of Contents

10 Property, plant and equipment, net

Year ended December 31, 2014	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	1,498,188	8,073,413	339,314	441,902	37,754	10,390,571
Translation differences	(15,137)	(241,044)	(4,445)	(7,719)	(854)	(269,199)
Additions (*)	56,078	3,359	4,959	937,927	5,823	1,008,146
Disposals / Consumptions	(2,179)	(32,567)	(6,436)		(4,922)	(46,104)
Increase due to business combinations	5,059	20,803	2,758	859	31	29,510
Transfers / Reclassifications	91,788	409,938	23,404	(526,431)	243	(1,058)
Values at the end of the year	**1,633,797**	**8,233,902**	**359,554**	**846,538**	**38,075**	**11,111,866**
Depreciation and impairment						
Accumulated at the beginning of the year	373,304	5,131,501	197,555		14,444	5,716,804
Translation differences	(5,996)	(134,723)	(3,677)		(256)	(144,652)
Depreciation charge	47,132	313,745	25,088		1,164	387,129
Transfers / Reclassifications	23	(38)	603			588
Increase due to business combinations	2,044	12,745	2,291			17,080
Impairment charge (See Note 5)	3,019	7,905				10,924
Disposals / Consumptions	(1,316)	(29,370)	(4,878)			(35,564)
Accumulated at the end of the year	**418,210**	**5,301,765**	**216,982**		**15,352**	**5,952,309**
At December 31, 2014	**1,215,587**	**2,932,137**	**142,572**	**846,538**	**22,723**	**5,159,557**

(*) The increase is mainly due to progress in the construction of the greenfield seamless facility in Bay City, Texas.

Year ended December 31, 2013	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	1,417,994	7,503,358	321,271	489,894	43,674	9,776,191
Translation differences	(7,616)	36,436	(3,348)	(7,776)	348	18,044
Additions	10,121	5,242	4,963	641,235	5,308	666,869
Disposals / Consumptions	(17,388)	(30,156)	(8,973)		(6,783)	(63,300)

Increase due to the consolidation of joint operations			1,301	608	142	2,051
Transfers / Reclassifications	95,077	558,533	24,100	(682,059)	(4,935)	(9,284)
Values at the end of the year	**1,498,188**	**8,073,413**	**339,314**	**441,902**	**37,754**	**10,390,571**
Depreciation						
Accumulated at the beginning of the year	331,806	4,811,325	182,169		15,921	5,341,221
Translation differences	(1,581)	22,046	(2,402)		458	18,521
Depreciation charge	43,469	317,242	25,678		1,250	387,639
Transfers / Reclassifications	1,511	3,339	(1,655)		(3,187)	8
Increase due to the consolidation of joint operations			392		105	497
Disposals / Consumptions	(1,901)	(22,451)	(6,627)		(103)	(31,082)
Accumulated at the end of the year	**373,304**	**5,131,501**	**197,555**		**14,444**	**5,716,804**
At December 31, 2013	**1,124,884**	**2,941,912**	**141,759**	**441,902**	**23,310**	**4,673,767**

Property, plant and equipment include capitalized interests for net amounts at December 31, 2014 and 2013 of $3,323 and $3,782 (there were no capitalized interests during the years 2014 and 2013), respectively.

Table of Contents

11 Intangible assets, net

Year ended December 31, 2014	Information system projects	Licenses, patents and trademarks (*)	Goodwill	Customer relationships	Total
Cost					
Values at the beginning of the year	400,488	492,829	2,147,242	2,059,946	5,100,505
Translation differences	(9,590)	(63)	(6,481)		(16,134)
Additions	79,983	1,244			81,227
Transfers / Reclassifications	1,090	556			1,646
Increase due to business combinations	28		41,243		41,271
Disposals	(64)	(552)			(616)
Values at the end of the year	**471,935**	**494,014**	**2,182,004**	**2,059,946**	**5,207,899**
Amortization and impairment					
Accumulated at the beginning of the year	249,916	302,444	340,488	1,140,421	2,033,269
Translation differences	(6,425)				(6,425)
Amortization charge	40,188	30,379		157,933	228,500
Impairment charge (See Note 5)			96,137	98,788	194,925
Accumulated at the end of the year	**283,679**	**332,823**	**436,625**	**1,397,142**	**2,450,269**
At December 31, 2014	**188,256**	**161,191**	**1,745,379**	**662,804**	**2,757,630**

Year ended December 31, 2013	Information system projects	Licenses, patents and trademarks (*)	Goodwill	Customer relationships	Total
Cost					
Values at the beginning of the year	310,524	493,822	2,147,433	2,059,946	5,011,725
Translation differences	(1,362)	20	61		(1,281)
Additions	85,974	655			86,629
Transfers / Reclassifications	5,820	(1,249)			4,571
Disposals	(468)	(419)	(252)		(1,139)
Values at the end of the year	**400,488**	**492,829**	**2,147,242**	**2,059,946**	**5,100,505**
Amortization					
Accumulated at the beginning of the year	218,531	273,443	340,488	979,347	1,811,809
Translation differences	(779)				(779)
Amortization charge	31,104	30,237		161,074	222,415

Disposals	(171)				(171)
Transfers / Reclassifications	1,231	(1,236)			(5)
Accumulated at the end of the year	**249,916**	**302,444**	**340,488**	**1,140,421**	**2,033,269**
At December 31, 2013	**150,572**	**190,385**	**1,806,754**	**919,525**	**3,067,236**

(*) Includes Proprietary Technology.

The geographical allocation of goodwill for the year ended December 31, 2014 was $1.614.5 million for North America, $128.2 million for South America $2.0 million for Europe, and $0.7 million for Middle East & Africa.

The carrying amount of goodwill allocated by CGU, as of December 31, 2014, was as follows:

As of December 31, 2014	**Tubes Segment**			**Other Segment**	
CGU	**Maverick Acquisition**	**Hydril Acquisition**	**Other**	**Maverick Acquisition**	**Total**
OCTG (USA)	625.4				625.4
Tamsa (Hydril and other)		345.9	19.4		365.3
Siderca (Hydril and other)		265.0	93.3		358.3
Hydril		309.0			309.0
Electric Conduits	45.8				45.8
Coiled Tubing				4.0	4.0
Other			37.6		37.6
Total	**671.2**	**919.9**	**150.3**	**4.0**	**1,745.4**

	Year ended December 31,	
	2014	2013
At the beginning of the year	912,758	977,011
Translation differences	(74,412)	(87,666)
Equity in earnings of non-consolidated companies	47,906	46,098
Impairment loss in non-consolidated companies	(49,067)	
Dividends and distributions received	(17,735)	(16,334)
Additions (c)	1,380	
Decrease due to consolidation (*)	(8,310)	(9,033)
Decrease / increase in equity reserves	(3,857)	2,682
At the end of the period	**808,663**	**912,758**

(*) See Note 26

The principal non-consolidated companies are:

Company	Country of incorporation	% ownership - voting rights at December 31, 2014	2013	Value at December 31, 2014	2013
a) Ternium S.A.	Luxembourg	11.46%(*)	11.46%(*)	595,857	602,303
b) Usiminas S.A.	Brazil	2.5% - 5%	2.5% - 5%	209,355	298,459
Others				3,451	11,996
				808,663	**912,758**

(*) Including treasury shares.

a) Ternium S.A.

Ternium S.A. (Ternium), is a steel producer in Latin America with production facilities in Mexico, Argentina, Colombia, United States and Guatemala and is one of Tenaris s main suppliers of round steel bars and flat steel products for its pipes business.

At December 31, 2014, the closing price of Ternium s ADSs as quoted on the New York Stock Exchange was $17.6 per ADS, giving Tenaris s ownership stake a market value of approximately $405.2 million (Level 1). At December 31, 2014, the carrying value of Tenaris ownership stake in Ternium, based on Ternium s IFRS financial statements, was approximately $595.9 million. See Section II.B.2.

b) Usiminas S.A.

Usiminas is a Brazilian producer of high quality flat steel products used in the energy, automotive and other industries and it is Tenaris s principal supplier of flat steel in Brazil for its pipes and industrial equipment businesses.

At December 31, 2014, the closing price of the Usiminas ordinary shares as quoted on the BM&FBovespa Stock Exchange was BRL12.3 (approximately $4.63) per share, giving Tenaris s ownership stake a market value of approximately $115.7 million (Level 1). At December 31, 2014, the carrying value of Tenaris s ownership stake in Usiminas, was approximately $209.3 million. This amount includes tangible and intangible assets allocated in the purchase price for $50 million.

An impairment test over the investment in Usiminas was performed as of December 31, 2014, and subsequently the goodwill of such investment was written down by $38.8 million and the purchase price allocation was written down by $10.2 million. The impairment was mainly due to expectations of a weaker industrial environment in Brazil, and consequently steel demand, as a result of worsening economic activity, as well as a significant additional downturn in international prices of iron ore and steel, which led to diminished cash flow expectations.

To determine the recoverable value, the value in use was used, which was calculated as the present value of the expected cash flows, considering the expected prices for the years covered by the projection. As of December 31, 2014 the discount rate used to test the investment in Usiminas for impairment was 9.8%.

Table of Contents

c) Techgen, S.A. de C.V. (Techgen)

Techgen is a Mexican project company currently undertaking the construction and operation of a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. As of February 2014, Tenaris, Ternium and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium) completed their initial investments in Techgen. Techgen is currently owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Tenaris and Ternium also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen s power capacity of between 850 and 900 megawatts.

During 2014, each of Techgen s shareholders made additional investments in Techgen, primarily in the form of subordinated loans. Tenaris s total investments in Techgen totaled $0.5 million.

Techgen is a party to transportation capacity agreements with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for a purchasing capacity of 150,000 MMBtu/Gas per day starting on June 1, 2016 and ending on May 31, 2036. As of December 31, 2014, the outstanding value of this commitment was approximately $285 million. Tenaris s exposure under the guarantee in connection with these agreements amounts to $62.7 million, corresponding to the 22% of the agreements outstanding value as of December 31, 2014.

Techgen is a party to a contract with GE Power Systems, Inc. and General Electric International Operations Company, Inc. Mexico Branch for the purchase of power generation equipment and other services related to the equipment for an outstanding amount of approximately $238 million. These agreements required Techgen to issue stand-by letters of credit up to an amount of $47.5 million. Tenaris s exposure under the guarantee in connection with these stand-by letters of credit issued by Techgen is of $7.2 million.

Tenaris issued a Corporate Guarantee covering 22% of the obligations of Techgen under a syndicated loan agreement between Techgen and several banks led by Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, and Natixis, New York Branch acting as joint bookrunners. The loan agreement amounted to $800 million and the proceeds will be used by Techgen in the construction of the facility. As of December 31, 2014, disbursements under the loan agreement amounted $440 million, as a result the amount guaranteed by Tenaris was approximately $96.8 million. If the loan is disbursed in full, the amount guaranteed by Tenaris will be approximately $176 million. The main covenants under the Corporate Guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio).

Summarized selected financial information of Ternium and Usiminas, including the aggregated amounts of assets, liabilities, revenues and profit or loss is as follows:

	2014			2013		
	Usiminas S.A.	**Ternium S.A.**	**Total**	**Usiminas S.A.**	**Ternium S.A.**	**Total**
Non-current assets	8,362,515	6,905,672	15,268,187	9,347,605	7,153,162	16,500,767
Current assets	3,114,967	3,348,869	6,463,836	4,038,373	3,219,462	7,257,835

Total assets	**11,477,482**	**10,254,541**	**21,732,023**	**13,385,978**	**10,372,624**	**23,758,602**
Non-current liabilities	2,620,348	1,904,673	4,525,021	3,174,490	2,185,421	5,359,911
Current liabilities	1,795,582	2,091,386	3,886,968	2,171,729	1,849,159	4,020,888
Total liabilities	**4,415,930**	**3,996,059**	**8,411,989**	**5,346,219**	**4,034,580**	**9,380,799**
Non-controlling interests	768,749	973,523	1,742,272	905,847	998,009	1,903,856
Revenues	5,016,528	8,726,057	13,742,585	5,970,626	8,530,012	14,500,638
Gross profit	447,311	1,800,888	2,248,199	676,960	1,929,720	2,606,680
Net (loss) income for the year attributable to owners of the parent	61,531	452,404	513,935	(74,459)	455,425	380,966
Total comprehensive income (loss) for the year, net of tax, attributable to owners of the parent		92,155		92,155	98,856	98,856

F-38

Table of Contents

	Year ended December 31,	
	2014	**2013**
Government entities	1,697	2,232
Employee advances and loans	12,214	12,841
Tax credits	29,997	18,396
Receivables from related parties	43,093	20,716
Legal deposits	21,313	23,589
Advances to suppliers and other advances	119,970	44,986
Others	35,588	32,299
	263,872	**155,059**
Allowances for doubtful accounts (see Note 22 (i))	(1,696)	(2,979)
	262,176	**152,080**

14 Inventories

	Year ended December 31,	
	2014	**2013**
Finished goods	1,012,297	1,024,571
Goods in process	622,365	650,567
Raw materials	396,847	363,611
Supplies	554,946	572,167
Goods in transit	386,954	320,496
	2,973,409	**2,931,412**
Allowance for obsolescence (see Note 23 (i))	(193,540)	(228,765)
	2,779,869	**2,702,647**

15 Receivables and prepayments

	Year ended December 31,	
	2014	**2013**
Prepaid expenses and other receivables	40,377	57,410
Government entities	3,189	3,948
Employee advances and loans	16,478	15,356
Advances to suppliers and other advances	42,832	70,412
Government tax refunds on exports	16,956	25,502
Receivables from related parties	63,733	11,313

Derivative financial instruments	25,588	9,273
Miscellaneous	66,470	36,406
	275,623	**229,620**
Allowance for other doubtful accounts (see Note 23 (i))	(7,992)	(9,396)
	267,631	**220,224**

16 Current tax assets and liabilities

	Year ended December 31,	
	2014	**2013**
Current tax assets		
V.A.T. credits	74,129	69,926
Prepaid taxes	55,275	86,265
	129,404	**156,191**

	Year ended December 31,	
	2014	**2013**
Current tax liabilities		
Income tax liabilities	239,468	149,154
V.A.T. liabilities	27,156	39,984
Other taxes	85,729	77,622
	352,353	**266,760**

Table of Contents

17 Trade receivables

	Year ended December 31,	
	2014	2013
Current accounts	2,002,867	2,005,209
Receivables from related parties	29,505	28,924
	2,032,372	2,034,133
Allowance for doubtful accounts (see Note 23 (i))	(68,978)	(51,154)
	1,963,394	**1,982,979**

The following table sets forth details of the aging of trade receivables:

	Trade Receivables	Not Due	Past due 1 - 180 days	> 180 days
At December 31, 2014				
Guaranteed	571,170	495,336	70,239	5,595
Not guaranteed	1,461,202	1,186,958	203,116	71,128
Guaranteed and not guaranteed	**2,032,372**	**1,682,294**	**273,355**	**76,723**
Allowance for doubtful accounts	(68,978)		(902)	(68,076)
Net Value	**1,963,394**	**1,682,294**	**272,453**	**8,647**
At December 31, 2013				
Guaranteed	628,929	481,079	130,316	17,534
Not guaranteed	1,405,204	1,122,078	227,317	55,809
Guaranteed and not guaranteed	**2,034,133**	**1,603,157**	**357,633**	**73,343**
Allowance for doubtful accounts	(51,154)		(64)	(51,090)
Net Value	**1,982,979**	**1,603,157**	**357,569**	**22,253**

18 Other investments and Cash and cash equivalents

	Year ended December 31,	
	2014	2013
Other investments		
	718,877	639,538

Fixed Income (time-deposit, zero coupon bonds, commercial papers)		
Bonds and other fixed Income	817,823	513,075
Fund Investments	301,679	74,717
	1,838,379	**1,227,330**
Cash and cash equivalents		
Cash at banks	120,772	123,162
Liquidity funds	110,952	95,042
Short term investments	185,921	396,325
	417,645	**614,529**

19 Borrowings

	Year ended December 31,	
	2014	**2013**
Non-current		
Bank borrowings	30,104	247,056
Finance lease liabilities	729	1,471
Costs of issue of debt		(2,309)
	30,833	**246,218**
Current		
Bank borrowings and other loans including related companies	966,741	668,132
Bank overdrafts	1,200	16,384
Finance lease liabilities	486	575
Costs of issue of debt	(20)	(374)
	968,407	**684,717**
Total Borrowings	**999,240**	**930,935**

19 Borrowings (Cont.)

The maturity of borrowings is as follows:

	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
At December 31, 2014							
Financial lease	487	392	219	97	21		1,216
Other borrowings	967,920	7,117	1,147	1,259	1,207	19,374	998,024
Total borrowings	**968,407**	**7,509**	**1,366**	**1,356**	**1,228**	**19,374**	**999,240**
Interest to be accrued (*)	19,398	2,586	1,074	1,057	1,055	2,168	27,338
Total	**987,805**	**10,095**	**2,440**	**2,413**	**2,283**	**21,542**	**1,026,578**

	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
At December 31, 2013							
Financial lease	575	520	490	274	131	56	2,046
Other borrowings	684,142	98,891	91,202	45,860	7,066	1,728	928,889
Total borrowings	**684,717**	**99,411**	**91,692**	**46,134**	**7,197**	**1,784**	**930,935**
Interest to be accrued (*)	26,643	7,244	3,924	891	251	21	38,974
Total	**711,360**	**106,655**	**95,616**	**47,025**	**7,448**	**1,805**	**969,909**

(*) Includes the effect of hedge accounting.

Significant borrowings include:

			In million of USD	
Disbursement date	Borrower	Type	Original & Outstanding	Final maturity
2014	Tamsa	Bank loans	522	2015
Mainly 2014	Siderca	Bank loans	183	Mainly 2015
December 2014	Tubocaribe (*)	Bank loan	180	Dec-15

(*) The main covenant on this loan agreement is in compliance with financial ratios (i.e., leverage ratio).

As of December 31, 2014, Tenaris was in compliance with all of its covenants.

The weighted average interest rates before tax shown below were calculated using the rates set for each instrument in its corresponding currency as of December 31, 2014 and 2013 (considering hedge accounting where applicable).

	2014	**2013**
Total borrowings (*)	1.89%	7.50%

(*) The decrease in weighted average interest rates is explained mainly by ARS-denominated debt, which as of December 31, 2014 was almost fully hedged; whereas as of December 31, 2013 was fully unhedged.

Table of Contents

Breakdown of long-term borrowings by currency and rate is as follows:

Non current borrowings

Currency	Interest rates	Year ended December 31, 2014	2013
USD	Variable		218,134
USD	Fixed	21,079	
ARS	Fixed	4,933	20,778
EUR	Fixed	3,981	
Others	Variable	840	1,347
Others	Fixed		5,959
Total non current borrowings		**30,833**	**246,218**

Breakdown of short-term borrowings by currency and rate is as follows:

Current borrowings

Currency	Interest rates	Year ended December 31, 2014	2013
USD	Variable	184,103	24,823
USD	Fixed	14,577	25,019
EURO	Variable	24,030	38,279
EURO	Fixed	1,272	8,432
MXN	Fixed	522,225	366,380
ARS	Fixed	184,791	215,429
BRL	Variable	34,446	
ARS	Variable	71	4,394
Others	Variable	252	953
Others	Fixed	2,640	1,008
Total current borrowings		**968,407**	**684,717**

20 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rate of each country.

The evolution of deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Fixed assets	Inventories	Intangible and Other (*)	Total
At the beginning of the year	360,208	21,526	548,219	929,953
Translation differences	(3,067)		849	(2,218)
Charged directly to Other Comprehensive Income		682	(906)	(224)
Income statement credit / (charge)	(10,756)	22,026	(65,716)	(54,446)
At December 31, 2014	**346,385**	**44,234**	**482,446**	**873,065**

	Fixed assets	Inventories	Intangible and Other (*)	Total
At the beginning of the year	335,484	15,269	530,437	881,190
Translation differences	(1,703)		(223)	(1,926)
Charged directly to Other Comprehensive Income			11,441	11,441
Income statement charge	26,427	6,257	6,564	39,248
At December 31, 2013	**360,208**	**21,526**	**548,219**	**929,953**

(*) Includes the effect of currency translation on tax base explained in Note 8.

Table of Contents

Deferred tax assets

	Provisions and allowances	Inventories	Tax losses	Other	Total
At the beginning of the year	(53,636)	(162,242)	(25,810)	(134,319)	(376,007)
Translation differences	4,317	2,334	1,500	322	8,473
Increase due to business combinations	(1,255)	(297)	(3,535)	(281)	(5,368)
Charged directly to Other Comprehensive Income	979	(682)		40	337
Income statement charge / (credit)	4,259	(28,822)	(13,807)	(16,259)	(54,629)
At December 31, 2014	**(45,336)**	**(189,709)**	**(41,652)**	**(150,497)**	**(427,194)**

	Provisions and allowances	Inventories	Tax losses	Other	Total
At the beginning of the year	(56,406)	(183,560)	(23,141)	(105,409)	(368,516)
Translation differences	6,104	1,311		(843)	6,572
Increase due to business combinations	(17)			(1,442)	(1,459)
Charged directly to Other Comprehensive Income	753			(7,807)	(7,054)
Income statement charge / (credit)	(4,070)	20,007	(2,669)	(18,818)	(5,550)
At December 31, 2013	**(53,636)**	**(162,242)**	**(25,810)**	**(134,319)**	**(376,007)**

The recovery analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended December 31,	
	2014	**2013**
Deferred tax assets to be recovered after 12 months	(119,192)	(119,488)
Deferred tax liabilities to be recovered after 12 months	868,289	877,524

Deferred income tax assets and liabilities are offset when (1) there is a legally enforceable right to set-off current tax assets against current tax liabilities and (2) when the deferred income taxes relate to the same fiscal authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate set-off, are shown in the Consolidated Statement of Financial Position:

Year ended December 31,	
2014	**2013**

Deferred tax assets	(268,252)	(197,159)
Deferred tax liabilities	714,123	751,105
	445,871	**553,946**

The movement on the net deferred income tax liability account is as follows:

	Year ended December 31,	
	2014	**2013**
At the beginning of the year	553,946	512,674
Translation differences	6,255	4,646
Charged directly to Other Comprehensive Income	113	4,387
Income statement credit	(109,075)	33,698
Increase due to business combinations / Joint operations	(5,368)	(1,459)
At the end of the period	**445,871**	**553,946**

Table of Contents

21 Other liabilities

(i) Other liabilities Non current

	Year ended December 31,	
	2014	**2013**
Post-employment benefits	164,217	169,215
Other-long term benefits	98,069	82,439
Miscellaneous	23,579	25,603
	285,865	**277,257**

Post-employment benefits

Unfunded

	Year ended December 31,	
	2014	**2013**
Values at the beginning of the period	136,931	131,475
Current service cost	7,582	18,373
Interest cost	9,254	7,220
Curtailments and settlements	(236)	1,212
Remeasurements (*)	(9,824)	(3,403)
Translation differences	(8,665)	(1,561)
Benefits paid from the plan	(8,006)	(15,299)
Other	(303)	(1,086)
At the end of the year	**126,733**	**136,931**

(*) For 2014, gain of $12.2 and for 2013, loss of $3.0 million attributable to demographic assumptions and a loss of $2.4 and a gain of $6.4 million attributable to financial assumptions.

The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2014	**2013**
Discount rate	2% - 7%	3% - 7%
Rate of compensation increase	2% - 3%	3% - 7%

As of December 31, 2014, an increase / (decrease) of 1% in the discount rate assumption would have generated an impact on the defined benefit obligation of $8.2 million and $9.5 million and an increase / (decrease) of 1% in the rate of compensation assumption would have generated an impact on the defined benefit obligation of $6.6 million and $6.1 million. The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Funded

The amounts recognized in the statement of financial position for the current annual period and the previous annual period are as follows:

	Year ended December 31,	
	2014	**2013**
Present value of funded obligations	183,085	177,433
Fair value of plan assets	(147,991)	(145,777)
(Assets) / Liability (*)	**35,094**	**31,656**

(*) In 2014 and 2013, $2.4 million and $0.6 million corresponding to an overfunded plan were reclassified within other non-current assets, respectively.

Table of Contents

(i) Other liabilities Non current (Cont.)

The movement in the present value of funded obligations is as follows:

	Year ended December 31,	
	2014	**2013**
At the beginning of the year	177,433	191,154
Translation differences	(10,000)	(3,208)
Current service cost	2,266	430
Interest cost	7,621	7,366
Remeasurements (*)	16,104	(7,174)
Benefits paid	(10,339)	(11,135)
Movement in the fair value of plan assets	**183,085**	**177,433**

(*) For 2014, a loss of $1.5 and for 2013, gain of $7.5 million attributable to demographic assumptions and a loss of $14.6 and $ 14.7 million attributable to financial assumptions, respectively.

The movement in the fair value of plan assets is as follows:

	Year ended December 31,	
	2014	**2013**
At the beginning of the year	(145,777)	(140,550)
Expected return on plan assets	(7,842)	(2,489)
Remeasurements	(8,130)	(7,737)
Translation differences	8,911	1,632
Contributions paid to the plan	(5,548)	(7,821)
Benefits paid from the plan	10,339	11,135
Other	56	53
	(147,991)	**(145,777)**

The major categories of plan assets as a percentage of total plan assets are as follows:

	Year ended December 31,	
	2014	**2013**
Equity instruments	52.7%	47.5%
Debt instruments	43.7%	52.5%
Others	3.6%	0.0%

The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2014	**2013**
Discount rate	4% - 4%	4% - 5%
Rate of compensation increase	2% - 3%	3% - 4%

(i) Other liabilities Non current (Cont.)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected return on plan assets is determined based on long-term, prospective rates of return as of the end of the reporting period.

As of December 31, 2014, an increase / (decrease) of 1% in the discount rate assumption would have generated an impact on the defined benefit obligation of $20.4 million and $24 million and an increase / (decrease) of 1% in the compensation rate assumption would have generated an impact on the defined benefit obligation of $0.3 million and $0.3 million. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The employer contributions expected to be paid for the year 2015 amounts approximately to $5.8 million.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The expected maturity of undiscounted post- employment benefits is as follows:

	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years
At 31 December 2014						
Unfunded Post-employment benefits	20,896	10,531	18,224	8,076	8,085	406,281
Funded Post-employment benefits	8,329	8,661	9,041	9,453	9,742	349,241
Total	29,225	19,192	27,265	17,529	17,827	755,522

(ii) Other liabilities - current

	Year ended December 31,	
	2014	2013
Payroll and social security payable	204,558	207,425
Liabilities with related parties	5,305	22
Derivative financial instruments	56,834	8,268
Miscellaneous	29,580	35,282
	296,277	**250,997**

22 Non-current allowances and provisions

(i) Deducted from non current receivables

	Year ended December 31,	
	2014	**2013**
Values at the beginning of the year	(2,979)	(2,995)
Translation differences	534	740
Additional provisions		(752)
Used	749	28
Values at the end of the year	**(1,696)**	**(2,979)**

(ii) Liabilities

	Year ended December 31,	
	2014	**2013**
Values at the beginning of the year	66,795	67,185
Translation differences	(10,253)	(8,065)
Additional provisions	18,029	20,852
Reclassifications	(2,276)	(3,387)
Used	(5,146)	(9,840)
Increase due to business combinations	3,565	50
Values at the end of the year	**70,714**	**66,795**

Table of Contents

23 Current allowances and provisions

(i) Deducted from assets

Year ended December 31, 2014	Allowance for doubtful accounts - Trade receivables	Allowance for other doubtful accounts - Other receivables	Allowance for inventory obsolescence
Values at the beginning of the year	(51,154)	(9,396)	(228,765)
Translation differences	384	1,335	5,141
Additional allowances	(21,704)	(336)	(4,704)
Increase due to business combinations	(88)	(38)	(875)
Used	3,584	443	35,663
At December 31, 2014	**(68,978)**	**(7,992)**	**(193,540)**

Year ended December 31, 2013	Allowance for doubtful accounts - Trade receivables	Allowance for other doubtful accounts - Other receivables	Allowance for inventory obsolescence
Values at the beginning of the year	(29,143)	(10,516)	(185,168)
Translation differences	(17)	1,282	1,589
Additional allowances	(23,236)	(956)	(70,970)
Increase due to business combinations	(7)		
Used	1,249	794	25,784
At December 31, 2013	**(51,154)**	**(9,396)**	**(228,765)**

(ii) Liabilities

Year ended December 31, 2014	Sales risks	Other claims and contingencies	Total
Values at the beginning of the year	9,670	16,045	25,715
Translation differences	(747)	(1,777)	(2,524)
Additional allowances	14,100	2,668	16,768
Reclassifications		2,275	2,275
Used	(15,818)	(6,036)	(21,854)
At December 31, 2014	**7,205**	**13,175**	**20,380**

Year ended December 31, 2013	**Sales risks**	**Other claims and contingencies**	**Total**
Values at the beginning of the year	14,112	12,846	26,958
Translation differences	(335)	490	155
Additional allowances	8,512	2,063	10,575
Reclassifications	366	3,021	3,387
Used	(12,985)	(2,492)	(15,477)
Increase due to the consolidation of joint operations		117	117
At December 31, 2013	**9,670**	**16,045**	**25,715**

Table of Contents

24 Derivative financial instruments

Net fair values of derivative financial instruments

The net fair values of derivative financial instruments disclosed within Other Receivables and Other Liabilities at the reporting date, in accordance with IAS 39, are:

	Year ended December 31,	
	2014	**2013**
Foreign exchange derivatives contracts	25,588	9,273
Contracts with positive fair values	**25,588**	**9,273**
Foreign exchange derivatives contracts	(56,834)	(8,268)
Contracts with negative fair values	**(56,834)**	**(8,268)**
Total	**(31,246)**	**1,005**

Foreign exchange derivative contracts and hedge accounting

Tenaris applies hedge accounting to certain cash flow hedges of highly probable forecast transactions. The net fair values of exchange rate derivatives, including embedded derivatives and those derivatives that were designated for hedge accounting as of December 2014 and 2013, were as follows:

			Fair Value		Hedge Accounting Reserve	
Purchase currency	**Sell currency**	**Term**	**2014**	**2013**	**2014**	**2013**
MXN	USD	2015	(45,061)	(3,285)	120	(101)
USD	MXN	2015	18,105	(510)	(66)	(2)
EUR	USD	2015	(6,186)		(6,186)	
USD	EUR	2015	982	(456)		(21)
EUR	BRL	2015	(96)	411	138	244
JPY	USD	2015	(5,079)	(675)	(1,797)	
USD	KWD	2015	1,908		630	
ARS	USD	2015	1,632		(1,245)	
USD	BRL	2015	1,089	5,604		
USD	CNH	2015	95		87	
USD	GBP	2015	438	(55)	403	
Others			927	(29)		
Total			**(31,246)**	**1,005**	**(7,916)**	**120**

Following is a summary of the hedge reserve evolution:

	Equity Reserve Dec-12	Movements 2013	Equity Reserve Dec-13	Movements 2014	Equity Reserve Dec-14
Foreign Exchange	(2,860)	2,980	120	(8,036)	(7,916)
Total Cash flow Hedge	**(2,860)**	**2,980**	**120**	**(8,036)**	**(7,916)**

Tenaris estimates that the cash flow hedge reserve at December 31, 2014 will be recycled to the Consolidated Income Statement during 2015.

25 Contingencies, commitments and restrictions on the distribution of profits

Contingencies

Tenaris is from time to time subject to various claims, lawsuits and other legal proceedings, including customer claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties. Accordingly, the potential liability with respect to a large portion of such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim, lawsuit or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration litigation and settlement strategies. The Company believes that the aggregate provisions recorded for potential losses in these financial statements (Notes 22 and 23) are adequate based upon currently available information. However, if management s estimates prove incorrect, current reserves could be inadequate and Tenaris could incur a charge to earnings which could have a material adverse effect on Tenaris s results of operations, financial condition, net worth and cash flows.

Set forth below is a description of Tenaris s material ongoing legal proceedings:

Tax assessment in Italy

A Tenaris Italian company received on December 24, 2012 a tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2007. The assessment, which was for an estimated amount of EUR282 million (approximately $342 million), comprising principal, interest and penalties, was appealed with the tax court in Milan. In February 2014, the tax court issued its decision on this tax assessment, partially reversing the assessment for 2007 and lowering the claimed amount to approximately EUR9 million (approximately $11 million), including principal, interest and penalties. On October 2, 2014, the Italian tax authorities appealed against the tax court decision on the first assessment.

On December 24, 2013, the company received a second tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2008. This second assessment, based on the same arguments of the first assessment, is for an estimated amount, as of December 31, 2014, of EUR248 million (approximately $301 million), comprising principal, interest and penalties. On February 20, 2014, the assessment for 2008 was appealed with the tax court in Milan. The hearing on this appeal will be held on June 22, 2015.

Based on the tax court decision on the first assessment, Tenaris believes that it is not probable that the ultimate resolution of either the first or the second tax assessment will result in a material obligation.

CSN claims relating to the January 2012 acquisition of Usiminas shares

In 2013, Confab was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Confab and the other entities that acquired a participation in Usiminas control group in January 2012.

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas control group, and Confab would have a 17.9% share in that offer.

On September 23, 2013, the first instance court issued its decision finding in favor of Confab and the other defendants and dismissing the CSN lawsuit. The claimants appealed the court decision and the defendants filed their response to the appeal. It is currently expected that the court of appeals will issue its judgment on the appeal within 2015.

CSN claims relating to the January 2012 acquisition of Usiminas shares (Cont.)

The Company is aware that on November 10, 2014, CSN filed a separate complaint with Brazil s securities regulator Comissão de Valores Mobiliários (CVM) on the same grounds and with the same purpose as the lawsuit referred to above. The CVM proceeding is underway and the Company has not yet been served with process or requested to provide its response.

Finally, on December 11, 2014, CSN filed a claim with Brazil s antitrust regulator Consejo Administrativo de Defesa Econômica (CADE). In its claim, CSN alleges that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders right to a tag-along tender offer, and requests that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company s voting rights in Usiminas until the review is completed. The case is currently under review by CADE s Administrative Tribunal.

Tenaris believes that all of CSN s claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian counsel and previous decisions by CVM, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement, and, more recently, the first instance court decision on this matter first referred to above. Accordingly, no provision was recorded in these Consolidated Condensed Financial Statements.

Commitments

Set forth is a description of Tenaris s main outstanding commitments:

A Tenaris company is a party to a contract with Nucor Corporation under which it is committed to purchase on a monthly basis a minimum volume of hot-rolled steel coils at prices that are negotiated annually by reference to prices to comparable Nucor customers. The contract became effective in May 2013 and will be in force until December 2017; provided, however, that either party may terminate the contract at any time after January 1, 2015 with 12-month prior notice. As of December 31, 2014, the estimated aggregate contract amount through December 31, 2015, calculated at current prices, is approximately $248 million.

A Tenaris company entered into a contract with Siderar, a subsidiary of Ternium S.A. for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris is required to provide to Siderar 250 tn/hour of steam through to 2018, and Siderar has the obligation to take or pay this volume. The amount of this gas supply agreement totals approximately $52.5 million.

A Tenaris company, entered into various contracts with suppliers pursuant to which it committed to purchase goods and services for a total amount of approximately $502.1 million related to the investment plan to expand Tenaris s U.S. operations with the construction of a state-of-the-art seamless pipe mill in Bay City, Texas.

Restrictions to the distribution of profits and payment of dividends

As of December 31, 2014, equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)	
Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the year ended December 31, 2014	21,072,180
Total equity in accordance with Luxembourg law	**22,980,504**

At least 5% of the Company s net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company s share capital. As of December 31, 2014, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

Table of Contents

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

At December 31, 2014, distributable amount under Luxembourg law totals $21.7 billion, as detailed below:

(all amounts in thousands of U.S. dollars)	
	21,899,189
Other income and expenses for the year ended December 31, 2014	(295,767)
Dividends approved	(531,242)
Retained earnings at December 31, 2014 under Luxembourg law	**21,072,180**
Share premium	609,733
Distributable amount at December 31, 2014 under Luxembourg law	**21,681,913**

26 Business combinations

In September 2014, Tenaris closed the acquisition of 100% of the shares of Socobras Participações Ltda. (Socobras), a holding company that owned 50% of the shares of Socotherm Brasil S.A.(Socotherm). Tenaris already owned the other 50% interest in Socotherm, following completion of this transaction, Tenaris now owns 100% of Socotherm.

The purchase price amounted to $29.6 million, net assets acquired (including PPE, inventories and cash and cash equivalents) amount to $9.6 million and goodwill for $20 million.

Tenaris accounted for this transaction as a step-acquisition whereby Tenaris s ownership interest in Socotherm held before the acquisition was remeasured to fair value at that date. As a result, Tenaris recorded a result of approximately $21.3 million resulting from the difference between carrying value of its initial investments in Socotherm and the fair value which was included in Equity in earnings (losses) of non-consolidated companies on the Consolidated Income Statement.

Had the transaction been consummated on January 1, 2014, then Tenaris s unaudited pro forma net sales and net income from continuing operations would not have changed materially.

27 Cash flow disclosures

		Year ended December 31,		
		2014	**2013**	**2012**
(i)	Changes in working capital			
	Inventories	(72,883)	287,874	(174,670)

	Receivables and prepayments	(31,061)	62,114	(26,285)
	Trade receivables	20,886	129,939	(166,985)
	Other liabilities	(61,636)	(151,578)	6,202
	Customer advances	76,383	(77,099)	78,446
	Trade payables	(3,755)	(62,470)	(19,720)
		(72,066)	**188,780**	**(303,012)**
(ii)	Income tax accruals less payments			
	Tax accrued	586,061	627,877	541,558
	Taxes paid	(506,999)	(502,461)	(702,509)
		79,062	**125,416**	**(160,951)**
(iii)	Interest accruals less payments, net			
	Interest accrued	6,174	37,356	22,048
	Interest received	31,306	42,091	41,996
	Interest paid	(74,672)	(109,170)	(89,349)
		(37,192)	**(29,723)**	**(25,305)**
(iv)	Cash and cash equivalents			
	Cash at banks, liquidity funds and short - term investments	417,645	614,529	828,458
	Bank overdrafts	(1,200)	(16,384)	(55,802)
		416,445	**598,145**	**772,656**

As of December 31, 2014, 2013 and 2012, the components of the line item other, including currency translation adjustment are immaterial to net cash provided by operating activities.

28 Related party transactions

As of December 31, 2014:

San Faustin S.A., a Luxembourg public limited liability company (Société Anonyme) (San Faustin), owned 713,605,187 shares in the Company, representing 60.45% of the Company s capital and voting rights.

San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l., a Luxembourg private limited liability company (Société à Responsabilité Limitée) (Techint).

Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) (RP STAK) held shares in San Faustin sufficient in number to control San Faustin.

No person or group of persons controls RP STAK.

Based on the information most recently available to the Company, Tenaris s directors and senior management as a group owned 0.12% of the Company s outstanding shares.

Transactions and balances disclosed as with non-consolidated parties are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions and balances with related parties which are not non-consolidated parties and which are not consolidated are disclosed as Other . The following transactions were carried out with related parties:

(all amounts in thousands of U.S. dollars)	**Year ended December 31,**		
	2014	**2013**	**2012**
(i) Transactions			
(a) Sales of goods and services			
Sales of goods to non-consolidated parties	33,342	35,358	43,501
Sales of goods to other related parties	103,377	115,505	77,828
Sales of services to non-consolidated parties	10,932	15,439	14,583
Sales of services to other related parties	3,264	5,035	4,000
	150,915	**171,337**	**139,912**
(b) Purchases of goods and services			
Purchases of goods to non-consolidated parties	302,144	320,000	444,742
Purchases of goods to other related parties	44,185	14,828	19,745
Purchases of services to non-consolidated parties	27,304	56,820	112,870
Purchases of services to other related parties	90,652	100,677	87,510
	464,285	**492,325**	**664,867**

	(all amounts in thousands of U.S. dollars)	**At December 31,**	
		2014	**2013**
(ii)	**Period-end balances**		
	(a) Arising from sales / purchases of goods / services		
	Receivables from non-consolidated parties	104,703	30,416
	Receivables from other related parties	31,628	30,537
	Payables to non-consolidated parties	(53,777)	(33,503)
	Payables to other related parties	(28,208)	(8,323)
		54,346	**19,127**
	(b) Financial debt		
	Borrowings from other related parties	(200)	
		(200)	

Directors and senior management compensation

During the years ended December 31, 2014, 2013 and 2012, the cash compensation of Directors and Senior managers amounted to $25.6 million, $27.1 million and $24.1 million respectively. In addition, Directors and Senior managers received 567, 534 and 542 thousand units for a total amount of $6.2 million, $5.6 million and $5.2 million respectively in connection with the Employee retention and long term incentive program mentioned in Note O (2).

F-52

Table of Contents

29 Principal subsidiaries

The following is a list of Tenaris s principal subsidiaries and its direct and indirect percentage of ownership of each controlled company at December 31, 2014.

Company	Country of Incorporation	Main activity	Percentage of ownership at December 31, (*) 2014	2013	2012
ALGOMA TUBES INC.	Canada	Manufacturing of seamless steel pipes	100%	100%	100%
CONFAB INDUSTRIAL S.A. and subsidiaries	Brazil	Manufacturing of welded steel pipes and capital goods	100%	100%	100%
DALMINE S.p.A.	Italy	Manufacturing of seamless steel pipes	99%	99%	99%
HYDRIL COMPANY and subsidiaries (except detailed) (a)	USA	Manufacturing and marketing of premium connections	100%	100%	100%
INVERSIONES BERNA LIMITADA	Chile	Financial Company	100%	100%	100%
MAVERICK TUBE CORPORATION and subsidiaries (except detailed)	USA	Manufacturing of welded steel pipes	100%	100%	100%
NKKTUBES	Japan	Manufacturing of seamless steel pipes	51%	51%	51%
PT SEAMLESS PIPE INDONESIA JAYA	Indonesia	Manufacturing of seamless steel products	77%	77%	77%
PRUDENTIAL STEEL ULC	Canada	Manufacturing of welded steel pipes	100%	100%	100%
S.C. SILCOTUB S.A.	Romania	Manufacturing of seamless steel pipes	100%	100%	100%
SIAT S.A.	Argentina	Manufacturing of welded and seamless steel pipes	100%	100%	100%
SIDERCA S.A.I.C. and subsidiaries (except detailed) (b)	Argentina	Manufacturing of seamless steel pipes	100%	100%	100%
TALTA - TRADING E MARKETING SOCIEDADE UNIPESSOAL LDA.	Madeira	Trading and holding Company	100%	100%	100%
TENARIS BAY CITY	USA	Manufacturing of seamless steel pipes	100%	100%	
TENARIS FINANCIAL SERVICES S.A.	Uruguay	Financial company	100%	100%	100%
TENARIS GLOBAL SERVICES (CANADA) INC.	Canada	Marketing of steel products	100%	100%	100%
TENARIS GLOBAL SERVICES (PANAMA) S.A. - Suc. Colombia	Colombia	Marketing of steel products	100%	100%	100%
TENARIS GLOBAL SERVICES (U.S.A.) CORPORATION	USA	Marketing of steel products	100%	100%	100%
	Nigeria	Marketing of steel products	100%	100%	100%

TENARIS GLOBAL SERVICES NIGERIA LIMITED					
TENARIS GLOBAL SERVICES NORWAY A.S.	Norway	Marketing of steel products	100%	100%	100%
TENARIS GLOBAL SERVICES S.A. and subsidiaries (c)	Uruguay	Holding company and marketing of steel products	100%	100%	100%
TENARIS GLOBAL SERVICES (UK) LTD	United Kingdom	Marketing of steel products	100%	100%	100%
TENARIS INVESTMENTS S.a.r.l.	Luxembourg	Holding Company	100%	100%	100%
TENARIS INVESTMENTS S.ar.l., Zug Branch	Switzerland	Financial services	100%	100%	100%
TENARIS INVESTMENTS SWITZERLAND AG and subsidiaries (except detailed)	Switzerland	Holding Company	100%	100%	100%
TUBOS DE ACERO DE MEXICO S.A.	Mexico	Manufacturing of seamless steel pipes	100%	100%	100%
TENARIS TUBOCARIBE LTDA.	Colombia	Manufacturing of welded steel pipes	100%	100%	100%

(*) All percentages rounded.

(a) Tenaris holds 100% of Hydril s subsidiaries shares except for Technical Drilling & Production Services Nigeria. Ltd where it holds 80% for 2014 and 2013, and 60% for 2012.

(b) For 2014 and 2013, Tenaris holds 100% of Siderca s subsidiaries. For 2012, Tenaris holds 100% of Siderca s subsidiaries except for Scrapservice S.A where it holds 75%.

(c) Tenaris holds 97.5% of Tenaris Supply Chain S.A, 95% of Tenaris Saudi Arabia Limited, 60% of Gepnaris S.A. and 40% of Tubular Technical Services and Pipe Coaters, and 49% of Amaja Tubular Services Limited.

Table of Contents

30 Nationalization of Venezuelan Subsidiaries

In May 2009, within the framework of Decree Law 6058, Venezuela s President announced the nationalization of, among other companies, the Company s majority-owned subsidiaries TAVSA - Tubos de Acero de Venezuela S.A. (Tavsa) and, Matesi Materiales Siderúrgicos S.A (Matesi), and Complejo Siderúrgico de Guayana, C.A (Comsigua), in which the Company has a non-controlling interest (collectively, the Venezuelan Companies).

In August 2009, Venezuela, acting through the transition committee appointed by the Minister of Basic Industries and Mines of Venezuela, unilaterally assumed exclusive operational control over Matesi, and in November, 2009, Venezuela, acting through PDVSA Industrial S.A. (a subsidiary of Petróleos de Venezuela S.A.), formally assumed exclusive operational control over the assets of Tavsa. Venezuela did not pay any compensation for these assets.

Tenaris s investments in the Venezuelan companies are protected under applicable bilateral investment treaties, including the bilateral investment treaty between Venezuela and the Belgium-Luxembourg Economic Union, and Tenaris continues to reserve all of its rights under contracts, investment treaties and Venezuelan and international law. Tenaris has also consented to the jurisdiction of the International Centre for Settlement of Investment Disputes (ICSID) in connection with the nationalization process.

In August 2011, Tenaris and its wholly-owned subsidiary Talta - Trading e Marketing Sociedad Unipessoal Lda (Talta), initiated arbitration proceedings against Venezuela before the ICSID in Washington D.C., pursuant to the bilateral investment treaties entered into by Venezuela with the Belgium-Luxembourg Economic Union and Portugal. In these proceedings, Tenaris and Talta seek adequate and effective compensation for the expropriation of their investment in Matesi. The parties to the arbitration have had several exchanges of written pleadings on jurisdiction and the merits. An oral hearing on jurisdiction and the merits was held from January 31, 2013 to February 7, 2014. An additional two day hearing was held on 9-10 July 2014 in London, England to hear the testimony of the Parties experts on Luxembourg and Portuguese law. On August 8, 2014, both parties submitted their post-hearing briefs analyzing the testimony proffered at both hearings; Tenaris and Talta updated their pre-expropriation damages claim (to a principal sum of US$299.3 million plus pre-award interest for US$489.8 million, plus post-award interest). The tribunal will deliberate and issue the award. There is no procedural deadline by which the award must be rendered.

In July 2012, Tenaris and Talta initiated separate arbitration proceedings against Venezuela before the ICSID, seeking adequate and effective compensation for the expropriation of their respective investments in Tavsa and Comsigua. The tribunal in these proceedings was constituted in July 2013. Tenaris and Talta submitted their memorial on jurisdiction and the merits in October 2013. Thereafter, the proceedings on the merits were suspended in order for the tribunal to separately consider one of Venezuela s jurisdictional objections. After exchanging one round of written jurisdictional submissions on 1 April and 16 June 2014, the suspension of the merits phase of the arbitration was lifted (by agreement of the parties) such that the jurisdictional and merits issues will be pleaded together. Following the exchange of further written submissions by the Parties (scheduled to be completed by April 2015), an oral hearing will take place in June 2015; finally, the tribunal will deliberate and issue its award. There is no procedural deadline within the award must be rendered.

Based on the facts and circumstances described above and following the guidance set forth by IAS 27R, the Company ceased consolidating the results of operations and cash flows of the Venezuelan Companies as from June 30, 2009, and classified its investments in the Venezuelan Companies as financial assets based on the definitions contained in paragraphs 11(c)(i) and 13 of IAS 32.

The Company classified its interests in the Venezuelan Companies as available-for-sale investments since management believes they do not fulfill the requirements for classification within any of the remaining categories provided by IAS 39 and such classification is the most appropriate accounting treatment applicable to non-voluntary

dispositions of assets.

Tenaris or its subsidiaries have net receivables with the Venezuelan Companies as of December 31, 2014, for a total amount of approximately $26.8 million.

The Company records its interest in the Venezuelan Companies at its carrying amount at June 30, 2009, and not at fair value, following the guidance set forth by paragraphs 46(c), AG80 and AG81 of IAS 39.

31 Fees paid to the Company s principal accountant

Total fees accrued for professional services rendered by PwC Network firms to Tenaris S.A. and its subsidiaries are detailed as follows:

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2014	**2013**	**2012**
Audit Fees	5,231	5,723	5,446
Audit-Related Fees	142	143	335
Tax Fees	89	117	137
All Other Fees	35	51	32
Total	**5,497**	**6,034**	**5,950**

32 Subsequent event

Annual Dividend Proposal

On February 18, 2015 the Company s Board of Directors proposed, for the approval of the Annual General Shareholders meeting to be held on May 6, 2015, the payment of an annual dividend of $0.45 per share ($0.90 per ADS), or approximately $531.2 million, which includes the interim dividend of $0.15 per share ($0.30 per ADS) or approximately $177.1 million, paid on November 27, 2014. If the annual dividend is approved by the shareholders, a dividend of $0.30 per share ($0.60 per ADS), or approximately $354.1 million will be paid on May 20, 2015, with an ex-dividend date of May 18, 2015. These Consolidated Financial Statements do not reflect this dividend payable.

Edgardo Carlos
Chief Financial Officer