

Tenaris S.A.

Annual accounts

Luxembourg GAAP as at December 31, 2014



Audit report

To the Shareholders
of Tenaris S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Tenaris S.A., which comprise the balance sheet as at 31 December 2014, the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Tenaris S.A. as of 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to Corporate Governance Statements.

Luxembourg,
31 March 2015

PricewaterhouseCoopers, Société coopérative
Represented by

/s/ Mervyn R. Martins

Mervyn R. Martins

Balance sheet

as at December 31, 2014

Expressed in United States Dollars

	Note	2014	2013
ASSETS			
C. FIXED ASSETS			
III. Financial fixed assets			
1. Shares in affiliated undertakings	4	23,006,961,885	23,827,602,627
		23,006,961,885	23,827,602,627
D. CURRENT ASSETS			
II. Debtors			
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	10	2,528,182	3,490,592
4. Other receivables			
a) becoming due and payable within one year		285	–
IV. Cash at bank and cash in hand		317,613	233,271
		2,846,080	3,723,863
Total assets		23,009,807,965	23,831,326,490
LIABILITIES			
A. CAPITAL AND RESERVES			
I. Subscribed capital	5	1,180,536,830	1,180,536,830
II. Share premium and similar premiums	5,7	609,732,757	609,732,757
IV. Reserves			
1. Legal reserve	5,6	118,053,683	118,053,683
V. Profit or loss brought forward		21,545,028,256	22,057,709,325
VI. Profit or loss for the financial year		(295,767,461)	(5,050,231)
VII. Interim dividend	5,8	(177,080,525)	(153,469,789)
		22,980,503,540	23,807,512,575
D. NON-SUBORDINATED DEBTS			
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	10	7,186,486	6,048,341
b) becoming due and payable after more than one year	10	20,082,849	15,286,899
9. Other creditors			
a) becoming due and payable within one year		2,035,090	2,478,675
		29,304,425	23,813,915
Total liabilities		23,009,807,965	23,831,326,490

The accompanying notes are an integral part of these annual accounts.

Profit and loss account for the year ended December 31, 2014

Expressed in United States Dollars

	Note	2014	2013
A. CHARGES			
5. Other operating charges	11	28,563,073	24,162,454
6. Value adjustments and fair value adjustments on financial fixed assets	4	288,522,631	–
8. Interest and other financial charges			
a) concerning affiliated undertakings		772,069	863,600
b) other interest and similar financial charges		67	46,360
11. Income tax	9	4,357	4,268
Total charges		317,862,197	25,076,682
B. INCOME			
6. Income from financial fixed assets			
a) derived from affiliated undertakings	12	22,000,000	20,000,000
7. Income from financial current assets			
a) derived from affiliated undertakings		19,715	24,254
b) other income from financial current assets		75,021	2,197
13. Loss for the financial year		295,767,461	5,050,231
Total income		317,862,197	25,076,682

The accompanying notes are an integral part of these annual accounts.

Notes to audited annual accounts as at December 31, 2014

1. General information

Tenaris S.A. (the “Company” or “Tenaris”) was established on December 17, 2001 under the name of Tenaris Holding S.A. as a public limited liability company under Luxembourg’s 1929 holding company regime (*société anonyme holding*). On June 26, 2002, the Company changed its name to Tenaris S.A. On January 1, 2011, the Company became an ordinary public limited liability company (*Société Anonyme*).

Tenaris’s object is to invest mainly in companies that manufacture and market steel tubes and other related businesses.

The financial year starts on January 1 and ends on December 31 of each year.

Tenaris prepares and publishes consolidated financial statements which include further information on Tenaris and its subsidiaries. The financial statements are available at the registered office of the Company, 29, Avenue de la Porte-Neuve –L-2227– 3rd Floor, Luxembourg.

2. Presentation of the comparative financial data

The comparative figures for the financial year ended December 31, 2013 relating to items of balance sheet, profit and loss and the notes to the accounts are reclassified whenever necessary to ensure comparability with the figures for the financial year ended December 31, 2014.

3. Summary of significant accounting policies

3.1. Basis of presentation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of these annual accounts 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 income and charges during the reporting years. Actual results may differ from these estimates.

3.2. Foreign currency translation

Current and non-current assets and liabilities denominated in currencies other than the United States Dollar (“USD”) are translated into USD at the rate of exchange at the balance sheet date. Non-current assets remain at the exchange rate on the day of incorporation. The resulting gains or losses are reflected in the Profit and loss account for the financial year. Income and expenses in currencies other than the USD are translated into USD at the exchange rate prevailing at the date of each transaction.

3.3. Financial fixed assets

Shares in affiliated undertakings are stated at purchase price, adding to the price paid the expenses incidental thereto.

Whenever necessary, the Company conducts impairment tests on its fixed assets in accordance with Luxembourg regulations.

In case of other than a temporary decline in respect of the fixed assets value, its carrying value will be reduced to recognize this decline. If there is a change in the reasons for which the value adjustments were made, these adjustments could be reversed, if appropriate.

3.4. Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.5. Cash at bank and cash in hand

Cash at bank and cash in hand mainly comprise cash at bank and liquidity funds. Assets recorded in cash at bank and cash in hand are carried

at fair market value or at historical cost which approximates fair market value.

3.6. Non-subordinated debts

Non-subordinated debts are stated at nominal value.

4. Financial fixed assets

Shares in affiliated undertakings

Movements of investments in affiliated undertakings during the financial year are as follows:

All amounts in United States Dollars, unless otherwise stated

Company	Country	% of ownership	Book value at December 31, 2013	Decreases	Book value at December 31, 2014	Equity at 12.31.2014	Profit for the financial year ended on 12.31.2014
Tenaris Investments S.ar.l. (*)	Luxembourg	100.0%	23,827,602,627	(820,640,742)	23,006,961,885	25,667,006,723	528,072,784
Shares in affiliated undertakings			23,827,602,627	(820,640,742)	23,006,961,885	25,667,006,723	528,072,784

(*) Tenaris holds indirectly through its wholly-owned subsidiary Tenaris Investments S.à r.l. the 100% shares of: Confab Industrial S.A., HydriL Company, Inversiones Berna Limitada, Inversiones Lucerna Limitada, Maverick Tube Corporation, Siderca S.A.I.C., Talta - Trading e Marketing, Sociedade Unipessoal Lda., Tenaris Investments Switzerland AG, Tenaris Solutions AG, Tubos de Acero de México S.A., Tenaris Bay City, Inc., Tenaris Rods (USA), Inc., Algoma Tubes INC., Siderca International ApS, Exiros B.V. and Socobras Participações Ltda.. Additionally, Tenaris holds through its wholly-owned subsidiary Tenaris Investments S.à r.l. the 11.5% of Ternium S.A.

On December 7, 2010, Tenaris entered into a master credit agreement with Tenaris Investments pursuant to which, upon request from Tenaris, Tenaris Investments may, but shall not be required to, from time to time make loans to Tenaris. Any loan under the master credit agreement may be repaid or prepaid from time to time through a reduction of the capital of Tenaris Investments by an amount equivalent to the amount of the loan then outstanding (including accrued interest). As a result of reductions in the capital of Tenaris Investments made during the financial year ended December 31, 2014, in connection with

cancellations of loans to Tenaris, the value of the participation of Tenaris in Tenaris Investments decreased by USD 532.1 million.

The Company has reviewed the carrying value of its investments and as a consequence, as of December 31, 2014 an impairment test over the underlying investment was performed. Subsequently the value of the following investments, held indirectly through Tenaris Investments S.à r.l, were written down as follows: Usiminas (one of the investments held directly through Confab Industrial S.A. and indirectly held

through Siderca S.A.I.C.) by USD 49.1 million, Tubocaribe (one of the investments held directly through Maverick Tube Corporation) by USD 174.2 million, Prudential (one of the investments held directly through Algoma Tubes INC.) by USD 31.6 million and Ternium S.A. by USD 33.6 million.

The impairment in Tubocaribe and Prudential was mainly due to the fall in oil prices that is affecting drilling activity and the expected demand for OCTG products which is the main

source of revenue of those companies. The impairment in Ternium (due to its investment in Usiminas) and Usiminas 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.

5. Capital and reserves

Expressed in United States Dollars

Item	Subscribed capital	Share premium	Legal reserve	Retained earnings	Interim dividend	Capital and reserves
Balance at the beginning of the financial year	1,180,536,830	609,732,757	118,053,683	22,052,659,094	(153,469,789)	23,807,512,575
Loss for the period	–	–	–	(295,767,461)	–	(295,767,461)
Dividend paid ⁽¹⁾	–	–	–	(507,630,838)	153,469,789	(354,161,049)
Interim Dividend ⁽²⁾	–	–	–	–	(177,080,525)	(177,080,525)
Balance at the end of the financial year	1,180,536,830	609,732,757	118,053,683	21,249,260,795	(177,080,525)	22,980,503,540

(1) As approved by the ordinary shareholders' meeting held on May 7, 2014.

(2) As approved by the board of directors' meeting held on November 5, 2014.

The authorized capital of the Company amounts to USD 2.5 billion. The total authorized share capital of the Company is represented by 2,500,000,000 shares with a par value of USD 1 per share. The total capital issued and fully paid-up at December 31, 2014 was 1,180,536,830 shares with a par value of USD 1 per share.

The board of directors is authorized until May 12, 2017, to increase the issued share capital, through issues of shares within the limits of the authorized capital.

6. Legal reserve

In accordance with Luxembourg law, the Company is required to set aside a minimum of 5% of its annual net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve has reached 10% of the issued share capital. The Company's reserve has already reached this 10%. 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 to the shareholders.

7. Distributable amounts

Dividends may be paid by Tenaris upon the ordinary shareholders' meeting approval to the extent distributable retained earnings exist.

At December 31, 2014, profit brought forward after deduction of the loss and the interim dividend for the financial year of Tenaris under Luxembourg law totaled approximately USD 21.1 billion.

The share premium amounting to USD 0.6 billion can also be reimbursed.

8. Interim dividend paid

In November 2014, the Company paid an interim dividend of USD 177.1 million based on the board of director's decision of November 5, 2014 and in compliance with the conditions set out in the "Amended law of August 10, 1915 on commercial companies" regarding the payment of interim dividends.

9. Taxes

For the financial year ended December 31, 2014 the Company did not realize any profits subject to tax in Luxembourg and will therefore be only subject to the minimum income tax applicable to a Soparfi (société de participations financières). The Company is also liable to the minimum Net Wealth Tax.

10. Balances with affiliated undertakings

Expressed in United States Dollars

	Within a year	After more than one year	Total at December 31, 2014	Total at December 31, 2013
ASSETS				
DEBTORS				
becoming due and payable within one year				
Tenaris Solutions A.G.	2,527,543	–	2,527,543	3,490,320
Others	639	–	639	272
Total	2,528,182	–	2,528,182	3,490,592
NON-SUBORDINATED DEBTS				
becoming due and payable within one year				
Siderca Sociedad Anónima Industrial y Comercial	3,155,569	–	3,155,569	71,928,661
Dalmine S.p.A.	1,577,664	–	1,577,664	1,635,798
Tenaris Solutions Uruguay S.A.	363,670	–	363,670	378,948
Tubos de Acero de México S.A.	277,331	–	277,331	364,914
Maverick Tube Corporation	277,592	–	277,592	230,097
Tenaris Solutions AG	94,586	–	94,586	86,154
SIAT Sociedad Anónima	1,423,769	–	1,423,769	1,423,769
Others	16,305	–	16,305	–
becoming due and payable after more than one year				
Siderca Sociedad Anónima Industrial y Comercial	–	13,085,389	13,085,389	10,586,529
Tenaris Solutions AG	–	6,733,038	6,733,038	4,700,370
Tenaris Solutions Uruguay S.A.	–	264,422	264,422	–
Total	7,186,486	20,082,849	27,269,335	21,335,240

11. Other operating charges

Expressed in United States Dollars

	2014	2013
Services and fees	26,825,906	22,072,690
Board of director's accrued fees	1,025,000	960,000
Others	712,167	1,129,764
	28,563,073	24,162,445

12. Income from financial fixed assets derived from affiliated undertakings

In November 2014, Tenaris S.A. received a dividend from Tenaris Investments S.à r.l amounting to USD 22.0 million.

13. Parent Company

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.ar.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.

14. 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 USD 0.45 per share (USD 0.90 per ADS) or approximately USD 531.2 million, which includes the interim dividend of USD 0.15 per share (USD 0.30 per ADS), or approximately USD 177.1 million, paid on November 2014. If the annual dividend is approved by the shareholders, a dividend of USD 0.30 per share (USD 0.60 per ADS), or approximately USD 354.1 million will be paid on May 20, 2015, with an ex-dividend date of May 18, 2015. These annual accounts do not reflect this dividend payable.

/s/ Edgardo Carlos
Chief Financial Officer

