Tenaris

Press Release

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Tenaris Announces 2007 First Quarter Results

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

Luxembourg, May 4, 2007 - Tenaris S.A. (NYSE, Buenos Aires and Mexico: TS and MTA Italy: TEN) ("Tenaris") today announced its results for the quarter ended March 31, 2007 with comparison to its results for the quarter ended March 31, 2006.

Summary of 2007 First Quarter Results

(Comparison with fourth quarter and first quarter of 2006)

	Q1 2007	Q4 2006		Q1 2006	
Net sales (US$ million)	2,425.3	2,460.9	(1%)	1,621.9	50%
Operating income (US$ million)	757.6	812.6	(7%)	597.1	27%
Net income (US$ million)	509.4	612.0	(17%)	441.7	15%
Shareholders' net income (US$ million)	480.3	574.8	(16%)	419.7	14%
Earnings per ADS (US$)	0.81	0.97	(16%)	0.71	14%
Earnings per share (US$)	0.41	0.49	(16%)	0.36	14%
EBITDA (US$ million)	858.1	901.6	(5%)	651.8	32%
EBITDA margin (% of net sales)	35%	37%		40%	

Our results in the first quarter continued to show strong year-on-year growth with net sales up 50%, operating income up 27% and earnings per share up 14%. Sequentially, however, revenues were flat, operating income declined 7% and earnings per share, on a comparable basis*, declined 11%. Demand for our products and services outside North America remains firm but, in North America, it has been affected by the slowdown in Canada. Free cash flow (net cash provided by operations less capital expenditures) during the period totaled US$568.4 million, and net debt decreased to US$1,574.7 million at March 31, 2007.

* Excluding the gain recorded on the sale of Dalmine Energie in the fourth quarter of 2006

Market Background and Outlook

Oil prices fluctuated during the first quarter, declining at the beginning of the period before recovering towards the end. North American gas prices, which had declined sharply in the second half of last year falling below US$5 per million BTU in September, recovered to a range of US$7-8 per million BTU. The international count of active drilling rigs, as published by Baker Hughes, continued to rise and averaged 982 during the first quarter, an increase of 3% over the previous quarter and one of 10% compared to the same quarter of the previous year. In North America, however, where drilling activity is more sensitive to regional gas prices, the Canadian rig count registered a 20% decline in the first quarter of 2007 compared to the first quarter of 2006. The U.S. rig count remained stable showing a 1% increase during the first quarter of 2007 compared to the fourth quarter of 2006 and was up 14% compared to the first quarter of 2006.

In addition to the slowdown in Canadian drilling activity during the recently-ended winter drilling season, sales of our tubular products and services in North America during the first quarter of 2007 were also affected by the increase in imports from China. Demand in the rest of the world, however, remains firm as oil and gas operators continue to increase investments in exploration and production activity. We expect that, based on current forward gas prices, drilling activity in Canada will recover in the next winter drilling season and that we will increase our worldwide sales of high-end products later in the year as we bring on stream new heat treatment and finishing facilities. Consequently, we should continue to record year-on-year growth in sales and maintain our segment operating margin at current levels.

Sales of our large diameter pipes for pipeline projects in South America started to pick up at the end of the first quarter as we commenced deliveries to the GASCAC phase of the GASENE project in Brazil. Further increases in sales are expected during the year as we complete deliveries to this and other projects in Brazil and a delayed project in Argentina.

Annual Shareholders Assembly

The annual general shareholders' meeting of Tenaris will take place at 11:00 am on June 6, 2007 in Luxembourg. The notice and agenda for the meeting, the shareholder meeting brochure and proxy statement and the Company's 2006 annual report may be downloaded from our website at www.tenaris.com/investors and may be obtained on request by calling 1-800-990-1135 (within the USA) or +1-201-680-6630 (outside the USA).

Analysis of 2007 First Quarter Results

Sales volume (metric tons)	Q1 2007	Q1 2006	Increase/(Decrease)
Tubes - Seamless	746,000	714,000	4%
Tubes – Welded	252,000	7,000	
Tubes - Total	998,000	721,000	38%
Projects - Welded	75,000	58,000	29%
Total	**1,073,000**	**779,000**	**38%**

Tubes	Q1 2007	Q1 2006	Increase/(Decrease)
(Net sales - $ million)			
North America	727.8	449.6	62%
South America	260.5	218.8	19%
Europe	418.7	296.2	41%
Middle East & Africa	580.0	310.9	87%
Far East & Oceania	157.7	172.6	(9%)
Total net sales ($ million)	2,144.7	1,448.0	48%
Cost of sales (% of sales)	50%	48%	
Operating income ($ million)	722.0	572.2	26%
Operating income (% of sales)	34%	40%	

Net sales of tubular products and services rose 48% to US$2,144.7 million in the first quarter of 2007, compared to US$1,448.0 million in the first quarter of 2006, due primarily to the incorporation of sales from the former Maverick operations. On a like for like basis both average selling prices and sales volumes increased. Sales rose strongly in the Middle East and Africa on increased demand for our TenarisBlue® premium connections and other specialized OCTG products and services. In North America, on a like-for-like basis, sales declined reflecting the slowdown in drilling activity and distributor inventory adjustments in Canada and lower activity in Mexico. In Europe, sales of line pipe products to process and power plant customers increased as did hollows for gas cylinders and mechanical pipe for hydraulic cylinders. In South America, sales increased in Colombia and Argentina but sales of OCTG products and services were lower in Venezuela as PDVSA continued to draw down inventories. In the Far East and Oceania, sales declined primarily due to lower sales of OCTG products and services in the region.

Projects	Q1 2007	Q1 2006	Increase/(Decrease)
Net sales ($ million)	124.4	96.2	29%
Cost of sales (% of sales)	66%	65%	
Operating income ($ million)	26.3	16.3	61%
Operating income (% of sales)	21%	17%	

Net sales of pipes for pipeline projects increased 29% to US$124.4 million in the first quarter of 2007, compared to US$96.2 million in the first quarter of 2006, primarily reflecting higher sales in Brazil where deliveries for the GASCAC phase of the GASENE project began during the period.

Others	Q1 2007	Q1 2006	Increase/(Decrease)
Net sales ($ million)	156.2	77.6	101%
Cost of sales (%of sales)	82%	77%	
Operating income ($ million)	9.3	8.6	8%
Operating income (% of sales)	6%	11%	

Net sales of other products and services rose 101% to US$156.2 million in the first quarter of 2007, compared to US$77.6 million in the first quarter of 2006, reflecting the inclusion of sales of conduit pipes and higher sales of metallic structures by our Brazilian subsidiary.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.4% in the quarter ended March 31, 2007 compared to 13.4% in the corresponding quarter of 2006 due primarily to an increase in amortization expenses following the incorporation of Maverick. Amortization of customer relationships and other intangibles acquired with Maverick amounted to US$37 million in the quarter.

Net interest expenses rose to US$35.5 million in the first quarter of 2007 compared to a net interest income of US$0.8 million in the same period of 2006 reflecting an increased net debt position following the Maverick acquisition.

Other financial results recorded a loss of US$13.0 million during the first quarter of 2007, compared to a gain of US$9.7 million during the first quarter of 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US$25.9 million in the first quarter of 2007, compared to a gain of US$21.5 million in the first quarter of 2006. These gains were derived mainly from our equity investment in Ternium.

Income tax charges totalled US$225.5 million in the first quarter of 2007, equivalent to 32% of income before equity in earnings of associated companies and income tax, compared to US$190.0 million in the first quarter of 2006, equivalent to 31% of income before equity in earnings of associated companies and income tax.

Income attributable to minority interest rose to US$29.1 million in the first quarter of 2007, compared to US$22.0 million in the corresponding quarter of 2006 reflecting higher operating and financial results at our Confab and NKKTubes subsidiaries.

Cash Flow and Liquidity

Net cash provided by operations during the first quarter of 2007 was US$688.3 million, compared to US$544.1 million in the first quarter of 2006. Working capital increased by US$90.5 million, reflecting principally a decline in trade payables of US$71.4 million and an increase in inventories of US$65.5 million.

Capital expenditures amounted to US$119.9 million in the first quarter of 2007, compared to US$69.5 million in the first quarter of 2006. The increase reflects the progress of implementation of our two-year investment program to increase capacity for specialized products and investments in the former Maverick operations.

During the first quarter of 2007, total financial debt decreased by US$253.0 million to US$3,398.2 million at March 31, 2007 from US$3,651.2 million at December 31, 2006. Net financial debt during the first quarter of 2007 decreased by US$520.6 million to US$1,574.7 million at March 31, 2007.

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

Consolidated Condensed Interim Income Statement

(Thousands of U.S. dollars)	Three-month period ended March 31, 2007	Three-month period ended March 31, 2006
Continuing operations	(Unaudited)	
Net sales	2,425,299	1,621,891
Cost of sales	(1,291,498)	(816,327)
Gross profit	1,133,801	805,564
Selling, general and administrative expenses	(374,267)	(216,640)
Other operating income (expenses), net	(1,937)	8,185
Operating income	757,597	597,109
Interest income	22,191	12,395
Interest expense	(57,727)	(11,639)
Other financial results	(13,043)	9,697
Income before equity in earnings of associated companies and income tax	709,018	607,562
Equity in earnings of associated companies	25,907	21,521
Income before income tax	734,925	629,083
Income tax	(225,531)	(190,026)
Income for continuing operations	509,394	439,057
Discontinued operations		
Income (loss) for discontinued operations	-	2,633
Income for the period	509,394	441,690
Attributable to:		
Equity holders of the Company	480,304	419,688
Minority interest	29,090	22,002
	509,394	441,690

Consolidated Condensed Interim Balance Sheet

(Thousands of U.S. dollars)	At March 31, 2007		At December 31, 2006	
	(Unaudited)			
ASSETS				
Non-current assets				
Property, plant and equipment, net	2,978,406		2,939,241	
Intangible assets, net	2,826,641		2,844,498	
Investments in associated companies	453,483		422,958	
Other investments	26,807		26,834	
Deferred tax assets	293,353		291,641	
Receivables	39,330	6,618,020	41,238	6,566,410
Current assets				
Inventories	2,437,796		2,372,308	
Receivables and prepayments	268,845		272,632	
Current tax assets	160,676		202,718	
Trade receivables	1,642,841		1,625,241	
Other investments	188,688		183,604	
Cash and cash equivalents	1,634,812	6,333,658	1,372,329	6,028,832
Total assets		12,951,678		12,595,242
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	1,180,537		1,180,537	
Legal reserves	118,054		118,054	
Share premium	609,733		609,733	
Currency translation adjustments	29,023		3,954	
Other reserves	28,143		28,757	
Retained earnings	3,877,888	5,843,378	3,397,584	5,338,619
Minority interest		387,552		363,011
Total equity		6,230,930		5,701,630
LIABILITIES				
Non-current liabilities				
Borrowings	2,765,327		2,857,046	
Deferred tax liabilities	978,204		991,945	
Other liabilities	193,339		186,724	
Provisions	84,405		92,027	
Trade payables	354	4,021,629	366	4,128,108

Current liabilities				
Borrowings	632,858		794,197	
Current tax liabilities	693,545		565,985	
Other liabilities	217,241		187,701	
Provisions	22,729		26,645	
Customer advances	365,861		352,717	
Trade payables	766,885	2,699,119	838,259	2,765,504
Total liabilities		6,720,748		6,893,612
Total equity and liabilities		12,951,678		12,595,242

Consolidated Condensed Interim Cash Flow Statement

(Thousands of U.S. dollars)	Three-month period ended March 31, 2007	Three-month period ended March 31, 2006
Cash flows from operating activities	(Unaudited)	
Income for the period	509,394	441,690
Adjustments for:		
Depreciation and amortization	100,487	54,675
Income tax accruals less payments	125,377	83,458
Equity in earnings of associated companies	(25,907)	(21,521)
Interest accruals less payments, net	45,429	5,292
Income from disposal of investment	-	(6,933)
Changes in provisions	(7,230)	731
Changes in working capital	(90,519)	(24,257)
Other, including currency translation adjustment	31,243	10,947
Net cash provided by operating activities	688,274	544,082
Cash flows from investing activities		
Capital expenditures	(119,912)	(69,529)
Acquisitions of subsidiaries and minority interest	(1,750)	(29,809)
Decrease in subsidiaries	(1,195)	-
Proceeds from disposal of property, plant and equipment and intangible assets	2,693	1,820
Changes in restricted bank deposits	-	648
Investments in short terms securities	(5,084)	(177,650)
Net cash used in investing activities	(125,248)	(274,520)
Cash flows from financing activities		
Dividends paid to minority interest in subsidiaries	(3,359)	(7,581)
Proceeds from borrowings	48,174	101,085
Repayments of borrowings	(360,899)	(154,601)
Net cash used in financing activities	(316,084)	(61,097)
Increase in cash and cash equivalents	246,942	208,465
Movement in cash and cash equivalents		
At the beginning of the period	1,365,008	680,591
Effect of exchange rate changes	2,736	(1,834)
Increase in cash and cash equivalents	246,942	208,465
At March 31,	1,614,686	887,222

Cash and cash equivalents	At March 31, 2007	At March 31, 2006
Cash and bank deposits	1,634,812	910,991
Bank overdrafts	(20,105)	(22,369)
Restricted bank deposits	(21)	(1,400)
	1,614,686	887,222