

TENARIS SA  
Form 6-K  
April 16, 2004

**FORM 6 - K**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Private Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934**

**As of April 15, 2004**

**TENARIS, S.A.**

(Translation of Registrant's name into English)

**TENARIS, S.A.**

23 Avenue Monterey  
2086 Luxembourg

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_.

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April 13, 2004

**Dear Shareholder**

We invite you to attend the Annual General Meeting of Shareholders of Tenaris S.A. Société Anonyme Holding to be held on Wednesday, May 26, 2004, at Banque Générale du Luxembourg at 50, av. J.F. Kennedy L-2951 Luxembourg. The meeting will begin promptly at 11:00 a.m.

At the meeting, you will hear a report on our business and have a chance to meet the Chairman and Chief Executive Officer.

Enclosed please find the notice and agenda for the meeting, the proxy statement, the 2003 annual report, which includes the consolidated financial statements prepared under International Financial Reporting Standards and the Company's (unconsolidated) annual accounts, prepared under Luxembourg legal requirements and accounting standards. All of these documents, and various other information, are available on our website at [www.tenaris.com/investors](http://www.tenaris.com/investors).

Even if you only own a few shares, we want your shares to be represented at the meeting. If you are shareholder of Common Shares, you can vote your shares personally or by proxy. For the latter you may use the enclosed dedicated proxy form.

I look forward to welcoming you on May 26, 2004.  
Sincerely yours

**Paolo Rocca**  
**Chairman and Chief Executive Officer**

**JPMORGAN CHASE BANK**  
4 New York Plaza, Floor 13  
New York, NY 10004

**Re: TENARIS, S.A.**

To: Registered Holders of American Depositary  
Receipts ( ADRs ) for Shares of Common Stock,  
US\$1 Par Value ( Common Stock ), of  
Tenaris, S.A. (the Company ):

The Company has announced that the Company's Annual General Meeting of Shareholders (the Meeting ) will be held on May 26, 2004, at 11:00 a.m., at Banque Générale du Luxembourg at 50, av. J.F. Kennedy L-2951 Luxembourg. **A copy of the Notice of Annual General Meeting of Shareholders from the Company, which includes the agenda for such Meeting, is enclosed.**

The enclosed materials are provided to allow the shares represented by your ADRs to be voted at the Meeting. They include the Notice of Annual General Meeting of Shareholders and a proxy statement as well as the 2003 annual accounts (in their consolidated and unconsolidated form). Each holder of American Depositary Receipts ( ADRs ) as of April 19, 2004 is entitled to instruct JPMorgan Chase Bank, as Depositary, as to the exercise of voting rights pertaining to the Company's shares of Common Stock represented by such holder's ADRs. Holders of ADRs as of April 19, 2004 who desire to vote at the Meeting must complete, date and sign a proxy form and return it to JPMorgan Chase Bank, P.O. Box 43062, Providence, RI 02940-5115. If the Depositary receives properly completed instructions by **3:30 p.m., New York City time, on May 19, 2004**, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if no instructions are received, or if they are improperly received, by the Depositary from any holder of ADRs by 3:30 p.m., New York time on May 19, 2004, then the Depositary shall deem such holder to have instructed the Depositary to vote the underlying shares of Common Stock of any such ADRs **in favor** of any proposals or recommendations of the Company, for which purposes the Depositary, shall issue a discretionary proxy to a person appointed by the Company to vote such shares in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote such shares on any given issue in accordance with the majority shareholder vote on that issue); provided, however, that no instruction shall be deemed given and no discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary it does not wish such proxy given or if the proposal has, in the discretion of the Depositary, a materially adverse effect on the rights of the holders of American Depositary Shares.

Any holder of ADRs is entitled to revoke any instructions which it has previously given to the Depositary by filing with the Depositary a written revocation or duly executed instructions bearing a later date at any time prior to 3:30 p.m., New York time, on May 19, 2004; however no instructions, revocations or revisions thereof shall be accepted by the Depositary after that time.

**TO BE COUNTED, YOUR VOTING INSTRUCTIONS MUST BE RECEIVED BY THE DEPOSITARY  
PRIOR  
TO 3:30 P.M. (New York City Time) ON MAY 19, 2004.**

**JPMORGAN CHASE BANK**  
*Depositary*

April 13, 2004  
New York, New York

**Tenaris S.A.**  
**Société Anonyme Holding**  
**13 rue Beaumont**  
**L-1219, Luxembourg**  
**RCS Luxembourg B 85 203**

Notice of the Annual General Meeting of Shareholders to be held on May 26, 2004

Notice is hereby given to holders of shares of common stock of Tenaris S.A. Société Anonyme Holding (the Company ) that the Annual General Meeting of Shareholders (the Meeting ) will be held on May 26, 2004, at 11:00 a.m., at Banque Générale du Luxembourg at 50, av. J.F. Kennedy L-2951 Luxembourg.

**AGENDA**

1. Approval of the Company s consolidated financial statements as of, and for the fiscal year ended, December 31, 2003. Approval of the report from the Board of Directors and from the independent auditor of the financial statements.
2. Approval of the Company s annual accounts as of, and for the fiscal year ended, December 31, 2003. Approval of the report from the Board of Directors and from the independent auditor of the annual accounts.
3. Approval of dividend payment.
4. Discharge of Board of Directors responsibilities.
5. Election of members of the Board of Directors.
6. Authorization to the Board of Directors to delegate the day-to-day management of the business to one or more of its members.
7. Determination of compensation to the members of the Board of Directors.
8. Appointment of independent auditors and approval of their fees.
9. Miscellaneous.

Pursuant to the Company s Articles of Association, resolutions at the Meeting will be passed by majority vote, irrespective of the number of shares present or represented.

In order to attend the Meeting, holders of shares must obtain an admission ticket by depositing their certificates representing their common stock, not later than 4:00 p.m. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be) on May 21, 2004 at the Company s offices in Luxembourg (13, rue Beaumont, L-1219 Luxembourg) (the Head Office ), or at any of the following Tenaris offices: (i) Argentina: Leandro N. Alem 1067, 15°, Buenos Aires, Attn: Horacio de las Carreras and/or Eleonora Cimino; (ii) Italy: c/o Dalmine S.p.A., Piazza Caduti 6 luglio 1944 n. 1 24044 Dalmine (BG), Attn: Teresa Gaini and/or Massimo Angeli; and (iii) Mexico: c/o Tubos de Acero de México S.A., Campos Eliseos 400-17 Col. Chapultepec Polanco, Mexico D.F., Attn: Félix Todd and/or Andrés Félix (the National Offices ).

Holders of shares through fungible securities accounts that wish to attend the Meeting must present a certificate (issued by the financial institution or professional depository holding such shares) evidencing such deposit and

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certifying the number of shares recorded in the relevant account as of May 21, 2004. Such certificate must be filed no later than 4:00 p.m. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be), on May 21, 2004 with any of (1) the Head Office or the National Offices or (2) in the case of Mexico, the Head Office, the National Offices or *S.D. Indeval, S.A. de C.V.* (Paseo de la Reforma #255, 2o. y 3er piso Col. Cuauhtémoc), in Mexico City.

Holder of shares as of May 21, 2004, may also vote by proxy. To vote by proxy, holders must file the required certificate and a completed proxy form not later than 4:00 p.m. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be), on May 21, 2004 with any of (1) the Head Office, the National Offices or (2) in the case of Mexico, the Head Office, the National Offices or *S.D. Indeval, S.A. de C.V.* in Mexico City.

Holders of American Depositary Receipts (the ADRs ) as of April 19, 2004 who desire to vote at the Meeting must complete, date and sign a proxy form and return it to JPMorgan Chase Bank (the Depository ) P.O. Box 43062, Providence, RI 02940-5115 by 3:30 p.m., New York City time, on May 19, 2004.

The Meeting Brochure, which contains reports on each item of the agenda for the Meeting, further details on voting procedures and the annual financial statements and consolidated annual financial statements for the year ending December 31, 2003, and the proxy statement and forms furnished by the Company in connection with the Meeting may be obtained as of April 13, 2004 from of the Head Office, any of the

National Offices, the Depositary, Borsa Italiana SpA (Piazza degli Affari 6, 20123, Milan, Italy ) or S.D. Indeval S.A. de C.V., between 10:00 a.m. and 5:00 p.m. local time of each respective country.

Copies of the Meeting Brochure and Proxy Statement and forms are also available at [www.tenaris.com/investors](http://www.tenaris.com/investors).

**Cecilia Bilesio**  
**Secretary of the Board of Directors**

April 13, 2004  
Luxembourg



**TENARIS S.A.**  
**Société Anonyme Holding**  
**13 rue Beaumont**  
**L-1219, Luxembourg**  
**RCS Luxembourg B 85 203**

**SHAREHOLDER MEETING BROCHURE AND PROXY STATEMENT**

**Annual General Meeting of Shareholders**  
**to be held on May 26, 2004**

This Shareholder Meeting Brochure and Proxy Statement is furnished by Tenaris, S.A. Société Anonyme Holding (the Company ) in connection with the Annual General Meeting of Shareholders (the Meeting ) to be held on May 26, 2004, for the purposes set forth in the accompanying Notice of Meeting at Banque Générale du Luxembourg at 50, av. J.F. Kennedy L-2951 Luxembourg.

As of March 30, 2004, there were issued and outstanding 1,180,536,830 shares of common stock (US\$1 par value) (the Common Stock ) of the Company, including shares of Common Stock (the Deposited Shares ) deposited with Banque Générale du Luxembourg, as agent for JPMorgan Chase Bank, (the Depository ), under the Deposit Agreement, dated as of November 11, 2002 (the Deposit Agreement ), among the Company, the Depository and all holders from time to time of American Depositary Receipts (the ADRs ) issued thereunder. The Deposited Shares are represented by American Depositary Shares ), which are evidenced by the ADRs (one ADR equals ten Deposited Shares).

Each holder of shares of Common Stock is entitled to one vote per share. Holders of shares that hold shares through fungible securities accounts and wish to attend the Meeting must present a certificate (issued by the financial institution or professional depository holding such shares) evidencing such deposit and certifying the number of shares recorded in the relevant account on May 21, 2004. Such certificate must be filed no later than 4:00 p.m. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be), on May 21, 2004 with any of (1) the Head Office, the National Offices, as defined in the notice to the Meeting, or (2) in the case of Mexico, the Head Office, the National Offices or *S.D. Indeval, S.A. de C.V.*, in Mexico City.

Holders of shares as of May 21, 2004 may also vote by proxy. To vote by proxy, such holders must file the required certificate and a completed proxy form not later than 4:00 p.m. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be), on May 21, 2004 with any of (1) the Head Office, the National Offices or (2) in the case of Mexico, the Head Office, the National Offices or *S.D. Indeval, S.A. de C.V.* in Mexico City.

Each holder of American Depositary Receipts ( ADRs ) as of April 19, 2004 is entitled to instruct JPMorgan Chase Bank, as Depository, as to the exercise of voting rights pertaining to the Company's shares of Common Stock represented by such holder's ADRs. Holders of ADRs as of April 19, 2004 who desire to vote at the Meeting must complete, date and sign a proxy form and return it to JPMorgan Chase Bank, P.O. Box 43062, Providence, RI 02940-5115. If the Depository receives properly completed instructions by **3:30 p.m., New York City time, on May 19, 2004**, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if no instructions are received, or if they are improperly received, by the Depository from any holder of ADRs by 3:30 p.m., New York time on May 19, 2004, then the Depository shall deem such holder to have instructed the Depository to vote the underlying shares of Common Stock of any such ADRs in favor of any proposals or recommendations of the Company, for which purposes the Depository, shall issue a discretionary proxy to a person appointed by the Company to vote such shares in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote such shares on any given issue in accordance with

the majority shareholder vote on that issue); provided, however, that no instruction shall be deemed given and no discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary it does not wish such proxy given or if the proposal has, in the discretion of the Depositary, a materially adverse effect on the rights of the holders of shares of Common Stock. Any holder of ADRs is entitled to revoke any instructions which it has previously given by filing with the Depositary a written revocation or duly executed instructions bearing a later date at any time prior to 3:30 p.m., New York time, on May 19, 2004. No instructions or revocations or revisions thereof shall be accepted by the Depositary after 3:30 p.m., New York time, on May 19, 2004. In order to avoid the possibility of double vote, the Tenaris S.A. ADRs books will be closed for cancellations from April 19, 2004 until May 21, 2004.

Due to regulatory differences and market practices in each country where the Company's shares are listed, the holders of shares traded on the Argentine and Italian stock exchanges who have requested admission to the Meeting or who have issued a voting proxy must have their shares blocked for trading until the date of the Meeting, while holders of shares traded in the Mexican stock exchange and holders of ADRs

traded in the New York stock exchange need not have their shares or ADRs, as the case may be, blocked for trading. However, the votes of holders of shares traded in the Mexican stock exchange who sell their shares between May 21, 2004 and May 25, 2004, shall be disregarded.

The Meeting will appoint a chairman *pro tempore* to preside over the Meeting. The chairman *pro tempore* will have broad authority to conduct the Meeting in an orderly and timely manner; and will have authority to establish rules for shareholders who wish to address the Meeting and may exercise broad discretion in recognizing shareholders who wish to speak and in determining the extent of discussion on each item of the agenda.

Pursuant to the Company's Articles of Association, resolutions at the Meeting will be passed by majority vote, irrespective of the number of shares present or represented.

The Meeting is called to address and vote on the following items:

**1. APPROVAL OF THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AS OF, AND FOR THE FISCAL YEAR ENDED, DECEMBER 31, 2003. APPROVAL OF THE REPORT FROM THE BOARD OF DIRECTORS AND FROM THE INDEPENDENT AUDITOR OF THE FINANCIAL STATEMENTS.**

The Board of Directors recommends a vote FOR approval of the Company's consolidated financial statements for the fiscal year ended December 31, 2003, and FOR the approval of the report by the Board of Directors and by the independent auditor on such financial statements. The consolidated balance sheet of the Company and its subsidiaries at December 31, 2003 and, the related consolidated statement of income, consolidated statement of changes in shareholder's equity, consolidated cash flow statement and notes to the consolidated financial statements, the auditors report on such consolidated financial statements and management's discussion and analysis of results of operations and financial condition are included in the report mentioned above, a copy of which is enclosed herewith.

**2. APPROVAL OF THE COMPANY'S ANNUAL ACCOUNTS AS OF, AND FOR THE FISCAL YEAR ENDED, DECEMBER 31, 2003. APPROVAL OF THE REPORT FROM THE BOARD OF DIRECTORS AND FROM THE INDEPENDENT AUDITOR OF THE ANNUAL ACCOUNTS.**

The Board of Directors recommends a vote FOR approval of the Company's annual accounts as of, and for the fiscal year ended, December 31, 2003, and FOR the approval of the report by the Board of Directors and by the independent auditor on such annual accounts. A copy of such documents is enclosed herewith.

**3. APPROVAL OF DIVIDEND PAYMENT.**

The Board of Directors recommends a vote FOR approval of a cash dividend payable in U.S. dollars on June 14, 2004 in the amount of US\$0.1144 per share of Common Stock currently issued and outstanding and US\$1.144 per ADR currently issued and outstanding, which US\$38,497,876 shall be paid from profit for the period and US\$96,555,537 from the Company's other distributable reserve account. The balance of the profit of the period of US\$162,982,327 will be allocated to the Company's retained earnings account.

Upon approval of this resolution, the Board of Directors shall determine, in its discretion, the terms and conditions of the dividend payment, including the applicable record date.

**4. DISCHARGE OF DIRECTORS' RESPONSIBILITIES.**

In accordance with Luxembourg's Law of Commercial Corporations, it is proposed that, upon approval of the Company's accounts for the year ended December 31, 2003 the members of Board of Directors be discharged of any

responsibilities in connection with the management of the Company's affairs during such year.

#### **5. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS.**

The Company's Articles of Association provide, in the case where shares of the Company are listed on a regulated market, for the annual election by the holders of Common Stock of a Board of Directors, of not less than five and a maximum of fifteen members. Members of the Board of Directors have a term of office of one year, but may be reappointed.

At the General Meeting of Shareholders on May 28, 2003, ten directors were elected. The present Board of Directors of the Company consists of nine Directors. Until his death on June 10, 2003, Mr. Roberto Rocca served as Chairman and a member of our board of directors. On September 1, 2003, Mr. Lucio Bastianini was temporarily elected by the remaining members of the Board to fill the vacancy left by Mr. Rocca. On February 17, 2004, Mr. Pedro Pablo Kuczynski resigned his position as a result of being appointed Minister of Finance of the Government of Peru.

It is proposed to ratify Mr. Bastianini's appointment and further proposed that the current members of the Board of Directors listed below be re-elected:

- 1) Mr. Lucio Bastianini
- 2) Mr. Roberto Bonatti

- 3) Mr. Carlos Manuel Franck
- 4) Mr. Bruno Marchettini
- 5) Mr. Gianfelice Mario Rocca
- 6) Mr. Paolo Rocca
- 7) Mr. Jaime Serra Puche\*
- 8) Mr. Amadeo Vázquez\*
- 9) Mr. Guillermo F. Vogel

\* Independent directors

Each elected director will hold office until the next annual shareholders meeting, to be held in May 2005.

The Board of Directors of the Company met nine times during 2003. On January 31, 2003, the Board of Directors created an Audit Committee pursuant to Article 11 of the Articles of Association. The Board of Directors has no executive, nominating or compensation committee, or any committees exercising similar functions.

#### **6. AUTHORIZATION TO THE BOARD OF DIRECTORS TO DELEGATE THE DAY-TO-DAY MANAGEMENT OF THE BUSINESS TO ONE OR MORE OF ITS MEMBERS.**

It is proposed that the day-to-day business be delegated to Mr. Paolo Rocca, Chairman and Chief Executive Officer of the Company.

#### **7. DETERMINATION OF COMPENSATION TO THE BOARD OF DIRECTORS.**

It is proposed that each of the members of the Board of Directors in office be compensated US\$50,000 for the fiscal year 2004. An additional fee of US\$30,000 is also proposed for the Chairman of the Audit Committee and US\$20,000 for the other Directors who are members of such Committee.

#### **8. APPOINTMENT OF INDEPENDENT AUDITORS AND APPROVAL OF THEIR FEES.**

The Board of Directors of the Company recommends a vote FOR the reappointment of PricewaterhouseCoopers S.à.r.l. as independent auditors of the Company for the fiscal year ending December 31, 2004.

In addition, the Board of Directors recommends a vote FOR approval of the fees of US\$95,000.00 to be paid for audit services rendered during the fiscal year ending December 31, 2004.

#### **9. MISCELLANEOUS.**

Management is not aware of any matters that may properly come before the Meeting other than those set forth in the agenda for the Meeting or relating thereto. Should any additional matter may properly come before the Meeting, the holders who voted through proxy forms provided by the Company will vote abstain on such matters.

The Company anticipates that the next Annual General Meeting of Shareholders will be held on May 25, 2005. A holder of shares who intends to present a proposal at the next Annual General Meeting must submit the proposal in writing to the Company at any of the Head Office or the National Offices not later than 4:00 P.M. (Luxembourg, Buenos Aires, Mexico City or Rome time, as the case may be) on March 31, 2005, in order for such proposal to be considered for inclusion on the agenda for the 2005 annual general meeting of shareholders.

PricewaterhouseCoopers S.à.r.l. are the independent auditors of the Company. A representative of the independent auditors will be present at the Meeting to respond to questions.

**Cecilia Bilesio**  
**Secretary of the Board of Directors**

Annual Report 2003

## Company profile

We are a leading global manufacturer of seamless steel pipe products and provider of pipe handling, stocking and distribution services to the oil and gas, energy and mechanical industries. Our customers include most of the world's major oil and gas companies as well as a large number of engineering and industrial companies. We are also a leading regional supplier of welded steel pipes for oil and gas pipelines in South America.

Domiciled in Luxembourg, we have manufacturing facilities in Argentina, Brazil, Canada, Italy, Japan, Mexico and Venezuela and a network of customer service centers present in over 20 countries worldwide. Our annual manufacturing capacity is three million tons of seamless and 850 thousand tons of welded pipes. With this infrastructure and our 14,500 employees, we offer customers a service that integrates manufacturing, procurement, distribution and on-time delivery of high quality products throughout the world.

We aim for long-term sustainable growth to reward our shareholders and to give opportunities for our employees. And since we recognize that much of our success results from the contribution of our local communities, we work hard to help them share in the opportunities that such success makes possible and to minimize the environmental impact of our activities on them.



## Leading indicators

	<b>2003</b>	<b>2002</b>
<b>Sales Volumes (thousands of metric tons)</b>		
Seamless pipes	2,278	2,283
Welded pipes	355	585
	<hr/>	<hr/>
Total steel pipes	2,633	2,868
	<hr/>	<hr/>
<b>Production Volumes (thousands of metric tons)</b>		
Seamless pipes	2,281	2,245
Welded pipes	346	561
	<hr/>	<hr/>
Total steel pipes	2,627	2,806
	<hr/>	<hr/>
<b>Financial Indicators (millions of USD)</b>		
Net sales	3,180	3,219
Operating income	288	472
Net income before income tax and minority interest	286	444
Net income	210	94
Free cash flow <sup>(1)</sup>	119	328
	<hr/>	<hr/>
<b>Balance Sheet (millions of USD)</b>		
Total assets	4,310	4,081
Total financial debt	834	716
Net financial debt	586	411
Total liabilities	2,348	2,201
Shareholders' equity including minority interest	1,961	1,881
	<hr/>	<hr/>
Number of shares outstanding <sup>(2)</sup>	1,180,287,664	1,160,700,794
Comparable earnings per share <sup>(3)</sup> (USD per share)	0.18	0.17
(USD per ADS)	1.78	1.67
Number of employees	14,391	13,841
	<hr/>	<hr/>

(1) Defined as net cash from operations (USD 276 million) less net capital expenditure and investment in intangible

assets (USD 157 million).

(2) As of December 31.

(3) Defined as net income divided by the number of shares outstanding as of December 31 and taking, for 2002, net income before minority interest attributable to participations acquired in the exchange offer completed in December 2002. See Note 8 (II) of the consolidated financial statements.

In memoriam

Roberto Rocca, Chairman of Tenaris and Honorary Chairman of the Techint Group, passed away on June 10, 2003, aged 81, after a lifetime of work dedicated to the growth of Techint and to furthering industrial activity, which he saw as the foundation of economic prosperity and growth.

Roberto Rocca was born in Milan in 1922. He graduated from the Politecnico di Milano (1945) with a degree in mechanical engineering. He continued his studies at the Massachusetts Institute of Technology where he became a Doctor in Science (PhD) in 1950.

In 1945, he joined his father Agostino in the foundation of Techint and in 1978 he succeeded him at the head of what had become an important group operating in the steel, engineering and construction industries.

In the 1980s, Roberto Rocca fostered the growth of the Group's industrial activities through a series of investments in the steel mills, and in research and development. This program culminated in the expansion of the Siderca seamless pipe mill in Campana (Argentina), in a move which allowed Techint to play a key role in the international market for seamless tubes.

Under his guidance, the Group's steel pipe activities expanded in the nineties with the incorporation of Tamsa in Mexico and Dalmine in Italy. The incorporation of further activities in Brazil, Canada, Japan and Venezuela was the foundation leading to the creation of Tenaris, which consolidated all Techint's activities in the steel tubes business. Roberto Rocca was elected Chairman of the company upon its listing in 2002 on the New York Stock Exchange (NYSE) and the stock exchanges in Buenos Aires, Milan and Mexico.

The investments in the Group's mills, the attention paid to developing professional human resources educated in the best universities, the establishment of transparent relations with investors, personnel and communities, the search for quality and excellence: all these facets of his management have been transferred as values to those who continue his work in Tenaris and the rest of the Techint Group, and to the communities where they are present.

Chairman's letter

Dear Shareholders,

Tenaris has now completed a full year since it became a public company. Even if 2003 was a good year for stock markets in general, the increase in our market capitalization from USD 2 billion to around USD 4 billion reflects the value that has been created through the consolidation of Tenaris as a single company serving the energy and mechanical industries worldwide. In pursuing our goals as a global company, we are acutely aware of the added responsibility which comes with greater visibility and heightened public interest in our performance.

We duly completed the delisting of our Dalmine, Siderca and Tamsa subsidiaries and have been working to forge a new, unified organization capable of responding to the opportunities for future growth and maintaining long-term competitiveness. New management structures, systems and processes are being put into place as Tenaris transforms itself and cements its position as a global leader in its industry.

At its most visible level, the transformation is from that of a worldwide network of mills and commercial offices, each with its own autonomous organization, into a multi-cultural unity serving customers around the world with a common level of quality, service and technological excellence. Particular care is being taken to retain local strengths and deepen the relationship with our local communities when introducing the new, centralized management structures due to the competitive advantages we derive as a local producer in those markets.

But the changes go much deeper: Tenaris is adding new capabilities in service and technology to its traditional manufacturing excellence as it seeks to deliver more value to its customers. We are convinced that, with our expertise in pipe management and just-in-time delivery systems, as well as our global network of service centers, we can develop a strong competitive advantage by reducing risks and costs in, and the complexity of, the tubular supply chain for our customers worldwide. To do so, we have set up a separate management unit whose responsibility is the supervision of all aspects of the supply chain process from production planning and assembly of pipes and accessories through to final on-time delivery. As we work more closely with our customers around the world, we must assure them that we can provide an integrated service with the same precision, quality and reliability that they have come to expect in our products.

Those products need to perform in increasingly complex environments meeting ever more stringent requirements. We are increasing the amounts we allocate to product development and fostering innovation through sharing knowledge across multi-cultural teams. Product specialization is encouraged at our plants and breakthroughs in product technology are helping us to set new industry standards as well as gaining recognition from our customers.

Globally integrated information systems, which will provide the means for seamless communication between our operations and those of our customers and suppliers, are gradually being put into place but the complexity of the task inevitably implies that this is a long-term project. Additionally, the need to introduce new skills and to adapt to new processes and systems, while preserving a working environment that rewards innovation, initiative and teamwork, in the multi-cultural reality that is Tenaris, has increased the importance of effective communications within the company. Although much remains to be done, we have made significant progress this year in developing the Intranet as a central communications and management platform and in implementing supplier extranets as well as introducing new administrative systems, which will help us to ensure the transparency and accuracy of reported information.

Under the new management organization, we are confident that Tenaris has consolidated the value created through its global growth over the past decade and that the company is well placed to extend that growth as well as to adapt to changes in the economic environment. We will continue to seek opportunities for expansion and to enhance our competitive advantages while creating long-term value for our shareholders.

The emergence of China as a massive importer of raw materials and energy has led to substantial increases in the costs of the steelmaking raw materials we use in our operations but is also helping to support current levels of oil and gas prices. Our flexible operational structure and local presence in key markets has helped us to limit the immediate impact of these cost increases on our margins and, with oil and gas prices continuing to remain strong, we can expect that the market will accept a compensatory increase in seamless pipe prices.

Our financial condition remains strong and, out of a net income for the year of USD 210.3 million, or USD 0.178 per share (USD 1.78 per ADS), we are proposing a dividend of USD 0.114 per share (USD 1.14 per ADS), an increase of 15% over last year. This result includes the full impact of the settlement we reached with a consortium led by BHP Billiton Petroleum Ltd. in respect of a lawsuit brought against our Italian subsidiary Dalmine. The pipes that gave rise to the lawsuit were manufactured and sold prior to the privatization of Dalmine and we are seeking to recover a substantial amount of the settlement from the successor to the government-owned seller.

During the year, we said our final farewells to my father, Roberto Rocca. It was his decision back in the 1980s to invest some USD 600 million to build a new mill at Siderca to serve export markets that laid the foundations for the ensuing growth of what is now Tenaris. His leadership and humanity has been a constant source of strength and inspiration to all of us over the years and the values he transmitted remain firmly imbued in Tenaris.

I would also like to express my thanks to Pedro Pablo Kuczynski for his valuable advice and contribution to our board prior to his resignation in February, when he was appointed as Minister of Economy and Finance for the Government of Peru. We wish him all the best in his new role. As we look forward with confidence to the coming year, I would like to thank our customers, shareholders and employees for their continuing support.

March 2, 2004

Paolo Rocca

## Financial and business review

### Market background and outlook

During 2003, capital discipline on the part of the oil and gas majors and production discipline on the part of the OPEC nationals, as well as specific factors affecting exploration and production activity in Iraq, Venezuela and Nigeria, resulted in overall drilling activity outside North America remaining flat in spite of the relatively high level of oil prices sustained throughout the year. The increase in drilling activity in North America was driven by high natural gas prices in USA and Canada and an increase in exploration and production spending by Pemex in Mexico. At the same time, industrial production in Europe remained stagnant throughout the year. Demand for seamless pipes increased in Tenaris' s Mexican and Argentine local markets driven mainly by increased investment in oil exploration and production activity but demand in Venezuela and Canada remained at levels similar to 2002.

As we move into 2004, global demand for oil is increasing as economic growth picks up, which should help to sustain a limited increase in exploration and production activity at current oil price levels. Even if capital discipline on the part of the majors and production discipline on the part of OPEC nationals continue to be maintained, global drilling activity and demand for seamless pipe products from the oil and gas sector should show a limited increase over the levels of 2003. In Tenaris' s local markets, demand for seamless pipes is expected to increase in Canada, Mexico and Venezuela, where rig counts have been rising, and to remain stable in Argentina. Industrial production activity in North America and Japan has been recovering but recovery in Europe remains fragile and could be affected by the appreciation of the Euro. Increased global demand for Tenaris' s seamless pipes should support significant price increases following the substantial increases in steelmaking raw material costs and in the cost of steel used for the production of welded pipes experienced during 2003. These costs are continuing to appreciate rapidly due to supply constraints in the wake of the strong growth of China' s consumption and production of steel products.

Demand for Tenaris' s welded pipes is to a large extent driven by projects to construct oil and gas pipelines in South America. In 2002, overall demand was high with deliveries made to large pipeline projects in Ecuador, Peru and Bolivia. In 2003, demand in the local Brazilian market increased significantly but overall demand remained well below the levels recorded in 2002 due to a lack of projects in other South American markets. It was further affected in the second half of the year by the postponement of deliveries to ongoing projects. For 2004, demand for Tenaris' s welded pipes will depend primarily on the completion of postponed deliveries and the realization of further oil and gas pipeline projects previously announced in the Brazilian market.

### Summary of results

Net sales for the year were marginally lower than in 2002 following a 40% drop in sales in our welded pipe business and the discontinuation of trading in non-pipe steel products not produced by Tenaris. Net sales in our seamless pipes business rose 6% on stable volume helped by a more favorable market and product mix and higher US dollar-denominated prices in Europe following the appreciation of the Euro.

Operating and net income results were affected by losses incurred in relation to a longstanding lawsuit brought against Dalmine, our principal Italian subsidiary, by a consortium led by BHP Billiton Petroleum Ltd., which was finally settled in December 2003. The lawsuit, for which provisions had previously been made in 2001 and 2002, related to pipes produced and delivered by Dalmine prior to its privatization in 1996. The pipes were used in the construction of an underwater pipeline which failed in the Bay of Liverpool. Tenaris has brought arbitration proceedings against Fintecna S.p.A., an entity owned by the Italian government and successor to the government-owned seller, to compel Fintecna to indemnify it for the amounts paid and payable by Dalmine to the consortium. In respect of the lawsuit and its settlement, Tenaris recorded a loss in other operating expenses for the year of USD 114.2 million and a positive deferred income tax impact of USD 39.6 million, making for a net loss of USD 74.6 million.

Excluding such loss, operating income would have been USD 402.4 million, or 12.7% of net sales, and net income would have been USD 284.9 million, or 9.0% of net sales. Operating income, excluding the loss recorded in respect of the BHP lawsuit, plus depreciation and amortization was USD 602.2 million, or 18.9% of net sales.

Excluding the loss relating to the BHP lawsuit, the contribution of our seamless business to operating income rose marginally over that of 2002 and the reduction in operating income was due to reduced sales in our welded pipe business. Strong demand in our local markets of Mexico and Argentina, where sales include a higher component of services and logistics costs are lower, our focus on higher value products and synergies resulting from a more cost-efficient allocation of orders among our worldwide production facilities helped to minimize the effect of substantial increases in steelmaking raw material and energy costs during the year. Our seamless gross margin remained in line with that recorded in the previous year during the first nine months of 2003 before declining two percentage points in the fourth quarter as steelmaking raw material costs continued to rise.



Net income on a comparable basis – excluding losses relating to the BHP lawsuit and taken before minority interest attributable to participations acquired in the exchange offer following which Tenaris became a public company – rose 39% to USD 284.9 million compared to USD 205.5 million in 2002. Substantially lower tax provisions, which had been particularly affected by the large devaluation of the Argentine peso in 2002, partially reversed in 2003, and a positive result on Tenaris' indirect investment in Sidor, following a financial restructuring completed in 2003 and a turnaround in market conditions for its products, outweighed the reduction in operating income. Free cash flow (net cash provided by operations less net expenditure on plant, property and equipment and intangible assets) decreased 64% to USD 119.0 million from USD 328.3 million in 2002. In addition to lower income from operations, cash flow from operations decreased due to higher income taxes paid in 2003 in respect of the results of the previous year, which exceeded by USD 138.6 million income taxes accrued in 2003. Working capital increased by USD 107.2 million principally reflecting an increase in inventories, much of which occurred in the fourth quarter. Capital expenditure on plant, property and equipment and intangibles rose 10% to USD 162.6 million from USD 147.6 million reflecting increased expenditure on information systems and a small increase in expenditure on plant, property and equipment.

As of December 31, 2003, Tenaris had cash and cash equivalents of USD 247.8 million and a further USD 138.3 million invested in trust funds to support its Argentine and Brazilian activities and whose term expires during 2004. Total financial debt, excluding amounts payable in respect of the settlement of the BHP lawsuit, as of the same date was USD 833.7 million, up from USD 715.9 million as of December 31, 2002. Net debt increased by USD 174.5 million over the year, reflecting the use of USD 96.4 million in acquisitions and the Sidor refinancing and restructuring, the payment of USD 129.1 million in dividends, USD 14.1 million of which was paid to minority interests, and increases in the recorded value of non-US dollar denominated debt, principally debt in Euros held at our principal Italian subsidiary.

#### Oilfield Services

Tenaris continues to develop its range of high quality products and its supply chain management capabilities. During 2003, we expanded our on-site presence by opening a new office in Cairo to serve the North African market and we opened new service centers in China and Ecuador. From our new center at Tanggu in China we are providing supply chain management services to Kerr McGee in Bohai Bay working in accordance with Chinese government guidelines concerning the use of local contractors. Our new center in the east of Ecuador will allow us to work more closely and provide more supply chain services to our long-term customers such as Encana and Repsol YPF in a market with attractive growth prospects.

We have made progress in developing the necessary infrastructure and procedures to provide running services where the tubular column is installed down the well. This service, which is an extension of our current range of supply chain management services, is now fully operational in the North Sea, China, Argentina, Bolivia, Mexico and Venezuela although, with our materials expertise, we are also providing running assistance in many other countries. The dopeless version of our TenarisBlue premium connection is gaining acceptance among customers following its successful running in the North Sea, where the dopeless feature is establishing itself as a new standard for regional offshore drilling operations.

In July, we concluded a strategic alliance with Sandvik, a leading producer of stainless and specialist steels, under which we have become the exclusive distributor for their OCTG products. We are now able to offer our customers Sandvik's specialty stainless products in addition to the rest of our extensive product range and to develop new products sharing our respective know-how. In December, we concluded an agreement with Tianjin Pipe Corporation of China under which we have agreed to study joint ventures to establish a pipe threading facility and a plant manufacturing accessories used in oil extraction at Tianjin.

#### Pipeline Services

In this market segment, Tenaris's focus is on the deepwater market, where it is a product technology leader and has a strong market presence for projects in the Gulf of Mexico, West Africa, North Sea and North Africa. We have developed high strength, heavy wall line pipe which responds to the stringent technical requirements and proprietary specifications of our customers and the move towards new project development in ultra-deep water environments. In addition, Tenaris has expanded the range of services and accessories it supplies with its products. By providing products complete with Anode Pads, J-Lay Collars, Bends, Buckle Arrestors, Coating, Compression Joints, Internal Blasting and Double Jointing, we have managed to reduce substantially the welding and installation time necessary for our customers' projects. In November, we concluded a strategic alliance with Socotherm, a leading global supplier of pipe coating services, which will help us to provide specialist coating solutions and further simplify the supply chain. We also established a new welding research and development center at our plant in Veracruz where we will concentrate on investigating the weldability of new products and developing welding techniques. Already our comprehensive welding database is available to customers.

During the year, Tenaris delivered Top Tension Risers for Murphy Oil's Medusa and Dominion Exploration's Devil's Tower projects. Deliveries were also made to projects such as Pioneer's Harrier and Shell's Llano and Magnolia in the Gulf of Mexico, to Exxon Mobil's ERHA and Kizomba in West Africa and to Statoil's Kristen in Norway. The new office in Cairo has strengthened our presence in North Africa where deliveries were made to Burullus's Simian/Siena project in Egypt.

### Process & Power Plant Services

2003 was a better year for this sector. Petrochemical project activity increased with most of the new activity centered on the Middle East and China. We won orders for several important projects in these active regions and we were the main piping supplier to the Nanhai petrochemical project owned by CSPC, a joint venture between Shell and CNOOC, which is the largest such complex in China. The frame agreements made the previous year with Snamprogetti and Technip, under which we provide project management services, are working well and we expect to renew them in 2004.

The LNG market continues to grow strongly. Our emphasis on working closely with engineering companies from the early stages of a project by providing a project management package involving material planning and expediting services, mill load scheduling and guaranteed ontime delivery of pipes, fittings and flanges, is enabling us to become the main piping supplier for several important projects in this area. We worked with Kellogg Brown & Root in the expansion of the Bonny Island LNG plant in Nigeria and with Bechtel on the new Idku LNG plant in Egypt.

The power generation market was weak through most of the year but demand began to increase at the end of the year particularly in China. Boiler makers in Shanghai and other parts of China are showing strong interest in our ability to offer a complete pipe package including our newly-developed T91 and T23 highalloy pipes.

### Industrial & Automotive Services

Sales to this market segment are concentrated in Europe, where Italy is our most important market, and, to a lesser extent, North America and Japan. Industrial production activity in the European market remained weak during the year with sluggish domestic consumption and difficulties in the export sector associated with a strengthening currency. Apparent consumption of seamless tubes declined 2% in the European Union but remained stable in Italy where there was an increase in demand for structural steel tubes used in construction activities. A strategy of providing services to larger end user customers and serving small lot customers through exclusive regional distributors, implemented initially in Italy, is helping Tenaris to maintain its market share in the European market in spite of competition from low-cost producers in East Europe. Elsewhere, sales in the North American market rose slightly and increased in Korea where we opened a new commercial office while sales to the industrial sector in Japan remained stable.

Although sales to the automotive market represent a small proportion of Tenaris' overall sales of seamless pipes, it is an area which has grown over the past three years, largely in North America, where we are well positioned due to the competitive costs of our Mexican mill and the knowhow we have transferred from our Italian and Argentine mills. Given this growth we are relocating the auto components facility we established in the Veracruz plant to a new and larger site. We focus on sales of precision pipes and value added products, such as tubular parts and components, to end users (OEMs and Tier 1 & 2 suppliers) and on specific applications where there is a clear benefit in using high quality seamless tubes (such as transmission components, drive shafts, constant velocity joints and airbags).

During the year, all our mills involved in the manufacturing of automotive products completed the upgrading of their quality systems from QS to the brand new ISO/TS, specifically oriented to the automotive industry. Tenaris is one of the first companies in its sector to obtain this quality certification. Our research and development for the sector has focused on specific activities to improve formability and machinability of materials and on developing our knowledge of engineering properties such as toughness and fatigue resistance.

Local markets (Argentina, Canada, Mexico and Venezuela)

In Argentina, investment in oil drilling activity was strong throughout the year in spite of the continued application of a 20% tax on oil exports. However, investment in gas wells remained minimal due to low gas prices. New oil and gas wells drilled during the year increased 8% over 2002 but still remains some 20% lower than the level shown in 2001.

Industrial activity is recovering after four years of recession led by the agricultural sector and import substitution. Demand for compressed natural gas cylinders has also been increasing as the cost of natural gas remains substantially lower than alternative fuels. In this context, sales of seamless pipes rose 18% over the previous year.

In Canada, high gas prices in the North American market stimulated increased investment in oil and gas drilling activity and the rig count showed an average 40% year-on-year increase. However, Tenaris' sales of seamless pipes rose only marginally during the year as a substantial proportion of the increase in OCTG consumption was supplied by welded pipe producers in accordance with the characteristics of the wells being drilled. In February 2004, Tenaris completed the purchase of the AlgomaTubes mill, which was being leased from Algoma Steel.

In Mexico, sales of seamless pipes increased by 52% over the levels of the previous year, reflecting a substantial increase in oil and gas drilling activity – the average number of active rigs was up 42% over the previous year. Pemex has increased its expenditure on exploration and production activities in accordance with its plans to increase oil production to four million barrels a day and natural gas production to 7,000 million cubic feet a day by 2006. Pemex has also begun to let out contracts (Contratos de Servicios Múltiples) to develop gas reserves to private-sector operators.

In Venezuela, politically-motivated strike action caused an almost complete stoppage of oil and gas drilling activity in the first two months of the year. Since then, drilling activity has been gradually recovering but remains substantially below the level recorded in 2001 with the active rig count rising from a low of 17 in January 2003 to 52 in January 2004. The national oil company, PDVSA, continued to reduce its stocks of seamless pipes during the year and Tenaris' sales of seamless pipes were marginally down on the levels of 2002.

#### Welded pipes

2003 was a disappointing year for our welded pipe business following on as it did from one in which we supplied pipes for several large South American oil and gas pipeline projects, including OCP in Ecuador, Camisea in Peru and Gasyrg in Bolivia. Expectations in Brazil, where we had orders for the Campinas-Rio (Malha Sudeste) and Garoupa-Barra do Furado (PDEG Offshore) pipeline projects, were frustrated in the second half of the year when many deliveries were suspended due to delays in issuing necessary environmental clearances. A dispute between Petrobras and the Rio de Janeiro state government, which wants Petrobras to build a refinery in the state, also caused Petrobras to suspend bids in respect of a project to build an oil pipeline connecting its Campos basin production activities to a petrochemical complex in neighboring São Paulo state.

Sales to Petrobras' drilling activities were also affected in the second half by a marked slowdown in these activities. In Argentina, low and regulated gas transportation tariffs have brought new investment in this sector to a halt.

Outside South America, deliveries were made to Burullus' Simian/Siena project in Egypt, where Tenaris was able to provide a package of both welded and seamless pipes and a significant order was won to supply pipes to the National Gas Company of Trinidad and Tobago.

A new heat treatment facility at the Confab plant was inaugurated in June, which will help Tenaris to expand the range of welded OCTG products it supplies to Petrobras' drilling activities.

#### Energy

Tenaris' new Italian energy supply business continued to grow strongly during 2003. After starting operations in the beginning of 2000, following the partial deregulation of the Italian energy industry, our subsidiary, Dalmine Energie, now supplies energy to more than 1,000 customers with an annual consumption of around 3.0 TWh of electricity and 0.5 billion cubic meters of natural gas. Excluding sales to Tenaris' seamless pipe operations at Dalmine, revenues grew 32% in local currency to EUR 294 million (USD 333 million) over the year.

The business has progressively extended its presence throughout Italy and has established energy supply partnerships with various multinational companies, including Coca Cola, McDonald's, Bayer, Brembo and Holcim. It offers these and other customers tailor-made packages combining the supply of electricity, natural gas and a range of value-added services such as energy optimisation advice, on-site maintenance, telecom reselling and risk management.

In a market which until recently was a public monopoly, Dalmine Energie has been quick to offer flexible energy supply options and has played a key role in shaping and defining the evolution of interruptible power contracts. It has developed a thriving energy appliance and networks maintenance service and is starting to provide operating and maintenance services for on-site power and cogeneration plants. Its website, which acts as a user-friendly, interactive, transparent online customer interface, is a key focus and is highly appreciated by customers.

The business is also focused on risk management and does not engage in energy trading activities for its own account. Hedging and similar risk management techniques are employed solely in relation to managing risks in its main supply and service activities.

Communities and environment review

Tenaris's history is deeply entwined with that of the communities where it has its roots. As a long-term industrial project, the essential framework governing its relations with its communities was established many years ago. It departs from the deeply-held conviction of Tenaris's founding family that the continuing strength of the company depends on an active participation that links its own development to that of its suppliers, customers, employees, and the communities in which it resides.

This framework encompasses continuous commitments to promoting health and safety among employees, to minimizing the impact of operations on the environment, to maintaining transparent relations with suppliers, customers, employees and the local communities, and to working with local authorities and non-governmental organizations to promote education and foster self-reliance.

Tenaris applies a Code of Conduct that establishes the ethical principles forming the basis for relations between the company, its employees, suppliers and other stakeholders. All employees in positions of responsibility are required to sign a conflict of interests declaration and communication channels have been established so that employees can register any concerns on a confidential basis.

Human resources policies are designed to select and promote individuals based on their professional abilities, interpersonal skills and commitment. A work environment that rewards innovation, initiative and teamwork reinforces those policies. During 2003, a uniform performance evaluation process designed to reinforce these policies was introduced across our many subsidiaries.

Our rich cultural diversity, as represented in the varied nationalities of our employees, is one of our key assets. To capitalize on it, we organize regular employee exchanges that allow staff to travel to our plants and offices around the world to see how colleagues deal with common challenges in research, engineering, production, sales and marketing, communications and all aspects of our business. Cross-organizational work groups are formed taking this cultural diversity into account. And respect for cultural, gender and language differences is a guiding principle for relations among employees at all levels of the company.

Tenaris also works to extend the benefits of its multi-cultural diversity to its local communities through cultural programs. Working through the Fundación PROA, housed in the La Boca district of Buenos Aires, and the Associazione per la Galleria d'Arte Moderna e Contemporanea of Bergamo as well as agreements with Mexican, Brazilian and Japanese cultural institutions, Tenaris promotes cultural exchanges in its local communities through art exhibits, seminars and other initiatives.

Tenaris spent USD 4.4 million on contributions to community programs during 2003. These were directed principally to social, educational and cultural activities involving an active participation on the part of our employees.

In Campana, Tenaris focused on fostering employment opportunities through training people to take advantage of self-employment initiatives and providing food aid for indigent families and schoolchildren, in addition to its traditional activities in supporting educational, community infrastructure and environmental initiatives. An important initiative involved helping local small and medium businesses to obtain ISO 9000 certification.

In Veracruz, the Tamsa A.C. foundation focused on supporting educational and cultural initiatives for children and disabled persons in the local community and its workforce in addition to its ongoing support for the Puentes de Esperanza program.

In Pindamonhangaba, the focus was on organizing sport and educational activities for local children during the summer recess. By making participation in these activities dependent on a good school record including regular attendance, the objective is to encourage children to go to school and participate more actively in class.

In Bergamo, the focus was on supporting cultural activities including sponsorship of the International Piano Festival at the Teatro Donizetti di Bergamo, a Dalmine Council Library festival to promote reading among children and a number of innovative exhibitions at Galleria d'Arte Moderna e Contemporanea of Bergamo. The Fondazione Dalmine published a history of the town and the close relationship between the company and the surrounding district.

Health, safety and environment

As part of our efforts to unify policies and procedures throughout the company, we introduced in 2003 a common Health, Safety and Environment (HSE) policy, together with specific procedures for implementation, applicable to all its operations worldwide. With this policy in place, we are applying procedures in accordance with best HSE management practices established in ISO 14000 and BS 8800.

Tenaris works constantly to improve its safety performance concentrating on two levels. On one, we upgrade the physical conditions of the workplace by continuously investing in new technologies, infrastructure and maintenance. On another, we work on attitudes and behavior relative to safety. We do this through innovative programs that reward safe behavior and by holding weekly meetings with managers, safety staff and workers at each of our plants to discuss accidents and share ideas for improving safety.



We also put in place a unified safety performance measurement system, as well as a system of indices which allows comparison of indicators and results between diverse operations. This system allows comparison of safety performance of dissimilar activities such as those found in production facilities and service centers, independently of locally-required compliance procedures. Safety indicators continued to show improvements over the year with the number of accidents with working days lost dropping by 12% over the level of 2002.

Environmental policy at Tenaris is based on the principles of sustainable development. Our plants are located in densely populated areas with an industrial tradition, like Tokyo, Dalmine or Ontario, or in more recent centers of development like Veracruz, Campana, Pindamonhangaba and Puerto Ordaz.

At all of these sites rigorous standards for environmental and natural resources protection are followed. A significant portion of new investment is destined to reduce the environmental impact of manufacturing, introducing innovations in technology and processes. In 2003, USD 2.5 million was invested in specific programs to collect and treat gas emissions, enhance treatment of wastewater and improve residue storage areas.

Tenaris constantly reviews its operations to maximize the efficiency of its use of energy resources and the re-use, both in its own operations and by third parties, of by-products and waste. This is a contribution that combines the need to reduce the environmental impact of energy generation and use of resources with the demand to optimize these critical factors for competitiveness in its operations. Tenaris also has programs through which it collaborates with local institutions in the communities where it operates for the purpose of identifying, reducing and eliminating possible risks. In 2003, 84% of the residues generated by Tenaris were recycled or re-used.

Our efforts to minimize the environmental impact of our industrial operations drew particular recognition this year when our Tamsa mill in Mexico was awarded the *Industria Limpia* certificate from the Mexican authorities.

Our concern for environmental protection does not stop at the factory gates. Supplying customers especially those that operate in the oil and gas industry products and services that limit environmental impact and reduce potential risks has become as much a part of the Tenaris mission as supplying tubes that guarantee absolute safety in the most extreme conditions, in drilling as well as in transportation; special joints that reduce or eliminate the use of chemical additives; and transportation, assistance and installation services employed in sensitive areas that require rigorous respect for environmental protection standards.

A particular service that Tenaris is developing for its oilfield customers is the handling, cleaning and removal of pipe protectors from the oilfield. These protectors, made of metal and plastic and usually applied with *dope*, a chemical lubricant, need to be handled and disposed of carefully to avoid health and environmental risks. Under the service provided by Tenaris, currently operating in Argentina, Canada, Indonesia and Norway, the protectors are either cleaned and re-used or shredded and recycled into new protectors, and the *dope* is treated to dispose of any hazardous materials it may contain. To expand the service, we are currently building a new protector cleaning and recycling facility in Mexico to add to our one in Argentina.

#### Corporate governance

Tenaris has one class of share, with each share having equal rights including the entitlement to one vote at our shareholders meetings. Our articles of association provide that the annual ordinary shareholders meeting, which approves the annual financial statements and appoints the board of directors, shall occur each year on the fourth Wednesday during the month of May.

#### Board of directors

Management of the company is vested in a board of directors. Our articles of association provide for a board of directors consisting of at least three and at most fifteen directors. The board of directors is required to meet as often as required by the interests of Tenaris and at least four times per year. A majority of the members of the board constitutes a quorum, and resolutions may be adopted by the vote of a majority of the directors present. In the case of a tie, the chairman is entitled to cast the deciding vote. Directors are elected at the annual ordinary shareholders meeting to serve one-year renewable terms, as decided by the shareholders. The board of directors met nine times for the 2003 fiscal period.

The annual shareholders meeting held on May 28, 2003 approved the appointment of ten directors, including three independent directors. Until June 10, 2003, Roberto Rocca served as our chairman and a member of our board of directors. On September 1, 2003, Lucio Bastianini was provisionally elected by the remaining members of the board as a director. On February 17, 2004, Pedro Pablo Kuczynski, one of our independent directors, resigned upon being appointed Minister of Economy and Finance of the Government of Peru. Our current board of directors therefore is comprised of nine directors, two of whom are independent directors.

## Audit committee

Tenaris has an audit committee composed of three members, two of whom are independent directors. The independent members of the audit committee are not eligible to participate in any incentive compensation plan for employees of the company or any of its subsidiaries. The audit committee has the duty to:

(I) assist the board of directors in fulfilling its oversight responsibilities relating to the integrity of the financial statements of the company, the company's system of internal controls and the independence and performance of the company's independent auditors;

(II) review material transactions between the company and its subsidiaries with related parties to determine whether their terms are consistent with market conditions or are otherwise fair to the company and its subsidiaries and

(III) perform the other duties entrusted to it by the board of directors, particularly as regards relations with the independent auditor.

The audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it shall have direct access to the independent auditors as well as anyone in the company and, subject to applicable laws, its subsidiaries. The audit committee has to report to the board of directors on its activities and the adequacy of the internal control system at least every six months, at the time the annual and semi-annual accounts are approved.

For the 2003 fiscal year, the audit committee met nine times and on each occasion presented its report to the board of directors.

## Auditors

The annual accounts are audited by independent auditors, appointed by the annual ordinary shareholders' meeting from among the members of the Institute of Independent Auditors (Institut des réviseurs d'entreprises) in Luxembourg. The ordinary shareholders' meeting shall determine their number and the term of their office, which shall not exceed one year. They may be reappointed and dismissed at any time. PricewaterhouseCoopers S.à.r.l. served as our auditors during the 2003 fiscal year and are proposed for reappointment. As part of their duties, they report directly to the audit committee.

## Compensation

The compensation of the directors is determined at the annual ordinary shareholders' meeting. The aggregate compensation of the directors and executive officers earned during 2003 amounted to USD 4.9 million.

## Board of directors

Chairman and Chief Executive Officer  
Vice-President Finance

Paolo Rocca  
Guillermo Vogel (\*)  
Lucio Bastianini  
Roberto Bonatti  
Carlos Franck  
Pedro Pablo Kuczynski (\*\*)  
Bruno Marchettini  
Gianfelice Mario Rocca

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Jaime Serra Puche (\*)  
Amadeo Vázquez y Vázquez  
(\*)

Secretary

Cecilia Bilesio

(\*) Members of the Audit Committee

(\*\*) Resigned on February 17, 2004

Executive officers

Chief Executive Officer  
Paolo Rocca

Technology Director  
Carlos San Martín

Chief Operating Officer  
Alberto Valsecchi

European Area Manager  
Vincenzo Crapanzano

Chief Financial Officer  
Carlos Condorelli

Southern Cone Area Manager  
Guillermo Noriega

Commercial Director  
Germán Curá

Mexican Area Manager  
Sergio de la Maza

Supply Chain Director  
Alejandro Lammertyn

Managing Director, Japanese Operations  
Marcelo Ramos

Human Resources Director  
Marco Radnic

Managing Director, Welded Pipe Operations  
Ricardo Soler

## Inserts

### Technology for a safer environment

Our pipes have to perform in stressful and challenging environments and our customers are seeking to reduce costs as well as the environmental impact of their operations. Increasingly, our metallurgical expertise is being called upon to assure performance, design new solutions and define product specifications. This is driving us to be more innovative and pro-active in technology development.

The dopeless version of our TenarisBlue premium connection is gaining rapid acceptance because, in addition to delivering outstanding performance, it offers customers the opportunity to reduce costs and environmental risks and improve safety at the rig. With no dope, rig preparation time is reduced and there are no costs relating to the removal and disposal of storage compounds and dope, which traditionally contain harmful heavy metals. Casing preparation and running operations are simplified and made much safer to the extent that they can be done without the need for crew to be present on the drill floor.

This breakthrough technology was developed by our multi-cultural R&D team, which made extensive use of the finite element analysis and full-scale testing facilities of specialized research laboratories. Working around the world, our R&D team is dedicated to using its extensive knowledge of tubular design and technology to develop cost-effective and environmentally-friendly solutions for our customers. To foster innovation, we conduct programs with leading universities in Europe and North America as well as encouraging a constant exchange of ideas.

### Managing the tubular supply chain

This is an increasingly important part of what we do and it is an area where we can add substantial value for our customers as well as find opportunities for growth. Advances in information processing systems and interconnectivity provide enormous scope to reduce risks and save costs in industries where the costs of not having the right material at the right place and time can be more than the cost of the material itself.

This is particularly so in the oilfield sector where the costs of keeping a rig idle can be substantial and a sub-optimal selection of pipes, connections and accessories, along with any mishandling can have severe consequences including ecological problems, accidents and leakages. The risks and costs increase when exploration and production activities take place at greater depths and in more complex environments.

Extensive expertise in tubular materials and accessories, a global network of production and service centers, ample experience of managing just-in-time delivery, specialist industrial procurement know-how, allow us to offer a complete tubular supply chain management package including timely delivery and assembly of high quality tubular string components, surplus inventory management, personnel on location and safety control expertise, which help our customers to reduce substantially their risks and total costs. We tailor the supply chain management package for each of our main customer segments so that we bring our mills as close as possible to our customers through efficient management of information and dedicated expertise.

### Building bridges to link communities

For those of us who are used to seeing them every day, a bridge is just a work of engineering that takes us over an obstacle from one point to another, but, for those who live in isolated areas or places affected by natural disasters, a bridge can also be a symbol of hope and progress.

When Toni Ruttiman and Walter Yañez, self-styled citizens of the world who have dedicated the last 16 years to building bridges for poor people in various countries, appeared on our doorstep requesting support to extend their program to Mexico, it did not take long to convince Tenaris that it should respond in full. Here was an initiative which chimed precisely with Tenaris's philosophy of helping its local communities to help themselves and was using pipes to accomplish it. Tamsa A.C., Tenaris's Mexican foundation, decided to launch the initiative in its home state of Veracruz, where there are many communities in which members are isolated from each other, as well as from schools, hospitals,

transport and markets, for the lack of bridges. Thus the Bridges of Hope project was born under which some 30 bridges have been built benefiting some 300,000 people in rural communities in Veracruz.

The objective of the project is to build safe, solid bridges quickly, efficiently and economically with the participation of the beneficiaries. Tamsa A.C. organizes materials, logistics and transportation, including the contribution of Tenaris pipes, while the residents of the communities do the work of excavating, gathering sand and stone, cutting wood, laying foundations, erecting steel pipe, extending cables and completing the assembly high above the river, thus becoming the engineers of their own bridge under the expert eye of Toni and Walter.



## Consolidated financial statements

As of December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001

## Management discussion and analysis

The following discussion and analysis of Tenaris' financial condition and results of operations are based on, and should be read in conjunction with, the audited consolidated financial statements of Tenaris and the related notes included elsewhere in this annual report. This discussion and analysis present Tenaris' financial condition and results of operations on a consolidated basis and compare its results and condition for the fiscal year ended December 31, 2003, with the fiscal year ended December 31, 2002. Tenaris prepares its consolidated financial statements in conformity with IFRS, which differ in certain significant respects from US GAAP, and other national accounting standards.

## Results of operations

The following table sets forth, for the periods indicated, selected financial data from Tenaris' consolidated income statement and expresses Tenaris' operating and other costs and expenses as a percentage of net sales.

<b>YEAR ENDED DECEMBER 31</b>	<b>2003</b>		<b>2002</b>		<b>2001</b>	
Net sales	3,179,652	100.0%	3,219,384	100.0%	3,174,299	100.0%
Cost of sales	(2,207,827)	(69.4%)	(2,169,228)	(67.4%)	(2,165,568)	(68.2%)
Gross profit	971,825	30.6%	1,050,156	32.6%	1,008,731	31.8%
Selling, general and administrative expenses	(566,835)	(17.8%)	(567,515)	(17.6%)	(502,747)	(15.8%)
Other operating (expenses) income, net	(116,800)	(3.7%)	(10,764)	(0.3%)	(64,352)	(2.0%)
Operating profit	288,190	9.1%	471,877	14.7%	441,632	13.9%
Financial (expenses) net	(29,420)	(0.9%)	(20,597)	(0.6%)	(25,595)	(0.8%)
Income before income tax and equity in earnings (losses) of associated companies	258,770	8.1%	451,280	14.0%	416,037	13.1%
Equity in earnings (losses) of associated companies						