SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

¨ **Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934**

or

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2005**

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

or

¨ **Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number: 001-31518

TENARIS S.A.

(Exact Name of Registrant as Specified in its Charter)

N/A

(Translation of registrant s name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

46a, Avenue John F. Kennedy 2 floor

L-1855 Luxembourg

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
American Depositary Shares	**New York Stock Exchange**
Ordinary Shares, par value $1.00 per share	**New York Stock Exchange***

* **Ordinary shares of Tenaris S.A. are not listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

1,180,536,830 ordinary shares, par value $1.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

Note checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated file x Accelerated Filer ¨ Non-accelerated filer ¨

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Please send copies of notices and communications from the Securities and Exchange Commission to:

Cristian J.P. Mitrani

Bruchou, Fernández Madero, Lombardi & Mitrani

Ing. Butty 275, 12th Floor

C1001AFA - Buenos Aires, Argentina

(54-11) 5288-2300

Carlos J. Spinelli-Noseda, Esq.

Sullivan & Cromwell LLP

125 Broad Street

New York, New York 10004

(212) 558-4000

TABLE OF CONTENTS

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 joint stock corporation (*société anonyme holding*).
- References in this annual report to Tenaris , we , us or our refer to Tenaris S.A. and its consolidated subsidiaries. See Accounting Policies A B and L to our audited consolidated financial statements included in this annual report.
- References in this annual report to the Techint group refer to an international group of companies with operations focused principally in the steel and energy sectors over which San Faustín N.V. (a Netherlands Antilles corporation and Tenaris s controlling shareholder), or San Faustín, exercises either control or significant influence.
- 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.
- 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.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards, or IFRS. IFRS differ in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Note 32 to our audited consolidated financial statements included in this annual report provides a description of the principal differences between IFRS and U.S. GAAP as they relate to our audited consolidated financial statements and provides a reconciliation of net income and shareholders equity for the years and dates indicated.

We publish consolidated financial statements expressed in U.S. dollars. Our consolidated financial statements in this annual report are those for the year ended December 31, 2005.

Table of Contents

Currencies

In this annual report, unless otherwise specified or the context otherwise requires:

- dollars , U.S. dollars , US$ or $ each refers to the United States dollar;
- or euros each refers to the Euro, the common currency of the European Union;
- Argentine pesos or ARP each refers to the Argentine peso;
- Brazilian real or BRL each refers to the Brazilian real;
- British pounds , Pounds sterling or GBP each refers to the British pound;
- Canadian dollars or CAD each refers to the Canadian dollar;
- Mexican pesos or MXP each refers to the Mexican peso;
- Venezuelan Bolívares or VEB , each refers to the Venezuelan bolívar;
- Yen , Japanese yen or JPY each refers to the Japanese yen; *and*
- Romanian Lei or RON each refers to the Romanian new lei.

On December 30, 2005, the exchange rate between; the euro and the U.S. dollar (as published by European Central Bank) was 1.00=$1.1797; the Argentine peso (as published by *Banco Central de la República Argentina*, or the Argentine Central Bank) was ARP3.032=$1.00; the noon buying rate for the Brazilian real (as certified for customs purposes by the Federal Reserve Bank of New York, or the Federal Reserve) was BRL2.3340=$1.00; the noon buying rate for the British pound (as published by the Federal Reserve) was GBP1.00=$1.7188; the noon buying rate for the Canadian dollars (as published by the Federal Reserve) was CAD1.1656=$1.00; the noon buying rate for the Mexican pesos (as published by the Federal Reserve) was MXP10.63=$1.00; the noon buying rate for the Venezuelan bolívar (as published by the Federal Reserve) was VEB2,144.60=$1.00; the noon buying rate for the Japanese yen (as published by the Federal Reserve) was JPY117.88=$1.00 and the RON (as published by the National Bank of Romania) was RON3.1078 = $1.00. Those rates may differ from the actual rates used in the preparation of our consolidated financial statements. We do not represent that any of these currencies could have been or could be converted into U.S. dollars or that the U.S. dollars could have been or could be converted into any of these currencies.

Rounding; Comparability of Data

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 Site is Not Part of This Annual Report

We maintain an Internet site at www.tenaris.com. Information contained in or otherwise accessible through this website is not a part of this annual report. All references in this annual report to these Internet sites 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 these sites.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report and other oral and written statements made by us to the public 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 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 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 , should , will pursue , expect , project , intend , plan , believe and words and terms of similar substance to identify forward-looking statements, but they are not the o 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. In addition to the risks related to Tenaris s business discussed under Risk Factors, other factors could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to:

- management strategy;
- expected ability to price our products and services;
- capital spending;
- growth, expansion and forecasts of our business;
- trends and other prospective data, including trends regarding the levels of investment in oil and gas exploration and drilling worldwide and the business development and operations of our subsidiary Dalmine Energie S.p.A*,* or DaEn;
- general macroeconomic and political conditions in the countries in which we operate or distribute pipes; *and*
- risks associated with the conduct of our business.

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 Tenaris s 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.

Table of Contents

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. Our consolidated financial statements were prepared in accordance with IFRS and were audited by Price Waterhouse & Co. S.R.L., of Argentina, a registered public accounting firm and a member firm of PricewaterhouseCoopers. IFRS differ in certain significant respects from U.S. GAAP. Note 32 to our audited consolidated financial statements included in this annual report provides a description of the principal differences between IFRS and U.S. GAAP as they relate to our audited consolidated financial statements and provides a reconciliation of net income and shareholders equity for the years and dates indicated therein.

For a discussion of the currencies used in this annual report, exchange rates and accounting principles affecting the financial information contained in this annual report, please see Presentation of Certain Financial and other Information Accounting Principles and Currencies.

Table of Contents

Thousands of U.S. dollars (except number of shares and per share amounts)	For the year ended December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
Selected consolidated income statement data[1]					
IFRS					
Net sales	6,736,197	4,136,063	3,179,652	3,219,384	3,174,299
Cost of sales	(3,942,758)	(2,776,936)	(2,207,827)	(2,169,228)	(2,165,568)
Gross profit	2,793,439	1,359,127	971,825	1,050,156	1,008,731
Selling, general and administrative expenses	(842,574)	(672,449)	(566,835)	(567,515)	(502,747)
Other operating income (expenses), net	(2,419)	126,840	(116,800)	(10,764)	(64,352)
Operating income	1,948,446	813,518	288,190	471,877	441,632
Financial income (expenses), net	(109,738)	5,802	(29,420)	(20,597)	(25,595)
Income before equity in earnings (losses) of associated companies and income tax	1,838,708	819,320	258,770	451,280	416,037
Equity in earnings (losses) of associated companies	117,377	206,037	27,585	(6,802)	(41,296)
Income before income tax	1,956,085	1,025,357	286,355	444,478	374,741
Income tax	(568,753)	(220,376)	(63,918)	(207,771)	(218,838)
Net income [2]	1,387,332	804,981	222,437	236,707	155,903
Net income attributable to [2]:					
Equity holders of the Company	1,277,547	784,703	210,308	94,304	81,346
Minority interest	109,785	20,278	12,129	142,403	74,557
Net income [2]	1,387,332	804,981	222,437	236,707	155,903
Depreciation and amortization	(214,227)	(208,119)	(199,799)	(176,315)	(161,710)
Weighted average number of shares outstanding[3]	1,180,536,830	1,180,506,876	1,167,229,751	732,936,680	710,747,187
Basic and diluted earnings per share[4]	1.08	0.66	0.18	0.13	0.11
Dividends per share[5]	0.30	0.11	0.10	0.06	0.15
U.S. GAAP					
Net sales[6]	6,736,197	4,136,063	3,179,652	3,219,384	2,313,162
Operating income [6]	1,956,718	823,527	297,568	476,107	422,014
Income before cumulative effect of accounting changes	1,295,465	730,339	203,908	110,049	163,921
Cumulative effect of accounting changes				(17,417)	(1,007)
Net income	1,295,465	730,339	203,908	92,632	162,914
Weighted average number of shares outstanding[3]	1,180,536,830	1,180,506,876	1,167,229,751	732,936,680	710,747,187
Basic and diluted earnings per share before effect of accounting changes[4]	1.10	0.62	0.18	0.15	0.23
Cumulative effect of accounting changes per share[4]				(0.02)	(0.00)
Basic and diluted earnings per share[4]	1.10	0.62	0.18	0.13	0.23

(1) Certain comparative amounts for 2004, 2003, 2002 and 2001 have been reclassified to conform to changes in presentation for 2005.

(2) Prior to December 31, 2004, minority interest was shown in the income statement before net income, as required by IFRS in effect. For years beginning on or after January 1, 2005, International Accounting Standard No. 1 (IAS 1), (revised), requires that income for the year as shown on the income statement not exclude minority interest. Earnings per share, however, continue to be calculated on the basis of net income attributable solely to the equity holders of the Company. See section iv (a) of the consolidated financial statements included in this annual report.

(3) On October 18, 2002, Sidertubes S.A., formerly a wholly owned subsidiary of San Faustín, contributed all of its assets for 710,747,090 shares of Tenaris. Upon the consummation of the December 2002 exchange offer and subsequent acquisitions of minority interests Tenaris had a total of 1,180,536,830 shares for the years ended December 31, 2005 and 2004 and 1,180,287,664 and 1,160,700,794 shares for the

years ended December 31, 2003 and 2002, respectively.

(4) Earnings per share before effect of accounting changes, cumulative effect of accounting changes per share and earnings per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued and outstanding in each of the periods presented prior to October 18, 2002.

(5) Dividends per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued and outstanding in each of the periods presented prior to October 18, 2002.

(6) For U.S. GAAP purposes, Dalmine s results were not consolidated for the year ended December 31, 2001.

Table of Contents

Thousands of U.S. dollars (except number of shares and per share amounts)	At December 31, 2005	2004	2003	2002	2001
Selected consolidated balance sheet data[1]					
IFRS					
Current assets	3,773,284	3,012,092	2,035,895	1,810,581	1,619,136
Property, plant and equipment, net	2,230,038	2,164,601	1,960,314	1,934,237	1,971,318
Other non-current assets	702,706	485,595	313,339	337,080	247,500
Total assets	6,706,028	5,662,288	4,309,548	4,081,898	3,837,954
Current liabilities	1,699,101	1,999,846	1,328,677	1,203,278	1,084,913
Non-current borrowings	678,112	420,751	374,779	322,205	393,051
Deferred tax liabilities	353,395	371,975	418,333	500,031	262,963
Other non-current liabilities	199,547	208,521	226,495	175,547	302,645
Total liabilities	2,930,155	3,001,093	2,348,284	2,201,061	2,043,572
Capital and reserves attributable to the Company s equity holders[2]	3,507,802	2,495,924	1,841,280	1,694,054	875,401
Minority interest	268,071	165,271	119,984	186,783	918,981
Total liabilities and equity	6,706,028	5,662,288	4,309,548	4,081,898	3,837,954
Number of shares outstanding[3]	1,180,536,830	1,180,536,830	1,180,287,664	1,160,700,794	710,747,187
Equity holders equity per share[4]	2.97	2.11	1.56	1.46	1.23
U.S. GAAP					
Total assets	6,557,751	5,595,345	4,287,548	4,051,044	3,075,455
Net assets	3,683,010	2,655,196	2,008,964	1,935,698	1,781,814
Total shareholders equity	3,413,593	2,488,372	1,887,207	1,745,883	941,926
Number of shares outstanding[3]	1,180,536,830	1,180,536,830	1,180,287,664	1,160,700,794	710,747,187
Equity holders equity per share[4]	2.89	2.11	1.60	1.50	1.33

(1) Certain comparative amounts for 2004, 2003, 2002 and 2001 have been reclassified to conform to changes in presentation for 2005.

(2) The Company s common stock consists of 1,180,536,830 shares issued and outstanding at December 31, 2005 and 2004, 1,180,287,664 shares issued and outstanding at December 31, 2003 and 1,160,700,794 shares issued and outstanding at December 31, 2002. Shares are par value $1.00 per share. Common stock accounted for the following amounts within shareholders equity: $1,180.5 million at December 31, 2005 and 2004, $1,180.3 million at December 31, 2003, and $1,160.7 million at December 31, 2002.

(3) On October 18, 2002, Sidertubes S.A., formerly a wholly owned subsidiary of San Faustín, contributed all of its assets for 710,747,090 shares of Tenaris. Upon the consummation of the December 2002 exchange offer and subsequent acquisitions of minority interests Tenaris had a total of 1,180,536,830 shares for years ended December 31, 2005 and 2004 and 1,180,287,664 and 1,160,700,794 shares at December 31, 2003 and 2002, respectively.

(4) Equity holders equity per share at the dates presented has been calculated based on the assumption that 710,747,187 shares were issued and outstanding at each of the dates presented prior to October 18, 2002.

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, financial condition and results of operations, which could in turn affect the price of our shares and ADSs.

Table of Contents

Risks Relating to the Seamless Steel Pipe Industry

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

The oil and gas industry is the largest consumer of seamless steel pipe products worldwide. This industry has historically been volatile, and downturns in the oil and gas markets adversely affect the demand and price for seamless steel pipe products. Demand for seamless pipe products 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 these activities depends primarily on current and expected future prices of oil and natural gas. Several factors, such as the supply and demand for oil and natural 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 seamless 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 pipe consumption to decline.

Sales and revenues may fall as a result of fluctuations in industry inventory levels.

Inventory levels of seamless steel pipe in the oil and gas industry can vary significantly from period to period. These fluctuations can affect the demand for our products, as customers draw from existing inventory during periods of low investment in drilling and other activities and accumulate inventory during periods of high investment. Even if the prices of oil and gas rise or remain stable, oil and gas companies may not purchase additional seamless steel pipe products or maintain their current purchasing volume.

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

The global market for seamless steel pipe products is highly competitive, with the primary competitive factors being price, quality and service. We compete in major international markets primarily against a limited number of manufacturers of premium-quality steel pipe products. In addition, a large number of producers manufacture and export generally lower quality steel pipes. Competition from these low-end producers, particularly those from Russia, China and the Ukraine, is increasing and has, in the past, adversely affected us because they have offered products at significantly lower prices. In addition, these producers are improving the range and quality of pipes, thereby increasing their ability to compete with us. We may not continue to compete effectively against existing or potential producers and preserve our current shares of geographic or product markets. In addition, if import restrictions are imposed upon our competitors, they may increase their marketing efforts in other countries where we sell our products and thus increase competitive pressure in such markets.

Our main domestic markets may remove barriers to imported products which will lead to increased competition in these countries and may hurt our sales and profitability.

As part of the increasing globalization and integration of major economic markets, some countries are forming trade blocs and lifting quotas and other restrictions on imports, including imports of seamless steel pipe products. For example, Mexico is party to the North American Free Trade Agreement, or NAFTA, Italy is a member of the European Union, or EU and Romania is expected to join the EU. Argentina is a member of the regional trading bloc, *Mercado Común del Sur*, or Mercosur. In addition, Mexico, Italy and Argentina are each a party to bilateral and multilateral trade agreements (for example, Mexico s trade agreement with the EU) that remove barriers to the import of foreign products. As import barriers continue to be reduced, the domestic markets in Mexico, Italy and Argentina for seamless steel pipe products may attract foreign producers and become more competitive. This could result in an adverse effect on our current economic market share in our domestic markets. Furthermore, while trade liberalization may also provide us with greater access to foreign markets, potential increases in sales to those foreign markets may not adequately offset any loss in domestic sales arising from increased import competition.

Table of Contents

As a result of antidumping and countervailing duty proceedings and other import restrictions, we may not be allowed to sell our products in important geographic markets such as the United States.

Local producers in the United States and other markets have filed antidumping, countervailing duty and safeguard actions against us and other producers in their home countries in several instances in the past. Some of these actions led to significant penalties, including the imposition of antidumping and countervailing duties, in the United States. Certain of our seamless steel products have been and continue to be subject to such duties in the United States. Antidumping or countervailing duty proceedings or any resulting penalties or any other form of import restriction may impede our access to one or more important export markets for our products and in the future additional markets could be closed to us as a result of similar proceedings, thereby adversely impacting our sales or limiting our opportunities for growth. The U.S. market is effectively closed to certain of our principal products, limiting our current business and potential growth in that market.

Increases in the cost of raw materials and energy may hurt our profitability.

The manufacture of seamless steel pipe products requires substantial amounts of raw materials and energy from domestic and foreign suppliers. 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 recent years, the cost of raw materials used in our business have increased significantly due to increased global demand for steel products in general. In addition, availability of energy in Argentina, where we have significant operations, has become tighter as supply has not kept up with demand as a result of price controls and other uncertainties affecting investment in generation plants and distribution networks. Shortages of natural gas in Argentina and consequent supply restrictions could lead to higher costs of production and eventually to production cutbacks at our facilities in Argentina. We may not be able to recover increased costs of raw materials and energy through increased prices on our products, and limited availability could force us to curtail production, which could adversely affect our sales and profitability.

Potential environmental, product liability and other claims could create significant liabilities for us that would adversely impact our business, financial condition, results of operations and prospects.

Our oil and gas casing, tubing and line pipe products are sold primarily for use in oil and gas drilling and transportation activities, which are subject to inherent risks, including well failures, line pipe leaks 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 or its coverage may be limited, canceled or otherwise terminated.

Similarly, our sales of tubing 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 our Business

Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales and revenues.

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 significant international 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, social instability, regulatory and taxation changes, and other political, economic or social developments of the countries in which we operate. Risks associated with political, economic or social developments may adversely affect our sales volumes or revenues from exports and, as a result, our financial condition and results of operations. For example, in Argentina we face or have faced high levels of taxation, price controls, changes in laws, regulations and policies affecting foreign trade and investment, forced modification of existing contracts, and restrictions on the supply of electricity and gas. Similarly, recent adverse political and economic developments in Venezuela and Nigeria have had an adverse impact on our sales in those countries, and may continue to do so. For additional information on risks relating to our operations in emerging markets, see Risks Relating to Emerging Markets .

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 the customer s supply chain, and continuing to pursue strategic acquisitions opportunities. Any of these components of our overall business strategy could be delayed or abandoned, could cost more than anticipated or may not be successfully implemented. For example, we may fail to develop products that differentiate us from our competitors or fail to find suitable acquisition targets or to consummate those acquisitions under favorable conditions, or we may be unable to successfully integrate acquired businesses into our operations. Even if we successfully implement our business strategy, it may not yield the expected results.

If we are unable to agree with our joint venture partner in Japan regarding the strategic direction of our joint operations, our operations in Japan may be adversely impacted.

In 2000, we entered into a joint venture agreement with a term of 15 years with NKK Corporation, or NKK, to form NKKTubes. In September 2002, NKK and Kawasaki Steel, one of our main competitors, completed a business combination through which they became subsidiaries of JFE Holdings Inc., or JFE. JFE s continued operation of Kawasaki Steel s seamless pipe business in competition with NKKTubes, or JFE s potential lack of interest in the continued development of NKKTubes, could place NKKTubes at a disadvantage and adversely impact our operations in Japan.

Future acquisitions and strategic partnerships may not perform in accordance to expectations or may disrupt our operations and hurt our profits.

A key element of our business strategy is to identify and pursue growth-enhancing strategic opportunities. As part of that strategy, we acquired interests in various companies during recent years. For example, on June 12, 2006, we entered into a merger agreement with Maverick Tube Corporation, or Maverick, a U.S. publicly traded corporation, a leading welded pipe producer in the U.S. and Canada. Pursuant to this transaction Maverick will merge with and into a wholly owned subsidiary of Tenaris. The transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. For more information see Item 5.G. Operating and Financial Review and Prospects Recent Developments- Agreement to acquire Maverick . In addition, in 2006 we acquired certain assets and facilities of Acindar Industria Argentina de Aceros S.A., or Acindar, related to the production of welded steel pipes in Argentina; in 2005, we acquired a controlling interest in Donasid S.A., or Donasid, a Romanian producer of steel bars, and in 2004, we acquired a controlling interest in S.C. Silcotub S.A., or Silcotub, a Romanian seamless steel pipes producer, and a controlling interest in Matesi, Materiales Siderúrgicos S.A., or Matesi, a Venezuelan producer of pre-reduced hot briquetted iron, or HBI. We will continue to actively consider other strategic acquisitions and partnerships from time to time. We must necessarily base any assessment of potential acquisitions and partnerships on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Our Maverick acquisition, if and when consummated, and other 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.

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

Our revenues are primarily U.S. dollar-denominated and a significant portion of our costs are denominated in the local currency of the markets in which we operate. As a result, movements in the exchange rate of the U.S. dollar against these local currencies can significantly impact on our profitability and financial condition. A rise in the value of the local currencies relative to the U.S. dollar will increase our relative production costs, thereby reducing operating margins. Conversely, a decrease in the value of the local currencies relative to the U.S. dollar will decrease their relative production costs. Volatility in exchange rates is likely to continue in the future. Such fluctuations will affect our production costs, revenues and financial results.

Related-party transactions with members of the Techint group may not be on terms as favorable as could be obtained from unrelated and unaffiliated third parties.

A portion of our sales and purchases or goods and services are made to and from other Techint group companies. 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 .

Our sales and profitability from welded steel pipe products are volatile and depend mainly on the availability of major projects and on our ability to secure contracts to supply these projects.

Our sales of welded products depend to a large extent on the number of active pipeline projects under contract and their rate of progress. Future sales of welded products depend to a large extent on our ability to secure contracts to supply major pipeline projects. The availability of such projects varies significantly from year to year. For example, in the first quarter of 2006, demand for our welded products was negatively affected by delays in major projects in Brazil. In 2005, significant new projects were begun in Brazil, which resulted in increased sales and improved profitability of this business segment. Our welded pipe revenues and profitability may fluctuate significantly in future years depending on our success in securing large supply contracts and on specific factors such as the cancellation or postponement of specific projects due to changes in government policies or adverse developments in economic, political or other factors.

The cost of complying with environmental regulations and unforeseen environmental liabilities may increase our operating costs or negatively impact our net worth.

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. We incur and will continue to incur expenditures to comply with these and such regulations. The expenditures necessary to remain in compliance with these laws and regulations, including site or other remediation costs, or costs incurred from unforeseen environmental liabilities, could have a material adverse effect on our financial condition and profitability.

Any decline in purchases by Petróleos Mexicanos may hurt our sales and profitability in the future.

We enjoy a strong relationship with Petróleos Mexicanos, or Pemex, one of the world s largest crude oil and condensates producers. Pemex is our single largest customer, accounting for 8% of our global sales in 2005. The loss of Pemex as a customer or a reduction in the volume of our sales to Pemex could have a material adverse effect on our sales and profitability.

Table of Contents

Risks Relating to the Structure of the Company

As a holding company, our 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.

We conduct all our operations through subsidiaries. Dividends or other intercompany transfers of funds from our subsidiaries are our primary source of funds to pay expenses, debt service and dividends. We do not and will not conduct operations at the holding company level, and any expenses that we incur, in excess of minimum levels, that cannot be otherwise financed will reduce amounts available for distribution to our shareholders. This could affect our ability to pay dividends.

The ability of our subsidiaries to pay dividends and make other payments to us will depend on the profitability of their operations and their financial condition and could be restricted by applicable corporate and other laws and regulations, including those imposing exchange controls or transfer restrictions, and other agreements and commitments of our subsidiaries. In addition, our ability to pay dividends to shareholders is subject to legal and other requirements and restrictions in effect at the holding company level. For example, we may only pay dividends out of net profits, retained earnings and available resources and premium, each as defined under Luxembourg 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 April 30, 2006, San Faustín, a Netherlands Antilles corporation, beneficially owned 60.4% of our shares. San Faustín is controlled by Rocca & Partners. As a result, Rocca & Partners is indirectly able to elect a substantial majority of the members of our 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 by us. The decisions of the controlling shareholder, may not reflect the will or best interests of other shareholders. For example, our articles of association permit our board of directors to waive, limit or suppress preemptive rights in certain cases. Accordingly, our controlling shareholder may cause our board of directors to approve an issuance of shares for consideration without preemptive rights, thereby diluting the minority interest in the Company. See Risk Factors Risks related to our ADSs Holders of our shares and ADSs in the United States may not be able to exercise preemptive rights in certain cases .

A current EU investigation could lead Luxembourg to change the tax rules applicable to 1929 holding companies and result in a higher tax burden on us in the future.

We were established as a société anonyme holding under Luxembourg s 1929 holding company regime. 1929 holding companies are exempt from certain business taxes on earnings and on payments. In the past, 1929 holdings were questioned by the EU as a harmful tax practice . As a result, in 2005 Luxembourg amended the holding company regime to eliminate the exemption with respect to income not previously subject to comparable tax. The new regime will not apply to pre-existing companies, including us, until 2011. On February 8, 2006, the European Commission launched a formal investigation into Luxembourg s 1929 legislation exempting holdings and financial companies from corporate taxation. The new EU investigation seeks to determine whether the 1929 regime is contrary to the EC Treaty state aid rules. The EU investigation is directed against the Luxembourg government, not against the relevant holding companies. If an investigation finds the tax exemptions are a form of state aid in violation of EU law, the EU can demand that Luxembourg change the applicable tax rules, and any such change could in turn result in a higher tax burden on us in the future.

Risks Relating to Specific Emerging Markets

Negative economic, political and regulatory developments in certain emerging markets where we have a significant portion of our operations and assets, could hurt our financial condition, revenues and sales volume and disrupt our manufacturing operations, thereby adversely affecting our profitability and financial condition.

Significant portions of our operations are located in politically volatile or unstable countries. 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 developments, events, laws and regulations (such as forced divestiture of assets; restrictions on production, imports and exports; interruptions in the supply of essential energy inputs; exchange and/or transfer restrictions; inflation; devaluation; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of our facilities and operations; direct and indirect price controls; tax increases; changes in the interpretation or application of tax laws and other retroactive tax claims or challenges; expropriation of property; changes in laws, norms and regulations; cancellation of contract rights; delays or denials of government approvals; and environmental regulations). 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.

Argentina

We have significant manufacturing operations and assets in Argentina, where we produce approximately one-quarter of our seamless pipes. Our business may be materially and adversely affected by economic, political, fiscal and regulatory developments in Argentina.

Economic and political instability resulted in a severe recession in 2002, which has had a lasting effect on Argentina s economy.

In 2001, a sustained period of economic contraction culminated in severe social, monetary and financial turmoil and the resignation of President Fernando de la Rúa on December 21, 2001, amid wide-spread and violent demonstrations. An interim administration adopted a series of emergency measures affecting Argentina s monetary and fiscal policies, including the end of the decade-old peg of the Argentine peso to the U.S. dollar and obligatory unwinding of dollar-denominated contracts. As a result, the Argentine peso experienced significant devaluation in 2002.

Presidential elections held April 2003 were eventually won by Nestor Kirchner with the smallest plurality on record. Since taking office, however, President Kirchner has enjoyed high levels of popular support and the economy has recovered to levels last attained in 1998, with growth of the country s gross domestic product, or GDP, averaging 9% per annum in the three-year period from 2003 -2005. During 2005, the Argentine government restructured most of the country s defaulted debt. As a result of the sustained economic growth, unemployment rates have dropped to 10.1% in 2005 from a peak of 24.1% in 2002. Furthermore, the Argentine economy continues to benefit strongly from high international commodity prices, low international interest rates and high levels of global liquidity.

Despite the progress to date, several significant issues remain to be addressed by the government. Inflation increased significantly during 2005 to 12%, and the economy has been affected by supply constraints as capacity idled during the economic crisis has been utilized. Capital investment in general has lagged due to political uncertainties caused by the government s increasing anti-business tone and its inclination to resort to price controls, nationalizations and other measures limiting the private conduct of business.

Economic conditions in Argentina have deteriorated rapidly in the past and may deteriorate rapidly in the future. Should the current favorable conditions reverse, inflation become a problem or supply constraints hinder future growth, the Argentine economy may not continue to grow at current rates. Our business and operations in Argentina could be adversely affected by rapidly changing economic conditions in Argentina or by the Argentine government s policy response to such conditions.

Argentine government policies will likely have a significant impact on the economy and as a result, on our Argentine operations.

The Argentine government has historically exercised significant influence over the local economy. In response to the December 2001 economic crisis, the Argentine government has promulgated numerous, far-reaching laws and regulations that affect the economy in significant respects. Laws and regulations currently governing the economy could change in the future, and any such changes could adversely affect our business, financial condition or results from operations.

Table of Contents

The Argentine Central Bank has imposed restrictions on the transfer of funds outside of Argentina and other exchange controls in the past and may do so in the future, which could prevent us from paying dividends or other amounts from cash generated by our Argentine operations.

In 2001 and 2002 and through February 7, 2003, the Argentine Central Bank restricted Argentine individuals and corporations from transferring U.S. dollars abroad without its prior approval. In 2003 and 2004, the government reduced some of these restrictions, including those requiring the Argentine Central Bank s prior authorization for the transfer of funds abroad to pay principal and interest on debt obligations. Nevertheless, significant government controls and restrictions remain in place, and the Argentine government may impose new restrictions on foreign exchange in the future. On June 10, 2005, the Argentine government issued Decree No. 616/2005 establishing certain restrictions on capital inflows into Argentina. The existing controls and restrictions, and any additional restrictions of this kind that may be imposed in the future, could impair our ability to transfer funds generated by our Argentine operations in U.S. dollars outside Argentina to fund the payment of dividends or other amounts and to undertake investments and other activities that require payments in U.S. dollars. Furthermore, these restrictions could affect our ability to finance our investments and operations in Argentina. For additional information on current Argentine exchange controls and restrictions see Item 10.D. Additional Information Exchange Controls .

We are currently 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 Argentine pesos at the market-based floating exchange rate applicable on the date of repatriation. This requirement, and any similar requirement that may be imposed in the future, exposes us to the risk of losses arising from fluctuations in the exchange rate of the Argentine peso.

Despite the results of the recent restructuring of its debt with private creditors, Argentina is limited in its ability to obtain financing in the future, which may restrict its ability to implement reforms and create the conditions for sustained economic growth and, as a result our subsidiaries in Argentina may be unable to obtain financing.

In 2005, the Argentine government restructured its public debt with private creditors, with approximately 76% of its creditors surrendering their claims in exchange for new bonds worth approximately $0.35 on the dollar. However, at this time it is impossible to determine what effect the restructuring will have, if any, on investor confidence or on the Argentine economy generally. In addition, as a consequence of the restructuring Argentina will still have obligations outstanding with bondholders of approximately $54.8 billion (approximately $35.3 billion under the new bonds plus approximately $19.5 billion under the old bonds not tendered for exchange) and will have to withstand any legal actions that may be filed by bondholders who did not accept the Argentine government s exchange offer. On January 4, 2006, the Argentine government prepaid all of its outstanding obligations to the International Monetary Fund (IMF), amounting to approximately $9.5 billion. This prepayment, together with Argentina s limited access to foreign capital, could curtail its ability to access international credit markets.

To date, Argentina has experienced difficulty and greater costs when accessing the international credit markets, given its past default, its failure to restructure the entire amount of its existing sovereign debt and in spite of the recovery of economic and financial conditions. If Argentina is not able to honor its outstanding financial agreements, or if it does not obtain the required financing to implement the economic and political reforms necessary to obtain sustainable development and GDP growth, the resulting economic environment could negatively affect our operating costs, sales and results of operations. In particular, to the extent our subsidiaries in Argentina are not able to maintain high levels of export, their ability to obtain financing could be limited.

The Argentine government has increased taxes on our operations in Argentina, and could further increase the tax burden on our operations in Argentina.

Since 1992, the Argentine government has not permitted the application of an inflation adjustment on the value of fixed assets for tax purposes. Since the substantial devaluation of the Argentine peso in 2002, the amounts that Argentine authorities permit us to deduct for as depreciation for our past investments in plant, property and equipment have been substantially reduced, resulting in a higher effective income tax charge. In addition, in 2002, the Argentine government imposed a 5% tax on the export of manufactured products. If the Argentine government continues to increase the tax burden on our operations in Argentina, 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 negatively impact our results of operations.

As a result of several years of recession, the forced conversion into Argentine pesos at the one-to-one exchange rate and the subsequent freeze of gas and electricity tariffs, there has been a lack of investment in gas and electricity supply and transport capacity in Argentina in recent years. Over the course of the last several years, demand for electricity and natural gas has increased substantially, driven by a recovery in economic conditions and low prices in comparison with alternative fuel sources.

The Argentine government is taking a number of measures to alleviate the short-term impact of supply restrictions on residential and industrial users, including measures designed to limit the growth of residential consumption, to increase the price of compressed natural gas and to import natural gas from Bolivia, electricity from Brazil and fuel oil from Venezuela. It has announced several measures intended to address the availability of energy supplies in the medium- and long-term, including allowing natural gas prices for industrial users to rise and implementing a tax increase on the export of crude oil and a new tax on the export of natural gas. In addition, the Argentine government has created a new state-owned energy company, which would in turn fund, or otherwise promote, investments in expanding pipeline capacity and building new pipelines and additional power generation capacity.

If the measures that the Argentine government is taking to alleviate the short-term energy supply issue prove to be insufficient, or if the investment that is required to increase natural gas generation, energy production and transportation capacity and power generation capacity over the medium- and long-term fail to materialize on a timely basis, our production in Argentina (or that of our main suppliers) could be curtailed, and our sales and revenue could decline.

Mexico

We have significant manufacturing operations and assets in Mexico, where we produce approximately one-quarter of our seamless pipes, and a significant portion of our sales are made in Mexico. Our business could be materially and adversely affected by economic, political and regulatory developments in Mexico.

Economic conditions and government policies in Mexico could negatively impact our business and results of operations.

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation and other economic problems. Furthermore, the Mexican national economy tends to reflect changes in the economic environment in the United States. If problems such as deterioration in Mexico s economic conditions, social instability, political unrest, reduction in government spending or other adverse social developments reemerge in the future, they could lead to increased volatility in the foreign exchange and financial markets, and, depending on their severity and duration, could adversely affect our business, results of operations, financial condition, liquidity or prospects. For example, adverse economic conditions in Mexico could result in higher interest rates accompanied by reduced opportunities for refunding or refinancing, foreign exchange losses associated with dollar-denominated debt, increased raw materials and operating costs, reduced domestic consumption of our products, decreased operating results and delays in capital expenditures dependent on U.S. dollar purchases of equipment. Severe devaluation of the Mexican peso may also result in disruption of the international foreign exchange markets, hindering our ability to convert Mexican pesos into U.S. dollars and other currencies for the purpose of making purchases of raw materials or equipment.

Political conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our financial condition and results of operations.

The Mexican political environment is in a period of change, and political uncertainty could adversely affect economic conditions in Mexico or our financial condition and results of operations. In July 2000, Vicente Fox, a member of the National Action Party (*Partido Acción Nacional*, or PAN), the oldest opposition party in the country, won the presidential election. He took office on December 1, 2000, ending 71 years of rule by the Institutional Revolutionary Party (*Partido Revolucionario Institucional*, or PRI). Currently, no party has a working majority in either house of the Mexican Congress, which has made governance and the passage of legislation more difficult. National elections are scheduled to occur on July 2, 2006. Following these elections, there could be, as in the past, significant changes in laws, public policies and regulations that could adversely affect Mexico s political and economic situation, and, as a result, could possibly adversely affect our business, results of operations, financial condition, liquidity or prospects.

Mexican government policies will likely significantly affect the economy and as a result, our Mexican operations.

Future actions of the Mexican government or the effect in Mexico of international events could adversely affect our results and financial condition. The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican government actions concerning the economy could have adverse effects on private sector entities in general and on us in particular. Economic plans of the Mexican government in the past have not always fully achieved their objectives. Beginning in 1994, and continuing through 1995, Mexico experienced an economic crisis characterized by exchange rate instability, a devaluation of the Mexican peso, high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, reduced consumer purchasing power and high unemployment. In response to the economic crisis, the Mexican government implemented broad economic reform programs, which improved economic conditions until growth declined again in 2001, accompanied by increased inflation rates in 2000, 2001 and 2002. It is not possible to determine what effect existing or future government economic plans or their implementation could have on the Mexican economy or on our financial condition or results of operations.

The Mexican government owns Pemex, our largest customer, and authorizes its budget for exploration. Policies of the Mexican government regarding Pemex may negatively affect its demand for our seamless tubes.

Pemex, our single largest customer, accounted for 8% of our annual sales during 2005; historically, it has accounted for an even higher proportion of our sales. Pemex is owned by the Mexican government. The Mexican government controls Pemex s operations and its annual budget is subject to approval by the Mexican Congress. The Mexican government exercises significant influence over Pemex s commercial affairs, including its exploration and production budget, which largely determines the volume of Pemex s purchases of our seamless steel pipe products. The Mexican government also taxes Pemex and its subsidiaries heavily. In the future, the Mexican government may reduce Pemex s exploration and production budget, increase its taxes or otherwise exercise its control in a manner that would reduce its ability to purchase products from us. Because Pemex is our largest customer, reductions in its purchases could adversely affect our sales, financial condition and results of operations.

Brazil

We have significant manufacturing operations and assets in Brazil. Our business could be adversely affected by economic, political and regulatory developments in Brazil.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes substantial changes in policy, as often occurs in other emerging economies. The Brazilian government s actions to control inflation and carry out other policies have in the past involved wage and price controls, currency devaluations, capital controls and limits on imports, among other things.

In addition, environmental regulations in Brazil have become stricter in recent years. As a result, it is possible that greater regulation or more aggressive enforcement of existing regulations could adversely affect us by imposing restrictions on our customer s projects by creating new requirements for the issuance or renewal of environmental licenses, raising costs or requiring our customers to engage in expensive reclamation efforts. Furthermore, difficulties in obtaining new environmental licenses may lead to construction delays or cost increases, and in some cases, may lead our customers to abandon projects.

Table of Contents

Romania

Our operations in Romania have increased in relative importance to our overall operations through our acquisitions of Silcotub and Donasid in 2004 and 2005, respectively. Our business could be adversely affected by economic, political and regulatory developments in Romania.

Romania is still in the process of transition from a centrally planned economy to a market-based economy and is subject to significant macroeconomic risks as a result. The government of Romania is in the process of privatizing selected state-owned companies, which may lead to significant corporate restructuring, labor dislocation or social unrest. Due to an immature legal framework, it may be difficult for us to enforce any rights we may have or to know if we are in compliance with all applicable laws, rules and regulations. Changes in laws, regulations or governmental policies affecting our business activities, or the interpretation thereof may increase our costs or restrict our ability to operate our business. Political, economic, social or other developments in Romania, including the imposition of price controls and new taxes, may cause us to change the way we conduct our business or force us to discontinue our operations altogether.

Romania has historically experienced substantial, and occasionally, high rates of inflation and high interest rates. Low or negative economic growth rates, inflation and volatility in interest rates have had and may continue to have negative effects on the economy, which in turn may have adverse effects on our financial results. The Romanian currency, the New Lei, has experienced significant devaluation in the past, and may do so again in the future. Therefore, we are exposed to exchange rate risk. Significant changes in the exchange rates, whether in the short-term or over a steady long-term period, could have an adverse effect on our operating results or our financial condition.

Romania is currently negotiating to enter the European Union. As a consequence, it is foreseeable that the euro will take prominence in Romania in the future. Consequently, depending on the result of the progression of Romania towards the euro, exchange rate fluctuations may have a more significant impact on our results of operations in the future.

Venezuela

We have significant exposure to Venezuela, where we have seamless tube operations at Tubos de Acero de Venezuela S.A., or Tavsa, an HBI plant, Matesi, and a significant equity investment in Ternium S.A., or Ternium, which has substantial operations in Venezuela. Our business could be adversely affected by economic, political and regulatory developments in Venezuela.

In the past several years, Venezuela has experienced intense political and social turmoil involving groups that oppose and those that support the Chávez administration. Between December 2001 and February 2003, opposition groups have staged four nationwide strikes, the most recent of which began in 2002 and at times halted a substantial part of the operations of the Venezuelan oil industry before it ended in February 2003. The strikes were accompanied by increased capital drain, loss of bank deposits and reduced tax revenues. Although the political scene remains divided, the Chávez administration, through coalitions with other political parties, effectively controls a majority in the *Asamblea Nacional*, or the National Assembly, as well as most state governments, and has broad support among the poorer segments of Venezuelan society. Despite efforts to organize political opposition against his administration, President Chávez is expected to serve the remainder of his current presidential term, which ends in 2006. If significant domestic instability in Venezuela reemerges and affects political and economic conditions in Venezuela, our business in Venezuela and, consequently, our financial results could be negatively affected.

The Venezuelan government traditionally has played a central role in the development of Venezuela s steel industry and has exercised, and continues to exercise, significant influence over many other aspects of the Venezuelan economy. Venezuelan governmental actions have had in the past, and could have in the future, significant effects on the financial condition and results of operations of Venezuelan companies and on the ability of Venezuelan companies to make capital expenditures. For example, the Venezuelan government has sought to pressure foreign oil companies to either partner with state-run Petróleos de Venezuela, increase royalties to the government and cede operational control of oilfields or leave the country by December 31, 2005. In addition, the Venezuelan government has pressured foreign oil companies to apply, on a retroactive basis, a new standard for determining income tax that differs from previously applicable regulation. The Venezuelan government has also canceled mining concessions and has proposed that a state-run mining corporation administer mining operations. Accordingly, if political or economic measures such as expropriation, nationalization, renegotiation or nullification of contracts (like those for the supply of raw materials or energy), or currency, fiscal or transfer restrictions were implemented on our subsidiaries in Venezuela, their operations and revenues, and consequently our financial results, could be adversely affected.

In addition, the Venezuelan government frequently intervenes in the Venezuelan economy and occasionally makes significant changes in policy. Recently the government s actions to control inflation and implement other policies have involved wage and price controls, currency devaluations, capital controls and limits on imports, among other things. In addition, in February 2003, the Venezuelan government suspended the trading of foreign currencies and adopted a series of exchange regulations that established a strict exchange control regime. See Item 10.D. Additional Information Exchange Controls . Our business, financial condition, and results of operations could be adversely affected by changes in policy involving tariffs, exchange controls and other matters such as currency devaluation, inflation, interest rates, taxation, industrial laws and regulations and other political or economic developments in or affecting Venezuela. Several measures imposed by the Venezuelan government, such as exchange controls and transfer restrictions, have affected and may further affect the operations of our subsidiaries in Venezuela and could prevent them from paying dividends or other amounts from cash generated by our Venezuelan operations.

Risks Relating to the Company s Shares and ADSs

The trading price of our shares and ADSs may suffer as a result of developments in emerging markets in general, not just the emerging markets where we have assets and operations

Although the Company is organized as a Luxembourg corporation, a substantial portion of our assets and operations are located in Latin America. Financial and securities markets for companies with substantial asset and operational exposure to emerging markets are, to varying degrees, influenced by economic, market conditions and developments in general in other emerging market countries where they are not present. Although economic conditions are different in each country, investor reaction to developments in one country can have significant effects on the securities of issuers with assets or operations in other emerging markets, including Argentina, Brazil and Mexico. Securities prices of companies with significant Latin American exposure were adversely affected by, among other events, the economic crises in Russia and Brazil in 1998, the collapse of the exchange rate regime in Turkey in February 2001 and the Argentine crisis in late 2001.

In deciding whether to purchase, hold or sell our 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, Luxembourg regulations governing the securities of 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 the accounting standards used in the United States.

Holders of our ADSs may encounter difficulties in the exercise of dividend and voting rights.

You may encounter difficulties in the exercise of some of your rights as a shareholder if you hold ADSs rather than shares. 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 voting materials on a timely basis, you may not be able to vote by giving instructions to the depositary.

Table of Contents

Holders of our 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 preemptive subscription 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 until October 4, 2007. The Company may, however, issue shares without preemptive rights if the newly-issued shares are issued for consideration other than cash, are issued as compensation to directors, officers, agents or employees of the Company or its affiliates, or are issued to satisfy conversion or option rights created to provide compensation to directors, officers, agents or employees of the Company, its subsidiaries or its affiliates. Holders of the Company s ADSs in the United States may, in any event, not be able to exercise any preemptive rights, if granted, for ordinary shares underlying their ADSs unless additional ordinary shares and ADSs are registered under the U.S. Securities Act of 1933, as amended, or Securities Act, with respect to those rights, or an exemption from the registration requirements of the Securities Act is available. Prior to any capital increase or rights offering, the Company will evaluate the costs and potential liabilities associated with the exercise by holders of ADSs of their preemptive rights for ordinary shares underlying their ADSs and any other factors it considers appropriate. The Company may decide not to register any additional ordinary shares or ADSs, in which case the depositary would be required to sell the holders rights and distribute 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 corporation organized under the laws of Luxembourg, and most of our assets are located outside of 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. 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 seamless steel pipe products and associated services to the oil and gas, energy and other industries, with production, distribution and service capabilities in key markets worldwide. Our principal products include casing, tubing, line pipe, and mechanical and structural pipes.

In the last decade, we have expanded our global business through a series of strategic investments. We now operate a worldwide network of seamless steel pipe operations with manufacturing facilities in Europe, North America, South America and Asia with an annual production capacity of over three million tons of seamless steel pipe products, as compared to 800,000 tons in the early 1990s. In addition, we have developed competitive and far-reaching global distribution capabilities, with a direct presence in most major oil and gas markets.

We provide tubular products and related services to our customers around the world through global business units serving specific market segments and local business units serving the local markets where we have our main production facilities. Our global business units include:

- Tenaris Oilfield Services, focused on the tubular needs of oil and gas companies in their drilling activities;

Table of Contents

- Tenaris Pipeline Services, focused on the tubular needs of oil and gas and other energy companies in the transport of fluids and gases;

- Tenaris Process and Power Plant Services, focused on the tubular needs of refineries, petrochemical companies and energy generating plants for construction and maintenance purposes; *and*

- Tenaris Industrial and Automotive Services, focused on the tubular needs of automobile and other industrial manufacturers.

In addition to our seamless steel pipe operations, we are also the leading regional manufacturer and supplier of welded steel pipes in Brazil and Argentina, with a combined annual production capacity of 930,000 tons.

Additionally, our subsidiary DaEn is a supplier of electricity and natural gas to many industrial and commercial customers in Italy.

History and Corporate Organization

Our holding company s legal and commercial name is Tenaris S.A. The Company is a joint stock corporation (société anonyme holding) organized under the laws of Luxembourg and was incorporated on December 17, 2001. Its registered office is located at 46a, Avenue John F. Kennedy, 2nd Floor, L-1855, Luxembourg, telephone (352) 2647-8978. Its agent for U.S. federal securities law purposes is Techint Inc., 420 Fifth Avenue, 18th Floor, New York, NY 10018.

Tenaris began with the formation of Siderca S.A.I.C., or Siderca, the sole Argentine producer of seamless steel pipe products, by San Faustín 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 our initial base in Argentina into a global business through a series of strategic investments. These investments included the acquisition, directly or indirectly, of controlling or substantial interests in steel pipe producing companies, including:

- 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);

- Tubos de Acero de Venezuela S.A., or Tavsa, the sole Venezuelan producer of seamless steel pipe products (October 1998);

- Confab Industrial S.A., or Confab, the leading Brazilian producer of welded steel pipe products (August 1999);

- NKKTubes K.K., or NKKTubes, a leading Japanese producer of seamless steel pipe products and source of advanced seamless steel pipe manufacturing technology (August 2000);

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

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

On June 12, 2006, we entered into a merger agreement with Maverick, a leading welded pipe producer in the U.S. and Canada, pursuant to which Maverick will merge with and into a wholly owned subsidiary of Tenaris. The transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. For more information see Item 5.G. Operating and Financial Review and Prospects Recent Developments- Agreement to acquire Maverick .

In addition, through Tenaris Global Services, we have a global network of pipe distribution and service facilities with a direct presence in most major oil and gas markets.

The Company and certain of its affiliates entered into several corporate reorganization transactions in preparation for the Company s exchange offer for shares and ADSs of Siderca and Tamsa and shares of Dalmine, which was completed on December 17, 2002, when we became a publicly traded company. Subsequently, we delisted and acquired additional participations in these subsidiaries, and, as of May 31, 2006, we owned 100% of Siderca, 99% of Dalmine and 100% of Tamsa. The final stage of this corporate reorganization occurred on June 9, 2004, when Sidertubes S.A., or Sidertubes, a wholly-owned subsidiary of San Faustín, was liquidated and all of its assets (including 711,238,090 shares of the Company) and liabilities were transferred to I.I.I.-Industrial Investments Inc., a British Virgin Islands corporation and a wholly owned subsidiary of San Faustín, or Industrial Investments BVI. Subsequently, on April 21, 2005, Industrial Investments BVI transferred all of its shares in Tenaris to I.I.I. Industrial Investments Inc, a Cayman Islands corporation and a wholly owned subsidiary of San Faustín, or Industrial Investments CI. For additional information on our subsidiaries, see Subsidiaries below.

Business Strategy

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

- expanding our comprehensive range of products and developing new high-value products designed to meet the needs of customers operating in increasingly challenging environments;
- pursuing strategic acquisition opportunities in order to strengthen our presence in local and global markets;
- securing an adequate supply of production inputs and reducing the manufacturing costs of our core products; *and*
- enhancing our range of value-added services designed to enable customers to reduce working capital and inventory requirements while integrating our production activities with the customer supply chain.

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 specialist research and testing facilities. As our customers expand their operations, we seek to supply high-value products that reduce costs and enable them to operate safely in increasingly challenging environments.

Pursuing strategic acquisition opportunities and alliances

We have a solid record of growth through strategic acquisitions. We pursue selective strategic acquisitions as a means to expand our operations, enhance our global competitive position and capitalize on potential operational synergies. In July 2004, we acquired Silcotub, a Romanian seamless pipe producer, expanding our operations into Eastern Europe and strengthening our position in the European market for industrial products. In February 2006, we acquired a welded pipe facility in Argentina whose small diameter range largely complements the range of welded pipes that we produce at Siat.

On June 12, 2006, we entered into a merger agreement with Maverick, pursuant to which Maverick, a leading welded pipe producer in the U.S. and Canada, will merge with and into a wholly owned subsidiary of Tenaris. The transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. For more information see Item 5.G. Operating and Financial Review and Prospects Recent Developments- Agreement to acquire Maverick .

Table of Contents

Securing inputs for our manufacturing operations

We seek to secure our existing sources of raw material and energy inputs, and 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 May 2005, we acquired Donasid, a Romanian steel producer, to secure a source of steel for our Romanian seamless pipe operations and reduce costs.

Developing value-added services

We continue to develop value-added services for our customers worldwide. These services seek to enable our customers to reduce costs and concentrate on their core businesses. They are also intended to differentiate us from our competitors, further strengthen our relationships with our customers worldwide through long-term agreements and capture more value in the supply chain.

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 low-cost operations, primarily at state-of-the-art, strategically located production facilities with favorable access to raw materials, energy and labor, and 50 years of operating experience; *and*

- our strong balance sheet.

Our Products

Our principal finished products are seamless steel pipes casing and tubing, seamless steel line pipe and various other mechanical and structural seamless pipes for different uses. Casing and tubing are also known as oil country tubular goods or OCTG. We also produce welded steel pipes for oil and gas pipelines and industrial uses, as well as pipe accessories. We manufacture our seamless steel products in a wide range of specifications, which vary in diameter, length, thickness, finishing, steel grades, threading and coupling.

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

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

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

Seamless steel mechanical and structural pipes. Seamless steel 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.

21

Table of Contents

Cold-drawn pipe. The cold-drawing process permits the production of pipe 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 seamless steel casing and tubing for use in high temperature or high pressure environments. A significant portion of our seamless steel casing and tubing products are supplied with premium joints and couplings. We own an extensive range of premium connections, and hold licensing rights to manufacture and sell the Atlas Bradford range of premium connections outside of the United States.

Welded steel pipes. Welded steel pipes are processed from steel sheets and plates and are used for the conveying of fluids at low, medium and high pressure, and for mechanical and structural purposes. Welded pipes can also be used as casing and tubing in some oil and gas production activities.

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 50 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 steel pipe production facilities are located in South America, North America, Europe and Asia. In addition, we manufacture welded pipe products and tubular accessories such as sucker rods (used in oil and gas drilling) at facilities in Argentina and Brazil, and couplings in Argentina, and pipe fittings and automotive components in Mexico. We also have a pipe threading facility in Nigeria for production of premium joints and we are building a facility for production of premium joints and couplings in China.

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,		
	2005	2004	2003
Thousands of tons			
Seamless Steel Pipe			
Effective Capacity (annual)[1]	3,350	3,320	3,140
Actual Production	2,842	2,631	2,275
Welded Steel Pipe			
Effective Capacity (annual) [1]	850	850	850

Actual Production	476	366	346
Steel Bars			
Effective Capacity (annual) (1)	3,350	2,950	2,850
Actual Production	2,881	2,663	2,420

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

Table of Contents

Seamless Pipe Facilities

Europe

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 800,000 tons of seamless steel pipes and 900,000 tons of steel bars.

The Dalmine facility comprises:

- a steel shop, including an electric arc furnace, two ladle furnaces, two continuous casters and a cooling bed;
- a continuous floating mandrel mill with two finishing lines;
- a retained mandrel mill with three finishing lines;
- a rotary expander with a finishing line; *and*
- a pilger pipe mill with a finishing line.

The major operational units at the Dalmine facility and corresponding annual effective production capacity (in thousands of tons per year) as of December 31, 2005, and the year operations commenced are as follows:

	Effective Production Capacity (annual) (1)	**Year Operations Commenced**
Steel Shop	900	1976
Pipe Production		
Pilger Mill	110	1937
Mandrel Mill:		
Floating Mandrel Mill Small Diameter	140	1952
Retained Mandrel Mill Medium Diameter	550	1978

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

The Dalmine facility manufactures seamless steel pipes with an outside diameter range of 21 to 711 mm (0.75 to 28.0 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 950,000 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 280 mm (0.47 to 11.00

inches), mainly for automotive, mechanical and machinery companies in Europe and the United States. The Costa Volpino facility has an annual production capacity of approximately 100,000 tons;

the Arcore facility, which covers an area of approximately 26 hectares and comprises a Diescher mill with associated finishing lines and multiple cold pilger pipe mills for cold-pilgered pipes. Production is concentrated in heavy-wall mechanical pipes with an outside diameter range of 48 to 203 mm (1.89 to 8.00 inches). The Arcore facility has an annual production capacity of approximately 150,000 tons; *and*

Table of Contents

- the Piombino facility, which covers an area of approximately 67 hectares and comprises a welded pipe production line (Fretz Moon type) with a hot stretch reducing mill, a hot dip galvanizing line and associated finishing facilities. Production is focused on welded pipe and finishing of small diameter seamless and welded 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 180,000 tons.

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

In order to reduce the cost of electrical energy at our seamless pipe operations in Dalmine, we are building a gas-fired, combined heat and power station with a capacity of 120 MW at Dalmine. The construction of the plant is expected to be completed in February 2007. Our seamless pipe operations in Dalmine are expected to consume most of the power generated at the plant which is designed to have sufficient capacity to meet the electric power requirements of those same operations at peak load. Excess power will be sold to third party consumers and heat will be sold for district heating.

In July 2004 we acquired a seamless steel pipe manufacturing facility in Romania, located in Zalau city, near the Hungarian border, 480 Km from Bucharest. The Silcotub facility includes a continuous mandrel mill and has an annual production capacity of 180,000 tons of seamless steel tubes. The plant produces carbon and alloy seamless steel tubes with an outside diameter range of 8 to 146 mm (0.314-5.74 in.). The Silcotub facility uses round steel bars purchased from suppliers in Eastern Europe as its principal raw material. In May 2005, we acquired 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 is being integrated into our Romanian and European operations and in February 2006 began to supply steel bars to Silcotub as well as to Dalmine s facilities in Italy. The combined Romanian facilities comprise:

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

North America

Our principal manufacturing facility in North America is an integrated plant located near Pemex s major exploration and drilling operations, about 13 kilometers from the port of Veracruz. Veracruz is located on the east coast of Mexico, approximately 400 kilometers from Mexico City. The Veracruz plant was inaugurated in 1954. Situated on an area of 200 hectares, the plant includes a state-of-the-art seamless pipe mill and has an installed annual production capacity of 780,000 tons of seamless steel pipes (with an outside diameter range of 2 to 20 inches) and 850,000 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, four-strand continuous caster and a cooling bed;
- a multi-stand pipe mill, including a continuous mandrel mill, rotary furnace, direct piercing equipment and a cooling bed;

a pilger pipe mill, including a rotary furnace, direct piercing equipment, a reheating furnace and a cooling bed;

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

a stretch reducing mill, including cutting saws and a cooling bed;

a cold-drawing mill; *and*

automotive components production machinery.

The major operational units at the Veracruz facility and corresponding annual installed production capacity (in thousands of tons per year, except for auto components facility, which is in millions of parts) as of December 31, 2005, and the year operations commenced, are as follows:

	Effective Production Capacity (annual)[1]	**Year Operations Commenced**
Steel Shop	850	1986
Pipe Production		
Multi-Stand Pipe Mill	700	1983
Pilger Mill	80	1954
Cold-Drawing Mill	15	1963
Auto Components Facility	18	2004

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

In addition to the Veracruz facility, 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 15,000 tons.

We also have a seamless steel pipe manufacturing facility in Canada located adjacent to the Algoma Steel manufacturing complex 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 11 inches. The effective annual capacity of the facility is 250,000 tons. The plant was originally inaugurated in 1986 and was operated as part of Algoma Steel until shortly before it was leased to us in 2000. In February 2004, we completed the purchase of Algoma Steel s leased facilities, spare parts and other operating assets. Since we began operating the facility, we have sourced steel bars principally from our plants in Argentina and Mexico. In May 2004, we reached an agreement with QIT, a Canadian producer of titanium dioxide and high purity iron, to deliver some of the plant s steel bar requirements.

South America

Our principal manufacturing facility in South America is a fully integrated, strategically located plant on the banks of the Paraná river near the town of Campana, approximately 80 kilometers from the City of Buenos Aires, Argentina. The Campana plant was inaugurated in 1954. Situated on over 300 hectares, the plant includes a state-of-the-art seamless pipe mill and has an effective annual production capacity of 850,000 tons of seamless steel pipe (with an outside diameter range of 1 $^{1}/4$ to 11 inches) and 1,200,000 tons of steel bars.

Table of Contents

The Campana facility comprises:

- a Midrex 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, a stretch reducing mill and a cooling bed;
- six 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 February 2003, we acquired a modern gas turbine power generation plant, located at San Nicolás, approximately 200 kilometers from Campana. The capacity of this power generation plant - 160 megawatts - 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. In October 2004, during a maintenance stoppage, we detected technical problems at the San Nicolás power generation plant, which required us to cease power generation while undertaking repairs at the facility. Operations were renewed in September 2005.

The major operational units at the Campana facility and corresponding effective annual production capacity (in thousands of tons per year) as of December 31, 2005, and the year operations commenced are as follows:

	Effective Production Capacity (annual)(1)	Year Operations Commenced
DRI	935	1976
Steel Shop		
Continuous Casting I	430	1971
Continuous Casting II	770	1987
Pipe Production		
Mandrel Mill I	300	1977
Mandrel Mill II	550	1988
Cold-Drawing Mill	20	1962

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

In addition to the Campana facility, we have manufacturing facilities in Villa Mercedes, province of San Luis, Argentina, for the production of tubular accessories such as sucker rods and pipe protectors.

In South America, we also have a seamless steel pipe plant in Venezuela, with an annual production capacity of 80,000 tons, located in Ciudad Guayana in the eastern part of the country. The plant is situated on an area comprising 38 hectares within the Siderúrgica del Orinoco C.A., or Sidor, iron and steel manufacturing complex on the banks of the Orinoco River. The plant includes a pilger mill and finishing line, including threading facilities, and produces seamless pipe products with an outside diameter range of 8 to 16 inches. The plant uses steel bars supplied by Sidor, a Ternium subsidiary, as its principal raw material. In July 2004, together with Sidor, we acquired an industrial facility, also in Ciudad Guayana, Venezuela, to produce hot briquetted iron, or HBI. The facility, which had been shut down in 2001 shortly after its start up, was restarted in October 2004. We use HBI as a raw material in some of our steelmaking operations.

Table of Contents

Far East and Oceania

Our manufacturing facility in Asia, operated by NKKTubes, is a seamless steel pipe plant located in Kawasaki, Japan, in the Keihin steel complex owned by JFE, the successor company of NKK, resulting from the business combination of NKK with Kawasaki Steel Corporation, or Kawasaki Steel. The facility includes a retained mandrel mill, a plug mill and heat treatment, upsetting and threading facilities producing seamless pipe products with an outside diameter range of 1 to 17 inches. The effective annual capacity of the facility is 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. For a discussion of NKK s business combination with Kawasaki Steel, see Competition Global Market .

In February 2006 we began construction of a facility for production of premium joints and couplings in Qingdao, on the east coast of China. The facility, whose construction is expected to be completed by the end of 2006, will have an annual production capacity of 40,000 tons of premium joints.

Welded Pipes

We have two major welded pipe facilities, one in Brazil and one in Argentina. The facility in Brazil, operated by Confab, is located at Pindamonhangaba, 160 kilometers from the city of São Paulo. The facility includes an ERW (electric resistant welding) rolling mill and a SAW (submerged arc welding) rolling mill with one spiral line and one longitudinal line. The facility, which was originally opened in 1959, processes steel plates and coils to produce welded steel pipes with an outside diameter range of 4 $^{1}/2$ to 100 inches for various applications, including 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 500,000 tons.

The facility in Argentina is located at Valentín Alsina just south of the city of Buenos Aires. The facility includes ERW and SAW rolling mills with one spiral line. The facility was originally inaugurated in 1948 and processes steel plates and coils to produce welded steel pipes with an outside diameter range of 4 $^{1}/2$ 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 350,000 tons.

In February 2006, we acquired a second welded pipe facility in Argentina, located at Villa Constitucion in the province of Santa Fe. The facility has an annual production capacity of 80,000 tons of welded pipes with an outside diameter range of 1 to 6 inches.

On June 12, 2006, we entered into a merger agreement with Maverick, pursuant to which Maverick will merge with and into a wholly owned subsidiary of Tenaris. Maverick is a leading North American producer of welded OCTG, line pipe and coiled tubing for use in oil and natural gas wells. With operations in the United States, Canada and Colombia, it has a combined annual capacity of two million short tons of steel pipes with a size range from one-quarter inch to 16 inches. The transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. For more information see Item 5.G. Operating and Financial Review and Prospects Recent Developments- Agreement to acquire Maverick .

Energy

DaEn, our Italian energy supply business, provides energy and energy services to customers in the Italian industrial, commercial and public sectors. The company offers tailor made packages that combine electricity, natural gas and energy services and other related products.

Table of Contents

Started in 2000 shortly after the partial deregulation of the Italian energy business, DaEn has increased sales and now has a wide customer base. It sold to third parties 2.9 TWh (billions of kilowatt/hour) of electricity and 941 million standard cubic meters, or scm, of natural gas in 2005.

Sales and Marketing

Net Sales

Our total net sales amounted to $6,736 million in 2005, $4,136 million in 2004 and $3,180 million in 2003. For further information on our net sales see Item 5. A. Operating and Financial Review and Prospects Results of Operations .

Steel Pipes (Seamless and Welded)

The following table shows our steel pipe sales by product and geographic region in terms of volume for the periods indicated.

Thousands of tons	For the year ended December 31, 2005	2004 (unaudited)	2003
Seamless Steel Pipe Sales			
North America	843	757	608
Europe	666	679	617
Middle East and Africa	524	421	365
Far East and Oceania	404	412	366
South America	433	377	322
Total Seamless Steel Pipe Sales	2,870	2,646	2,278
Welded Steel Pipe Sales	501	316	355
Total Steel Pipe Sales	3,371	2,963	2,633

Seamless Pipe

The following table indicates the percentage market distribution of our seamless steel pipe sales volume by region for the periods shown.

Percentage of total seamless steel pipe sales volume	For the year ended December 31, 2005	2004 (unaudited)	2003
North America	29%	28%	27%
Europe	23%	26%	27%
Middle East and Africa	18%	16%	16%
Far East and Oceania	14%	16%	16%
South America	15%	14%	14%
Total	100%	100%	100%

North America

Sales to customers in North America accounted for 29% of our total consolidated sales volume of seamless steel pipe products in 2005, up from 28% in 2004 and 27% in 2003.

Through our operating subsidiary in Mexico, we have enjoyed a long and mutually beneficial relationship with Pemex, the state-owned oil company, one of the world s largest crude oil and condensates producers and our single largest customer. In 1994, we began supplying Pemex under just-in-time, or JIT, agreements, which allow us to provide them 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. Sales to Pemex, as a percentage of our total sales, amounted to 8% in 2005.

In 2002, the Mexican congress approved a significant increase in the exploration and production budget of Pemex in the context of Pemex s plans to increase oil production to four million barrels per day and gas production to 7,000 million cubic feet per day by 2006. In 2003, Pemex increased exploration and production activity and began to let out politically controversial multiple services contracts to operate some of its gas fields. During 2004 and 2005, sales of seamless pipes in Mexico reached record levels, reflecting the strong growth in Pemex s exploration and production spending as well as increased activity in the industrial sector. 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.

Our sales in Canada are mainly directed to the oil and gas drilling and transportation sectors. During 2003, there was an increase in drilling activity prompted by higher gas and oil prices but sales of seamless pipes did not increase correspondingly. During 2004, the average rig count levels remained similar to the previous year but demand for seamless OCTG rose, due to the greater depth of wells being drilled. In 2005, demand for seamless pipes increased further due to increased drilling activity, the greater depth of wells drilled and the development of projects to recover oil from Canada s extensive oil sands reserves. Technological improvements and higher oil prices have made the recovery of oil from bitumen reserves increasingly attractive and we are well placed to take advantage of the growing steam assisted gravity drainage or SAGD market. Sales to Canadian oil and gas drilling customers are also affected by seasonal factors relating to the difficulty of conducting oil and gas drilling activities during the spring thaw.

Our sales to oil and gas customers in the United States are affected by anti-dumping duties which apply in respect of the import of OCTG and some of our line pipe products produced by our main manufacturing subsidiaries. However, sales of OCTG products in the United States have increased from a low base in the past two years as we have increased production at our Canadian production facility, which is not affected by the anti-dumping restrictions. Sales of line pipe products for deepwater oil and gas applications are also not affected by the anti-dumping restrictions because they are produced to specifications which are not produced in the United States. Our sales to the industrial sector are not affected by anti-dumping restrictions and are affected primarily by trends in industrial activity.

Europe

Sales to our customers in Europe accounted for 23% of our total consolidated sales volume of seamless steel pipe products in 2005, down from 26% in 2004 and 27% in 2003.

Our single largest country market in Europe is Italy. The market for seamless pipes in Italy (as in most of the EU) 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. The European market also includes the North Sea and Scandinavia area, which is affected by oil and gas prices in the international markets and their consequent impact on oil and gas drilling activities in that area.

Industrial production in Eastern European countries has been growing more rapidly in recent years than in Western European countries, as European manufacturers take advantage of lower costs in Eastern European countries to expand their production activities in those countries. With the acquisition of Silcotub in Romania, in July 2004, we are improving our ability to serve customers in Eastern Europe as well as in areas such as the Caspian Sea, and the CIS. In 2005, we increased sales of cold drawn tubes, due in part to the growth of the Romanian automotive sector.

Middle East and Africa

Sales to customers in the Middle East and Africa accounted for 18% of our total consolidated sales volume of seamless steel pipe products in 2005 up from 16% in both 2004 and 2003.

Our sales in the Middle East and Africa are sensitive to the international price of oil and its impact on drilling activities as well as to the production policies pursued by OPEC, many of whose members are located in this region. During 2003, events in Iraq and civil and political unrest, especially in Nigeria, caused some of our customers to halt their drilling projects, and thus demand for our products declined substantially. In 2004, demand increased due to the development of gas projects in Egypt and higher oil and gas production activity in the Middle East. In 2005, drilling activity increased significantly in this region as Saudi Arabia increased its production capacity and deepwater projects in West Africa began production.

Our sales in the Middle East and Africa could be adversely affected by political and other events in the region, such as armed conflict, terrorist attacks and social unrest, that could materially impact the operations of companies active in the region s oil and gas industry.

Far East and Oceania

Sales to customers in the Far East and Oceania accounted for 14% of our total consolidated sales volume of seamless steel pipe products in 2005, down from 16% in both 2004 and 2003.

Our largest markets in the Far East and Oceania are China and Japan. Our sales in China are concentrated on OCTG products used in Chinese oil and gas drilling activities and seamless tubes used in boilers for power generation facilities. Although apparent consumption of seamless pipes in China has increased significantly during the past three years, most of this increase has been met by higher sales of pipes produced by local producers, who have been increasing their production capacity. Demand for the import of high-value seamless pipe products which are not manufactured by local producers has also been increasing as the Chinese oil and gas industry increases drilling in complex operating environments and considerable investments have been made to increase power generation capacity. Sales of our OCTG products have increased in the past two years in China but sales of seamless tubes used in boilers for power generation declined in 2005 following a strong year in 2004.

In Japan, our subsidiary, NKKTubes, competes against other domestic producers. The market for seamless steel pipe products in Japan is mostly industrial and depends on general factors affecting domestic investment, including production activity. In recent years, demand has weakened in line with the general downturn in the Japanese economy but in 2004 and 2005 recovered mainly due to strong demand of construction machinery export business for China. In addition, domestic prices have increased reflecting higher material prices and lack of capacity in Japanese steel mills.

Sales to other markets in the Far East and Oceania are affected by the level of oil and gas drilling activity in countries such as Indonesia and engineering activity particularly related to investment in petrochemical plants and oil refineries.

South America

Sales to our customers in South America accounted for 15% of our total consolidated sales volume of seamless steel pipe products in 2005 up from 14% in both 2004 and 2003.

Our largest markets in South America are Argentina and Venezuela, countries in which we have manufacturing subsidiaries. Our sales in the Argentine and Venezuelan markets are sensitive to the international price of oil and gas and its impact on the drilling activity of participants in the domestic 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 government actions and policies, including measures adopted in 2002 in response to the crisis in Argentina, such as the taxation of oil exports, restrictions on certain transfers of currency abroad, mandatory repatriation of certain export revenues and other matters affecting the investment climate. Sales in Venezuela are also affected by government actions and policies and their consequences, including general strikes, agreements to vary domestic production pursuant to quotas established by OPEC, and measures relating to the taxation and ownership of oil and gas production activities and other matters affecting the investment climate. See Item 3.D. Risk Factors Risks Relating to Emerging Markets .

A principal component of our marketing strategy in the Argentine and Venezuelan markets is the establishment of long-term supply agreements with significant local and international oil and gas companies operating in those markets. In recent years, we have sought to retain and expand our sales to those customers by offering value-added services.

In Argentina, we have enjoyed a sustained, close business relationship with Repsol YPF S.A., or Repsol YPF, an integrated oil and gas company engaged in all aspects of the oil and gas business. Repsol YPF, one of the world s ten largest oil and gas companies, was created as a result of the acquisition in 1999 of YPF S.A., the leading oil and gas producer in Argentina, by Repsol S.A., a Spanish oil and gas producer. We have strengthened our relationship with Repsol YPF and other participants in the Argentine oil sector through JIT agreements, similar to our JIT agreement with Pemex. In June 2001, we renewed and extended the scope of our JIT agreement with Repsol YPF for a period of five years. This agreement expired on May 31, 2006. We are currently negotiating its renewal and its potential extension to cover other Latin American operations.

In 2004 and 2005, demand from oil customers remained strong in spite of the continued application of a tax on oil exports. During 2004, this tax which was introduced in 2003 at a rate of 20%, was increased with increments depending on the West Texas Intermediate crude oil price, or WTI price. On the other hand, demand for seamless pipes for gas drilling was minimal in 2004 due to low gas tariffs, which are affected by regulation in the industry, but increased in 2005 as gas prices for industrial users increased. We also serve the demand for seamless steel pipes for other applications in the Argentine market. Demand from this sector has increased in the past two years from low levels in response to increased activity in the agricultural sector and in import substitution.

In Venezuela, we have a significant share of the market for OCTG products. We enjoy ongoing business relationships with Petróleos de Venezuela S.A., or PDVSA, the state-owned oil company, and many private-sector operators in the oil and gas sector. In 2002 and 2003, OPEC production quota cutbacks and adverse political and economic developments, which culminated in a general strike starting in December 2002 and extending to February 2003 led to a substantial decline in exploration and production activity in the oil and gas sector. Additionally, PDVSA decided to implement a significant reduction in inventories of seamless pipes. These factors led to a substantial decline in our sales of seamless pipes in Venezuela in 2002 compared to the previous year and in January 2003 our sales of seamless pipes in Venezuela effectively came to a halt. Following the termination of strike action exploration and production activity has resumed and demand for our seamless pipes in Venezuela has improved, showing an increase of 50% in 2004 over the previous year, and a further increase in 2005, in line with the increase in the average rig count.

Welded Steel Pipes

We are a leading supplier of welded pipes for gas pipeline construction and industrial applications in South America. We also supply welded steel pipes to selected gas pipeline construction projects worldwide and we have in recent years begun to supply a limited quantity of welded pipe OCTG products to Petróleo Brasileiro S.A., or Petrobras, in Brazil. Confab, our Brazilian welded pipe subsidiary, also manufactures and sells industrial equipment of various specifications and for diverse applications, including liquid and gas storage equipment and standard and high-pressure vessels. Demand for our welded steel pipes is principally affected by investment in gas pipeline projects, especially in South America. In 2003, demand for our welded steel pipes fell significantly following the completion of deliveries to major pipeline projects in Ecuador and Peru in the previous year. With most of the remaining demand coming from the local Brazilian market for projects undertaken by Petrobras. In the second half of 2003, incoming orders from major projects in Brazil were deferred due to delays in obtaining the necessary environmental clearances, resulting in a sharp decline in sales in the second half of 2003, which continued through the first half of 2004. During the second half of 2004, demand in Brazil picked up and we were able to supply gas pipeline projects placed on hold because of environmental clearances and, new projects. In 2005, demand for welded pipes for gas pipeline projects undertaken by Petrobras increased significantly but began to fall towards the end of the year as uncertainties about the supply of natural gas from Bolivia led to a slowdown in project activity. In 2005, demand for welded pipes in Argentina for loops, or capacity expansions, in the gas pipeline network increased due to increased demand for natural gas in the recovering Argentine economy.

We expect that our sales of welded pipes will increase significantly if we complete the acquisition of Maverick. On June 12, 2006, we entered into a merger agreement with Maverick pursuant to which Maverick will merge with and into a wholly owned subsidiary of Tenaris. This transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. Maverick is a leading North American producer of welded OCTG, line pipe and coiled tubing for use in oil and natural gas wells. It has welded pipe manufacturing facilities in the United States, Canada and Colombia and, in 2005, according to Maverick s 2005 annual report on Form 10-K, shipped approximately 1.3 million short tons of welded pipes. If and when the merger is consummated, we expect that our sales of welded pipes will increase significantly, and the principal driver affecting our sales of welded pipes, will change.

Energy

Through a subsidiary formed in 1999, we have developed an energy supply business in Italy, following the partial deregulation of the energy sector by the Italian government. Initially formed to supply electricity to Dalmine and to other users in the Bergamo area, DaEn has rapidly expanded and currently supplies electricity to many industrial companies in Italy. DaEn purchases electricity principally from *GRTN Gestore della Rete di Trasmissione Nazionale S.p.A.*, or GRTN, Enel Trade and from *Gestore Mercato Elettrico*, or GME at wholesale market prices under volume and delivery conditions that closely match those at which it sells to its customers.

In December 2001, DaEn began operating additionally in the natural gas supply business. DaEn purchases a part of its natural gas requirements from ENI S.p.A. under a 10 year contract that expires on October 1, 2011 (the outstanding value of these commitments at December 31, 2005 amounted to approximately 816 million -$963 million-) and a 4 year contract that expires on October 1, 2008 (with an outstanding value of approximately 266 million -$313 million- based on prices prevailing as of December 2005). Both contracts contain annual, quarterly and daily take-or-pay provisions. During 2005 DaEn traded around 2.9 TWh of electricity and around 0.9 billion scm of natural gas.

DaEn has entered into arrangements and expects to obtain additional gas transportation capacity on the Trans-Austria Gasleitung GmbH, or TAG pipeline, which is presently under construction. This capacity will allow DaEn to import an incremental 1,176.5 million cubic meters of natural gas per year. The additional transportation capacity, which is subject to ship-or-pay provisions, will be available on a firm basis on the TAG pipeline beginning October 2008 and through September 2028. The expected annual value of this ship-or-pay commitment is approximately 5 million per year. Tenaris provided bank guarantees in the amount of 15.1 million in support of DaEn. The value of the bank guarantees correspond to the termination penalties that would be due to TAG in the event of termination or non-utilization of the transportation capacity.

DaEn recognizes revenue only upon delivery of electricity and gas and other services to its customers. Revenues are calculated based on actual consumption, which is measured by meter readings carried out at set intervals.

Other products

Our other products and services include sucker rods used in oil extraction activities, sales of HBI to third parties from our facility in Venezuela, steam and excess energy from our power generation plant in Argentina, ferrous scrap and procurement services.

Competition

Global Market

The global market for seamless steel pipe products is highly competitive. Seamless steel pipe products are produced in specialized mills using round steel billets and specially produced ingots. Steel companies that manufacture steel

Table of Contents

sheet and wire rods and bars 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 sheets and plates used to produce welded steel pipe.

The production of seamless 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, the seamless 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, which constitute a significant segment of our target market.

Our principal competitors in the international seamless steel pipe markets can be grouped by origin as described below.

Japan. Sumitomo Metal Industries Ltd. 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 the high quality of their products and 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.

Western Europe. Vallourec & Mannesman Tubes, or V&M Tubes, a Franco-German venture, has mills in Brazil, France, Germany and the United States. V&M Tubes 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 the Middle East. V&M Tubes is an important competitor in the international OCTG market, particularly for high-value premium joint products. In May 2002, V&M Tubes purchased the seamless tubes division of North Star Steel, a leading U.S. producer of OCTG products for the domestic market, which was renamed V&M Star. Tubos Reunidos S.A. of Spain and Voest Alpine AG of Austria each has a significant presence in the European market for seamless steel pipes for industrial applications, while the latter also has a presence in the international OCTG market.

United States. U.S. seamless steel pipes producers, including US Steel Corporation and V&M Star, are largely focused on supplying the U.S. market. Some of them, however, periodically enter the international market in response to decreased domestic demand or perceived opportunities in export markets.

Eastern Europe, CIS and China. Producers from these regions compete primarily in the commodity sector of the market and have been increasing their participation in the international market for standard products where quality and service are not the prime consideration.

Our Domestic Markets

In countries in which we are the sole domestic producer, such as in the domestic markets of our manufacturing subsidiaries in Argentina, Venezuela, Mexico and Canada, we compete primarily against importers of seamless steel pipe products. To a lesser extent, we also compete against welded steel pipe products in these markets. In Italy, Japan and Romania, we compete against domestic, regional and other competitors.

Producers of seamless steel pipe products can maintain strong competitive positions in their domestic markets 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.

Argentina

We are the sole producer of seamless steel pipe in Argentina. Accordingly, our competition in the Argentine seamless steel pipe products market is limited to imports.

During the 1990s and more recently, our Argentine subsidiaries have faced increased foreign competition as a result of the Argentine government s trade liberalization policies. In early 1991, the Argentine government reduced import tariffs and eliminated most non-tariff restrictions on trade as part of an effort to open the Argentine economy to foreign competition. In March 1991, Argentina, Brazil, Uruguay and Paraguay established Mercosur, a common market organization whose four members have committed to economic integration, the creation of a free trade zone and common external tariffs. Mercosur has eliminated or significantly reduced import duties, tariffs and other barriers to trade among the member nations since its creation, including the application of zero tariffs to seamless steel pipe products since January 1, 2000. More recently, Venezuela has joined Mercosur as a junior member. In addition, Mercosur has a trade agreement with Chile, pursuant to which tariffs for steel products have been eliminated. Mercosur has also signed a free trade agreement with Bolivia in 1996, pursuant to which all steel products receive a 100% tariff preference since January 1, 2006. Mercosur is also negotiating free-trade agreements with the EU, Mexico, India and South Africa. As of December 2005, the tariff applicable to seamless steel pipe products imported from outside Mercosur was 16% while the tariff for welded pipe products imported from outside Mercosur was 15%.

In 2004, Mercosur and the Andean Community (Perú, Colombia, Ecuador and Venezuela), signed a free trade agreement aimed at reducing and eventually eliminating tariffs on steel products traded among member countries over a period of 8 to 12 years. As a result of political tensions with member countries, however, Venezuela has recently announced it will be leaving the Andean Community.

Argentina has a partial scope agreement (ACE-6) with Mexico, which grants duty free trade for seamless pipes.

While Mercosur is Argentina s primary trade vehicle, recent tensions within the trade block have resulted in the imposition of barriers aimed primarily at achieving balanced trade flows between members, especially between Argentina and Brazil. In recent years, Argentina has adopted a more protectionist attitude in trade relations in general.

Argentina has imposed antidumping duties (54.65% margin) against imports of welded line pipe from Japan, which are scheduled to remain in effect until December 2006.

Venezuela

We compete in Venezuela both as a domestic producer and through imports of pipes from our affiliated companies, primarily our subsidiary in Mexico.

In April 2002, Venezuela imposed import tariffs ranging from 20% to 30%, representing an increase of 5% to 15% on steel products (including seamless steel pipes) from countries with which it did not have a free trade agreement. These increased tariffs expired in October 2003 at which point the tariffs reverted back to the original level of 15%.

In recent years, under President Hugo Chavez, Venezuela has been withdrawing from trade alliances involving the United States, or with countries aligned economically with the United States. In April 2006, Venezuela withdrew from the Andean Community, although the conditions of withdrawal provide for the full resumption of import duties over a five year period. In May 2006, Venezuela also withdrew from the Group of Three, or G-3, a free trade block including Mexico and Colombia. As a result, tariff currently applicable to steel imports from Mexico will increase from 0% to 15% in November 2006. Venezuela has also announced that it will not be part of the Free Trade Area of the Americas, or FTAA, being promoted by the United States.

In May 2006, Venezuela became a junior member of Mercosur, the trade block formed by Brazil, Argentina, Uruguay and Paraguay. Venezuela is currently seeking full membership in the group.

Table of Contents

Since July 2000, Venezuela has imposed antidumping duties against line pipe (seamless and welded) imports from Japan (87% and 86.6% respectively). The original term for these duties expired in July 2005, at which time the Venezuelan government began a sunset review process. A final decision is expected to be published in July 2006.

Mexico

We are the sole producer of seamless steel pipe in Mexico. Accordingly, our competition in the Mexican market is limited to imports.

Competition from imports in the Mexican market has been increasing in recent years, as the Mexican government has continued to focus on free trade agreements with major trade partners. As a member of the NAFTA, which came into effect in January 1994, Mexican duties on OCTG products have been gradually reduced from 15% in 1993 to zero since the beginning of 2003. In 2000, Mexico signed a trade agreement with the EU, under which tariffs on seamless steel pipe imports from the EU were to be progressively reduced to zero in 2007.

In addition to NAFTA and the agreement with the EU, the Mexican government has also signed trade agreements with Chile, Bolivia, Nicaragua, Costa Rica and Uruguay. Mexico also has a free trade agreement with EFTA (Switzerland, Liechtenstein, Iceland and Norway). Mexico has a partial scope agreement (ACE 6) with Argentina, which grants duty free trade of seamless pipes. Mexico joined the G-3, in 1995 along with Colombia and Venezuela. Under the G-3 agreements, as of July 1, 2003, duties on seamless steel pipes are reduced annually for a ten-year period begun in 1995 by 1.1% (from 1995 until July 2003, it was 1.08%) or 0.72% (depending on the product). Recently, Venezuela has announced its decision to withdraw from the G-3; as a result, import duties on exports of pipes from Mexico to Venezuela are expected to increase from zero to 15% over the next six months. Since 2000, Mexico has imposed antidumping duties of 99.9% on seamless line pipe from Japan, which were scheduled to remain in effect until November 2005. However, the Mexican government is currently analyzing whether to extend the duties for another five years, and will issue its final determination during 2006.

Mexico has imposed final antidumping duties of 79.65% and 42.00% on seamless line pipe imported from Russia and Romania, respectively, and a final antidumping duty of 81.04% on imports of pipe fittings from China since June 2004.

Canada

We are the sole domestic producer of seamless steel pipes in Canada. We compete with domestic welded pipe producers, as well as imports. Canada does not impose import tariffs on steel pipe imports, largely opening the domestic market to international competition for those products. As a member of NAFTA, trade in seamless steel pipes between Canada, the United States and Mexico is not subject to tariffs. Canada has imposed antidumping duties on welded pipes from Argentina (86.9%), Brazil (103.9%), and Romania (17.8%), among other countries. It has also imposed antidumping duties against fitting imports from China.

Italy

In Italy and elsewhere in the EU, we compete against both European and non-European producers of seamless steel pipe products, most notably V&M Tubes. In recent years, the elimination of import barriers have led to increased competition in Italy and other EU markets for seamless steel pipe products. Imports of seamless pipes into the EU have been strong, despite the imposition of antidumping and other restrictions placed on certain steel imports by the European Commission. Antidumping duties were imposed on certain steel tube products from Russia and Romania in 1997 and from Ukraine and Croatia in 2000.

New antidumping duties ranging from 11.7% - 35.8% have been approved by the European Union to take effect in June 2006 for a wider range of seamless tube products from Russia, Ukraine, Croatia and Romania. Duties against imports from Romania are expected to terminate once Romania becomes a member of the European Union in 2007.

Table of Contents

Competition in steel products is expected to continue intensifying in the European Union, as a result of the 2004 expansion of the EU to include ten new member countries (Poland, Cyprus, Czech Republic, Slovakia, Malta, Hungary, Latvia, Lithuania, Slovenia and Estonia).

The EU is currently negotiating trade agreements with Mercosur and is discussing the basis for negotiations with the Andean Community.

Japan

NKKTubes is a leading producer of seamless steel pipes in Japan, where it competes against Sumitomo Metal, JFE and Nippon Steel in the domestic market. Japan signed a free trade agreement with Mexico, which became effective on April 1, 2005, after ratification of the agreement by both countries. The agreement reduced import duties on the trade of steel products between the two countries.

Brazil

Confab is a leading producer of welded steel pipes in Brazil. Brazil currently imposes a 16% tariff for seamless pipe and 14% for welded pipe on imports from non-Mercosur countries. Brazil has free trade agreements with Mercosur, Chile and Bolivia. The Andean Community and Mercosur have agreed to gradually reduce steel-related tariffs to zero over a period of 8 to 12 years.

Romania

Silcotub is a leading producer of seamless pipes in Romania. Romania currently applies 15% tariff for OCTG and line pipe tubes. Silcotub faces competition from domestic, regional and international producers. Romania has applied to become part of the EU in 2007. Romania applies no antidumping duties against tubes.

Capital Expenditure Program

During 2005, our investment in capital projects was $264.4 million, up from $163.2 million in 2004 and $137.5 million in 2003. Our capital investment program has continued to focus on the expansion of our capacity to produce premium quality and other high-grade products. As a result, we have been able to increase the proportion of heat-treated and high value-added proprietary premium joint products within our product sales mix. During 2005 we also invested to bring our recent acquisitions on-stream and in support of further extending our geographical reach. The major highlights of our capital spending program during 2005 include:

- new premium threading plant at Tamsa and expansion of Siderca s premium area in support of additional production of premium products;
- new coupling threading equipment at Tamsa and Siderca, for processing the additional production of premium product;
- initiated construction of two new heat treatment facilities at Tamsa and Siderca;
- initiated construction of the new power generation plant at Dalmine;
- completed the redesign of Siderca s inspection and cut-to-length line, to improve relative control line equipment and layout;
- revamped the steel-making facilities of our recently-acquired Donasid acquisition;
- initiated a global upgrade plan at Silcotub;

revamped AlgomaTubes #2 non-destructive testing area;

- invested in a new forming section at our Siat welded operation to allow the processing of higher steel grades; *and*
- general upgrade at our Confab welded operations for heavy-weighted products.

Capital expenditures in 2006 are expected to increase further from levels in 2005. Major projects planned for 2006 include:

- expansion of AlgomaTubes rolling mill range, and improvements in AlgomaTubes inspection and finishing areas;
- consolidation of high-chromium production processes at NKKTubes in Japan;
- construction of a new premium connection finishing facility in China;
- construction of new heat treatment facilities at Siderca and Tamsa;
- initiate construction of a new coupling shop at Tamsa;
- continued construction of the new power generation plant in Dalmine;
- new laboratory and R&D facilities in Tamsa and automatic sample preparation in Dalmine;
- completion of inspection lines and completion of heat treatment expansion at Silcotub; *and*
- implementation of a new forming area for our Confab ERW line.

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 $19.3 million in 2005, compared to $20.0 million in 2004 and $23.7 million in 2003.

Subsidiaries

We conduct all our operations through subsidiaries. The following table shows the major operating subsidiaries of the Company and its direct and indirect ownership of each as of December 31, 2005, 2004 and 2003: For a complete list of our subsidiaries and a description of our investments in other companies, see AP B and note 31 to our consolidated financial statements included in this annual report.

			Percentage Ownership		
Company	**Country of Organization**	**Main Activity**	**2005**	**2004**	**2003**
Algoma Tubes Inc.	Canada	Manufacture of seamless steel pipes	100%	100%	100%
Confab Industrial S.A. [(a)]	Brazil	Manufacture of welded steel pipes and capital goods	39%	39%	39%
Dalmine S.p.A	Italy	Manufacture of seamless steel pipes	99%	99%	99%

Exiros S.A.	Uruguay	Procurement services for industrial companies	100%	100%	100%
NKKTubes K.K.	Japan	Manufacture of seamless steel pipes	51%	51%	51%
S.C. Silcotub S.A.	Romania	Manufacture of seamless steel pipes	85%	85%	
Siat S.A.	Argentina	Manufacture of welded steel pipes	82%	82%	82%

Table of Contents

Siderca S.A.I.C.	Argentina	Manufacture of seamless steel pipes	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 Ltd.	Ireland	Holding company and financial services	100%	100%	
Tubos de Acero de México S.A	Mexico	Manufacture of seamless steel pipes	100%	100%	100%
Tubos de Acero de Venezuela S.A.	Venezuela	Manufacture of seamless steel pipes	70%	70%	70%

(a) Tenaris holds 99% of the voting shares of Confab Industrial S.A.

Other Investments

Ternium

We have a significant investment in Ternium, one of the leading steel producers of the Americas with production facilities in Argentina, Mexico and Venezuela. Ternium is a company formed recently by the Techint group in a reorganization of its flat and long steel interests. Ternium was listed on the New York Stock Exchange on February 1, 2006 following an initial public offering of ADSs. As of May 31, 2006, we held 11.5% of its outstanding shares.

We acquired our investment in Ternium through the exchange of our prior indirect investments in Siderúrgica del Orinoco. C.A, or Sidor, a Venezuelan integrated steel producer which became a subsidiary of Ternium under the corporate reorganization of the Techint group s interests in flat and long steel. That reorganization had involved San Faustín s controlling participations in Sidor, Siderar S.A.I.C., or Siderar, an Argentine integrated steel producer, and Hylsamex, S.A. de C.V., or Hylsamex, a Mexican steel producer.

Our indirect investments in Sidor were held through Consorcio Siderurgia Amazonia Ltd., or Amazonia, and Ylopa Serviços de Consultadoría Lda, or Ylopa. Amazonia, an international consortium of companies, was formed during the process leading to the privatization of Sidor and, in January 1998, it purchased a 70% equity interest in Sidor from the Venezuelan government which retained the remaining 30%. Ylopa is a special purpose company established in 2002 by some of Amazonia s shareholders to participate in the restructuring of Sidor s and Amazonia s debt during 2003.

On September 9, 2005 we exchanged our interests in Amazonia and Ylopa for 209,460,856 shares in Ternium. The exchange was carried out based on fair values as determined by an internationally recognized investment bank engaged for this purpose. We also extended $39.7 million (corresponding to cash distributions that we received from Sidor during the second and third quarters of 2005) in convertible loans to Ternium. Conversion of these loans into shares of Ternium was mandatory upon the occurrence of an initial public offering. On February 6, 2006, upon the completion of Ternium s initial public offering, we received an additional 20,252,338 shares in Ternium following the mandatory conversion of these loans. As of May 31, 2006, our shares in Ternium represented 11.5% of Ternium s outstanding shares.

On January 9, 2006, Tenaris entered into a shareholders agreement with Inversora Siderurgica Ltd., or ISL, a Techint group company which holds 47.9% of Ternium, pursuant to which ISL will take all actions in its power to cause one of the members of Ternium s board of directors to be nominated by Tenaris and any directors nominated by Tenaris only be removed pursuant to written instructions by Tenaris. Tenaris and ISL also agreed to cause any vacancies on the board of directors to be filled with new directors nominated by Tenaris or ISL, as applicable. The agreement will remain in effect so long as each party holds at least 5% of the shares of Ternium or until it is terminated by either party pursuant to its terms. Carlos Condorelli, our Chief Financial Officer, was nominated as a director of Ternium pursuant to this agreement.

Table of Contents

Raw Materials

At our integrated seamless steel pipe facilities in Argentina, Mexico and Italy, our principal raw materials are iron ore, ferrous scrap, pig iron, pre-reduced iron, DRI, including DRI in hot briquetted form, or HBI, and ferroalloys. These are processed in electric furnace steel shops into steel bars and ingots, which are then further processed in our rolling mills, and finishing lines into seamless steel products. In Argentina, we produce our own DRI using iron ore imported from neighboring Brazil and natural gas as a reductant, and we source ferrous scrap domestically through Scrapservice S.A., our 75% owned Argentine scrap collecting and processing subsidiary. In Mexico, we import most of our pig iron and DRI requirements and purchase ferrous scrap from domestic and international markets. In Italy, we purchase pig iron and ferrous scrap from European and international markets as well as special metals for certain products. We coordinate our purchases of ferroalloys worldwide. Below we have provided a more complete description of the raw material and energy situation at our integrated facilities in these three countries.

In July 2004, jointly with Sidor, a Ternium subsidiary, we formed Matesi, and acquired a Venezuelan iron reduction plant. We own 50.2% of Matesi and Sidor owns the remaining 49.8%. The facility, located in Ciudad Guayana, Venezuela, has an annual design capacity of 1.5 million tons but has never operated at full capacity having been shut down in 2001 shortly after its start-up. We restarted operations at this HBI facility during October 2004 and in 2005 we produced 1.0 million tons of HBI, some of which we consumed in our operations principally in Mexico, some of which was sold to Sidor and some of which was sold to third parties.

In Romania, we initially used round steel bars acquired from suppliers in Eastern Europe as our principal raw material for the seamless pipe facility we acquired in 2004. However, following the acquisition of Donasid in May 2005 we have taken steps to integrate this steel making facility, which uses steel scrap as its principal raw material, into our Romanian operations. In February 2006, following investments in the steel shop, the Donasid facility began to produce steel bars for use in the Silcotub facility and it is expected that it will meet the majority of Silcotub s requirements for steel bars.

At our other seamless steel pipe facilities, we use round steel bars and ingots as our principal raw materials. In Japan, NKKTubes purchases these materials from JFE, and in Venezuela, Tavsa purchases these materials from Sidor, a Ternium subsidiary. In each case, these purchases are made under supply arrangements pursuant to which the purchase price varies in relation to changes in the costs of production. As a result of their location within a larger production complex operated by the supplier, both NKKTubes and Tavsa 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 and Sidor uses domestic iron ore and domestic and imported ferroalloys as its principal raw materials.

In Canada, we currently use steel billets produced in our integrated facilities in Argentina and Mexico, where we have an excess of steelmaking capacity over our pipe making capacity. In May 2004, we reached an agreement with QIT, a Canadian producer of titanium dioxide and high purity iron, to deliver some of the plant s steel bar requirements.

In our welded pipe facilities, we purchase steel sheets and steel plates principally from domestic producers for processing into welded steel pipes.

Integrated Production Facility in Italy

For our facilities in Italy we purchase our ferrous scrap requirements mainly from the Italian and EU market and the remainder from other parts of the world. We purchase our pig iron requirements primarily from Russia, Algeria, Italy and Ukraine. Unlike ferrous scrap purchases, which are primarily denominated in euros, our pig iron purchases are usually denominated in U.S. dollars. High-alloy and other special quality steels are supplied under annual contracts. The costs of scrap, pig iron and ferroalloys increased significantly in Italy during 2004 and 2005, in line with the increases in prices for these commodities in the Western European market. Increases in the prices of these commodities reflected increases in international demand for steel products, especially from China.

Our main facility in Italy consumes large quantities of electric power, particularly for the operation of the electric furnace to produce steel. In the first half of 1999, the Italian government instituted deregulation measures; in July 1999, we created a wholly owned subsidiary, Dalmine Energie, to acquire electrical and other forms of energy at wholesale rates for our Italian operations and for other companies in the Bergamo area belonging to the *Consorzio Orobie Energia*. DaEn began to operate in January 2000, after having identified sources for the purchase of electrical energy and entered into supply contracts with companies in the consortium. Today, all of our Italian electric and gas power requirements are supplied by DaEn, which purchases electric power principally from GRTN, Enel Trade and GME and natural gas from ENI S.p.A. The costs of electric energy and natural gas increased significantly in Italy in 2004 and 2005.

Integrated Steel Production Facility in Mexico

At our Veracruz facility in Mexico we obtain DRI mainly from our investments in Venezuela. We obtain the rest of our metal requirements from the domestic market, the United States and other scrap-exporting countries. We have our own scrap collection yard in Coatzacoalcos, Veracruz, which started operations in June 1998 and acquired an additional yard in Merida, Yucatan in March 2004. The costs of scrap, DRI and pig iron in Mexico increased significantly during 2004 and remained at high levels in 2005, in line with increases in the prices of such materials in the North American market, reflecting increased international demand for steel products, particularly from China.

Our purchases of raw materials for our Mexican operations are made pursuant to primarily short-term supply arrangements. However, to secure a long-term supply of HBI, we made an investment in, and entered into an off-take contract with *Complejo Siderúrgico de Guayana C.A.*, or Comsigua, to purchase on a take-and-pay basis 75,000 tons of HBI annually for twenty years beginning in April 1998. This supply contract has an option to terminate at any time after the tenth year, upon one year s notice. Under this contract, we are required to purchase the HBI at a formula price reflecting Comsigua s production costs during the first eight contract years; after November 2006, we have the option to purchase the HBI at market price or, alternatively to establish a price band. We own, through our principal Mexican subsidiary, a 6.9% equity interest in Comsigua.

As a result of continuously weak market prices for HBI from the start-up of the Comsigua plant until the second half of 2003, we paid higher-than-market prices for our HBI during that period and according to the original contract accumulated a credit. During 2004 and 2005, we paid lower-than-market prices for our HBI purchases, which resulted in a decrease to the previously recorded amount and lower cost of sales. At December 31, 2005, the accumulated credit amounted to approximately $9.5 million. This credit, however, is offset by a provision for an equal amount.

Our Veracruz facility consumes large quantities of electric power, particularly for the operation of the electric furnaces used to produce steel. This electric power is furnished by the Mexican government-owned *Comisión Federal de Electricidad*, or the Federal Electric Power Commission. The costs of electric power in Mexico have increased in the past two years reflecting higher fuel prices.

Integrated Steel Production Facility in Argentina

At our Campana facility in Argentina, we vary within limits the proportion of ferrous scrap to DRI that we use to manufacture our products based on the relative prices of these inputs.

We operate a Midrex DRI production plant in Argentina to generate DRI using, as raw materials, pellets and lump ore purchased under long-term contracts from suppliers in neighboring Brazil. Prices under these contracts are fixed on an annual basis in accordance with market conditions and follow the prices agreed between the major iron ore exporters and their main steel industry clients. Our annual consumption of iron ore in Argentina ranges between 1,000,000 and 1,400,000 tons and is supplied primarily by *Companhia Vale do Rio Doce* and *Samarco Mineração S.A* under one-year fixed price contracts. We arrange the transportation of the iron ore, taking advantage of dry bulk cargo vessels on their return from Europe and utilizing our own port facilities. We have the capacity to store approximately 330,000 tons of iron ore, or enough to supply our manufacturing activity in Argentina for three months. The costs for iron ore imported into Argentina from Brazil rose strongly in 2005 in line with increases in international iron ore prices.

Table of Contents

To meet our requirements for ferrous scrap at competitive prices, we established Scrapservice S.A., a subsidiary in Argentina that collects and processes ferrous scrap. Our costs of collecting and processing ferrous scrap in Argentina increased during 2004 reflecting higher demand from local steel producers and a tight supply situation following several years of recession. In 2004 this cost increased to levels similar to those previous to the 2002 Argentine peso devaluation but remained stable in 2005.

We consume large quantities of electricity for our manufacturing activities at the Campana facility, particularly for the operation of the electric furnaces used to melt DRI and ferrous scrap. In order to secure a source of electric power on competitive terms, in February 2003 we acquired an electric power generating facility located in San Nicolás, approximately 200 kilometers northwest of Campana, at a net cost of $16.9 million. The power plant is a modern gas turbine facility that came on stream in 1998 and has a power generation capacity of 160 megawatts and steam production capacity of 250 tons per hour. As a result of this purchase, our operations at Campana are self-sufficient in electrical power requirements. Power generated at the plant in excess of our requirements is sold on the open market and steam is sold to Siderar, a subsidiary of Ternium that operates a steel production facility in San Nicolás. We also have a thermo-electric generating facility with a capacity of 37.5 megawatts at Campana, which can operate with natural gas or fuel oil. In October, 2004, during regular maintenance, we detected technical problems and temporarily shut down the San Nicolás power plant. Operations were resumed in September 2005.

We consume substantial volumes of natural gas in Argentina, particularly in the generation of DRI and to operate our power generation facilities. Repsol YPF is Siderca s principal supplier of natural gas. Tecpetrol S.A., or Tecpetrol, a Techint group company, supplies Siderca with the balance of its natural gas requirements on terms and conditions that are equivalent to those with Repsol YPF. In April 2003, we entered into an agreement with Tecpetrol for the delivery of 760 million cubic meters of natural gas to our Campana plant and to our San Nicolas power generation facility over a period of five years. Under the terms of this agreement, we prepaid a portion of the gas deliveries, corresponding to $15.3 million. While we had consumed the entire prepaid amount by February 2006, we continue to take deliveries under the contract at non-preferential prices.

We have transportation capacity agreements with Transportadora de Gas del Norte S.A., or TGN, corresponding to capacity of 600,000 cubic meters per day. This agreement is renewed on an annual basis. We are currently in the process of negotiating to extend our current agreement with TGN for a period of ten years, until April 2017. In April 2006, we were assigned an additional 315,000 cubic meters per day of new firm capacity with TGN, which has been assigned to us. We expect this additional capacity to be available to us by mid 2008.

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 transportation capacity currently corresponding to approximately 970,000 cubic meters per day. The 315,000 cubic meters per day of assigned non-interruptible transportation capacity from TGN is expected to partially replace the capacity currently contracted with Gasban during 2006. For the final transportation phase, we have a supply contract with Gasban that expires in May 2009.

The costs of natural gas for industrial use in Argentina increased since 2003 driven by increased local demand as the local economy recovered and by governmental policies which subsidize residential consumption of natural gas at the expense of industrial users. During 2005, availability of natural gas was impacted as demand continued to outpace supply, as a result of the continued freeze of residential tariffs, the growth in the economy, the lack of investment in the development of new reserves and in transportation infrastructure due to political uncertainties and lack of governmental policy definitions. Natural gas prices increased significantly during 2005, and are expected to continue to do so in 2006.

Product Quality Standards

Our seamless steel pipes are manufactured in accordance with the specifications of the American Petroleum Institute, or API, the American Society for Testing and Materials, or ASTM, the International Standardization Organization, or ISO, and the Japan Standard, or JIS. The products must also satisfy our proprietary standards as well as our customers requirements. We maintain an extensive quality 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. Currently we maintain, for all our operations, the Quality System Certification

Table of Contents

ISO 9001-2000, granted by Lloyd Register Quality Assurance, a requirement for selling to the major oil and gas companies, which have rigorous quality standards. The ISO 9001 quality management system assures that the product complies with customer requirements from the acquisition of raw material to the delivery of the final product. ISO 9001 is designed to ensure the reliability of both the product and the processes associated with the manufacturing operation.

All our mills involved in the manufacturing of material for the automotive market are additionally certified according to the standard ISO TS 16949.

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 the Campana plant, at the research facilities of the *Centro Sviluppo Materiali S.p.A,* or CSM, in Rome and at the product testing facilities of NKKTubes in Japan. We have an 8% interest in CSM, which was acquired in 1997. We also have a laboratory specialized in advanced welding techniques in Veracruz, where we are currently constructing a specialized research facility including full scale testing capabilities.

Product development and research currently being undertaken include:

- proprietary premium joint products including Dopeless technology;
- heavy wall deep water line pipe and risers;
- tubes and components for the car industry and mechanical applications; *and*
- tubes for boilers.

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 the design of a new quenching device for heavy wall pipes and modeling of rolling and finishing process, with the goal of improving product quality.

We spent $34.7 million for R&D in 2005, compared to $26.3 million in 2004 and $21.9 million in 2003.

Environmental Regulation

We are subject to a wide range of local, provincial and national laws, regulations, permits and decrees in the countries where we have manufacturing operations concerning, among other things, human health, discharges to the air and water and the handling and disposal of solid and hazardous wastes. Compliance with these environmental laws and regulations is a significant factor in our business.

We have not been fined 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. We have not been required or requested, nor are we aware of any obligation, to conduct remedial activities at any of our sites or facilities.

Insurance

We carry property, accident, fire, third party liability (including employer s, third-party and product liability) and certain other insurance coverages in line with typical industry practice. Our current general liability coverage includes third party, employers, sudden and accidental seepage and pollution and product liability, with caps of approximately $100 million. Our current property insurance program has indemnification caps ranging from $25

Table of Contents

million to $150 million, depending on the value of the different plants. Additionally, we carry business interruption coverage for certain parts of our business which is ancillary to the property and machinery breakdown coverage. In some cases, insurers have the option to replace damaged or destroyed plant and equipment rather than to pay us the insured amount.

Item 4A. Unresolved Staff Comments.

None.

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, which differ in certain significant respects from U.S. GAAP. See notes 32 and 33 to our consolidated financial statements included in this document, which include a description of the principal differences between IFRS and U.S. GAAP as they relate to our consolidated financial statements and a reconciliation of net income and shareholders equity for the periods and at dates indicated.

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 this annual report and others 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 seamless steel pipe products to the oil and gas, energy and other industries, with production, distribution and service capabilities in key markets worldwide. In the last decade, we have expanded our business through a series of strategic investments. We now operate a worldwide network of seamless steel pipe operations with manufacturing facilities in South America, North America, Europe and Asia and a theoretical annual production capacity of 3.3 million tons of seamless steel pipe products, compared to 800,000 tons in the early 1990s. In addition to our investments in seamless steel pipe operations worldwide, we also own controlling interests in the leading producers of welded steel pipes in Argentina and Brazil, with a combined theoretical annual production capacity of 930,000 tons, and have established an energy supply business in Italy. We have developed competitive and far-reaching global distribution capabilities, with a direct presence in most major oil and gas markets.

Our primary source of revenue is the sale of seamless pipes worldwide. Sales of seamless pipes represent a high percentage (76% in 2005) of our total sales, and we expect sales of such products to continue to be our primary source of revenue. The global market for seamless pipes is highly competitive, with the primary competitive factors being price, quality and service. We sell our products in a large number of countries worldwide and compete in international markets primarily against European and Japanese producers.

Our sales of seamless pipes are sensitive to the international prices of oil and gas and their impact on the drilling activity of participants in the oil and gas sectors. Demand for seamless pipes from the global oil and gas industry is a significant factor affecting the general sales volumes and prices of our products. In 2005, persistently high oil and gas prices, among other factors, led oil and gas producers to continue to increase their investment in exploration and production. Drilling activity rose worldwide, with strong increases in many regions including North America, the Middle East, the Far East and South America. Moreover, high oil and gas prices and declining production rates from existing fields are encouraging oil and gas companies to increase investment in offshore and deep drilling operations in which high-value products, including premium joints, are usually specified. Our sales of seamless pipes in 2005 rose 57%, reflecting significantly higher average selling prices and moderately higher volumes. We expect the factors that led to increased global drilling activity and increased demand for high-value products in 2005 to persist throughout 2006, resulting in continued strong demand for our seamless pipes.

Our seamless pipe production costs are sensitive to the international prices of steelmaking raw materials, which reflect supply and demand factors in the global steel industry. 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 our production of seamless pipes. In recent years, the costs of raw materials used in our seamless pipe business have increased significantly due to increased global demand for steel products in general. In 2004 and 2005, due to strong market demand for our seamless pipes, we were able to offset the impact of raw material cost increases through increases in average selling prices. In 2003, however, the increase in average selling prices for our seamless pipes was not sufficient to offset the impact of increases in raw material and other costs. We expect that some of our raw material costs will show further increases in 2006 but that increases in selling prices for our seamless pipes should be sufficient to offset the impact of increases in these and other costs.

Our sales of welded pipe products are volatile and depend on specific projects. The market for our welded steel pipes can vary significantly from year to year and is to a large extent driven by projects to construct oil and gas pipelines in the regional market of our welded pipe mills in South America. In 2005, demand for our welded pipe products was particularly strong as a number of gas pipeline projects in Brazil and gas pipeline expansion projects in Argentina progressed. In 2003 and 2004, however, demand was affected by the suspension of a gas pipeline project in Brazil in the second half of 2003 and the postponement of further gas pipeline infrastructure projects in that country, which situation extended until the second half of 2004, as well as minimal project activity in Argentina and other countries in the region. We expect that our sales of welded pipes in 2006 will again be affected by delays to the implementation of gas pipeline projects in our primary markets.

Our sales of welded pipes and our financial expenses are expected to increase significantly if we complete the acquisition of Maverick. On June 12, 2006, we entered into a merger agreement pursuant to which we will acquire Maverick, a leading North American producer of welded OCTG, line pipe and coiled tubing for use in oil and natural gas wells. Maverick has welded pipe manufacturing facilities in the United States, Canada and Colombia and, in 2005, according to Maverick s 2005 annual report on Form 10-K, shipped approximately 1.3 million short tons of welded pipes. This transaction remains subject to regulatory approvals, majority approval of Maverick s shareholders and other customary conditions. If and when the merger is consummated, we expect that our sales of welded pipes will increase significantly, and we expect that the principal driver affecting our sales of welded pipes will change. In addition, if and when the merger is consummated, we expect to incur additional debt up to $2.7 billion under one or more five-year term loan facilities, in which case our financial expenses will increase significantly.

Our net income in 2004 and 2005 benefited from strong gains arising from results of associated companies. We have a significant investment in Ternium, one of the leading steel producers in the Americas with operations in Argentina, Mexico and Venezuela. Prior to our investment in Ternium we held an indirect investment in Sidor, the largest steel producer in Venezuela and now a Ternium subsidiary. In September 2005 we exchanged our indirect investment in Sidor for an investment in Ternium. In 2004 and 2005, we recorded strong gains on our investments in Sidor and subsequently Ternium reflecting the favorable market environment for Sidor s and Ternium s steel products. We expect to continue to earn a positive return on our investment in Ternium in 2006 as market conditions for Ternium s steel products remain favorable.

Critical Accounting Estimates

This discussion of our operating and financial review and prospects is based on our audited consolidated financial statements, which have been prepared in accordance with IFRS. The use of IFRS as opposed to U.S. GAAP has an impact on our critical accounting policies and estimates. The application of U.S. GAAP would have affected the determination of consolidated net income for the years ended December 31, 2005, 2004 and 2003, and the determination of consolidated shareholders equity as of December 31, 2005 and 2004. See notes 32 and 33 to our audited consolidated financial statements included in this annual report, which reconcile our results of operations and shareholders equity presented under IFRS to U.S. GAAP.

Table of Contents

The preparation of these financial statements and related disclosures in conformity with IFRS accounting principles 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 doubtful accounts, obsolescence of inventory, impairment of long-term investments, impairment of intangible assets, loss contingencies and asset lives 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 our 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:

Allowances for Doubtful Accounts and Customer Claims

Management estimates the ultimate collectibility 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.

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 or similar surety, are fully provisioned. Some of our minor subsidiaries, however, determine the impaired amount of trade receivables on a case by case basis.

Historically, losses from uncollectible accounts receivables have been within expectations and in line with 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 and net worth could be materially and adversely affected.

Inventory Reserves: 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 estimated market 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.

We also make an allowance for slow-moving inventory in relation to finished goods based on management s analysis of their ageing and market conditions. For this purpose, stocks of finished goods produced by us or purchased from third parties more than one year prior to the reporting date are valued at their estimated recoverable value. Prior to January 1, 2004, inventory for goods produced by us or purchased from third parties more than two years before the reporting date were revalued 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*

Table of Contents

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.

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.

Loss Contingencies

We are 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. Our 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 a potential loss from a claim or proceeding is considered probable and the amount can be reasonably estimated, a liability 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 and net worth.

Impairment and recoverability of goodwill and other assets

Assessment of the recoverability of the carrying value of goodwill and other assets require a great deal of judgment. We evaluate goodwill allocated to the operating units for impairment on an annual basis. The carrying value of other assets is evaluated whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

During 2004, due to technical problems detected at our electric power generating facility located in San Nicolas, Argentina, we impaired the value of these assets. This impairment was partially offset by a receivable we recognized with the manufacturer for the cost of the repairs. This power generating facility resumed operations in September 2005.

We also test our investments in associated companies for impairment. In 2004, as a result of improved economic conditions and based on projections calculated by its management, Amazonia reversed an impairment provision recorded in previous years on its investment in Sidor. For the purpose of conducting its impairment tests, Amazonia determined the fair value of Sidor using the discounted cash flow method using market based parameters. See note 12 and 28.d to our audited consolidated financial statements for further reference on our investment in Amazonia.

We also test deferred tax assets for impairment. See AP N to our audited consolidated financial statements for additional information about our deferred tax policy.

Although we believe our estimates and projections are appropriate based on currently available information, the actual operating performance of an asset or group of assets which has been tested for impairment may be significantly different from current expectations. In such an event, the carrying value of goodwill, investments in associates and deferred taxes may be different from amounts currently recorded and materially affect asset values and results of operation.

Reassessment of Plant and Equipment Asset Lives

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets using the straight-line method. 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,*

Table of Contents

Plant and Equipment, 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, for the change to be treated as a change in an accounting estimate. Management s reassessment of asset useful lives did not materially affect depreciation expense for 2005. However, if management s estimates prove incorrect, the carrying value of plant and equipment and its useful lives may be different from amounts currently recorded and materially affect asset values and results of operation.

Net Income and Shareholders Equity Information on a U.S. GAAP Basis

IFRS differ in significant respects from U.S. GAAP. Under U.S. GAAP, net income would have been $1,295.5 million, $730.3 million, and $203.9 million for the years ended December 31, 2005, 2004 and 2003, respectively. This compares with net income attributable to equity holders of the Company under IFRS of $1,277.5 million, $784.7 million and $210.3 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Shareholders equity as determined in accordance with U.S. GAAP would have been $3,413.6 million and $2,488.4 million at December 31, 2005 and 2004, respectively. These values compare with shareholders equity under IFRS of $3,507.8 million and $2,495.9 million at December 31, 2005 and 2004, respectively.

The principal differences between IFRS and U.S. GAAP that affected our results of operations were:

- differences in the basis of the calculation of the deferred income tax related to assets and liabilities that are remeasured from local currency into the functional currency;
- differences in the accounting for investments in associated companies;
- differences in the recognition of prior period service costs related to pension benefits;
- differences in accounting for changes in the fair value of certain financial assets;
- differences in the amortization of goodwill, including the treatment of negative goodwill;
- differences in the accounting of direct costs relating to the exchange offers; *and*
- the effects on deferred taxes and minority interest of the above reconciling items.

For a discussion of the principal differences between IFRS and U.S. GAAP as they relate to our consolidated net income and shareholders equity, see notes 32 and 33 to our audited consolidated financial statements included in this annual report.

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 Tenaris and AP A and B 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.

47

Table of Contents

Thousands of U.S. dollars (except number of shares and per share amounts)	For the year ended December 31, 2005	2004	2003	2002	2001
Selected consolidated income statement data[1]					
IFRS					
Net sales	6,736,197	4,136,063	3,179,652	3,219,384	3,174,299
Cost of sales	(3,942,758)	(2,776,936)	(2,207,827)	(2,169,228)	(2,165,568)
Gross profit	2,793,439	1,359,127	971,825	1,050,156	1,008,731
Selling, general and administrative expenses	(842,574)	(672,449)	(566,835)	(567,515)	(502,747)
Other operating income (expenses), net	(2,419)	126,840	(116,800)	(10,764)	(64,352)
Operating income	1,948,446	813,518	288,190	471,877	441,632
Financial income (expenses), net	(109,738)	5,802	(29,420)	(20,597)	(25,595)
Income before equity in earnings (losses) of associated companies and income tax	1,838,708	819,320	258,770	451,280	416,037
Equity in earnings (losses) of associated companies	117,377	206,037	27,585	(6,802)	(41,296)
Income before income tax	1,956,085	1,025,357	286,355	444,478	374,741
Income tax	(568,753)	(220,376)	(63,918)	(207,771)	(218,838)
Net income [2]	1,387,332	804,981	222,437	236,707	155,903
Net income attributable to [2]:					
Equity holders of the Company	1,277,547	784,703	210,308	94,304	81,346
Minority interest	109,785	20,278	12,129	142,403	74,557
Net income [2]	1,387,332	804,981	222,437	236,707	155,903
Depreciation and amortization	(214,227)	(208,119)	(199,799)	(176,315)	(161,710)
Weighted average number of shares outstanding[3]	1,180,536,830	1,180,506,876	1,167,229,751	732,936,680	710,747,187
Basic and diluted earnings per share[4]	1.08	0.66	0.18	0.13	0.11
Dividends per share[5]	0.30	0.11	0.10	0.06	0.15
U.S. GAAP					
Net sales[6]	6,736,197	4,136,063	3,179,652	3,219,384	2,313,162
Operating income [6]	1,956,718	823,527	297,568	476,107	422,014
Income before cumulative effect of accounting changes	1,295,465	730,339	203,908	110,049	163,921
Cumulative effect of accounting changes				(17,417)	(1,007)
Net income	1,295,465	730,339	203,908	92,632	162,914
Weighted average number of shares outstanding[3]	1,180,536,830	1,180,506,876	1,167,229,751	732,936,680	710,747,187
Basic and diluted earnings per share before effect of accounting changes[4]	1.10	0.62	0.18	0.15	0.23
Cumulative effect of accounting changes per share[4]				(0.02)	(0.00)
Basic and diluted earnings per share[4]	1.10	0.62	0.18	0.13	0.23

(1) Certain comparative amounts for 2004, 2003, 2002 and 2001 have been reclassified to conform to changes in presentation for 2005.

(2) Prior to December 31, 2004, minority interest was shown in the income statement before net income, as required by IFRS in effect. For years beginning on or after January 1, 2005, International Accounting Standard No. 1 (IAS 1), (revised), requires that income for the year as shown on the income statement not exclude minority interest. Earnings per share, however, continue to be calculated on the basis of net income attributable solely to the equity holders of the Company. See section iv (a) of the consolidated financial statements included in this annual report.

(3) On October 18, 2002, Sidertubes S.A., formerly a wholly owned subsidiary of San Faustín, contributed all of its assets for 710,747,090 shares of Tenaris. Upon the consummation of the December 2002 exchange offer and subsequent acquisitions of minority interests Tenaris had a total of 1,180,536,830 shares for years ended December 31, 2005 and 2004 and 1,180,287,664 and 1,160,700,794 shares at

December 31, 2003 and 2002, respectively.

(4) Earnings per share before effect of accounting changes, cumulative effect of accounting changes per share and earnings per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued and outstanding in each of the periods presented prior to October 18, 2002.

(5) Dividends per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued and outstanding in each of the periods presented prior to October 18, 2002.

(6) For U.S. GAAP purposes, Dalmine s results were not consolidated for the year ended December 31, 2001.

Table of Contents

Thousands of U.S. dollars (except number of shares and per share amounts)	**At December 31,**				
	2005	**2004**	**2003**	**2002**	**2001**
Selected consolidated balance sheet data[1]					
IFRS					
Current assets	3,773,284	3,012,092	2,035,895	1,810,581	1,619,136
Property, plant and equipment, net	2,230,038	2,164,601	1,960,314	1,934,237	1,971,318
Other non-current assets	702,706	485,595	313,339	337,080	247,500
Total assets	6,706,028	5,662,288	4,309,548	4,081,898	3,837,954
Current liabilities	1,699,101	1,999,846	1,328,677	1,203,278	1,084,913
Non-current borrowings	678,112	420,751	374,779	322,205	393,051
Deferred tax liabilities	353,395	371,975	418,333	500,031	262,963
Other non-current liabilities	199,547	208,521	226,495	175,547	302,645
Total liabilities	2,930,155	3,001,093	2,348,284	2,201,061	2,043,572
Capital and reserves attributable to the Company s equity holders[2]	3,507,802	2,495,924	1,841,280	1,694,054	875,401
Minority interest	268,071	165,271	119,984	186,783	918,981
Total liabilities and equity	6,706,028	5,662,288	4,309,548	4,081,898	3,837,954
Number of shares outstanding[3]	1,180,536,830	1,180,536,830	1,180,287,664	1,160,700,794	710,747,187
Equity holders equity per share[4]	2.97	2.11	1.56	1.46	1.23
U.S. GAAP					
Total assets	6,557,751	5,595,345	4,287,548	4,051,044	3,075,455
Net assets					