



**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE**

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INDIA


COMPANY/INDUSTRY EXPERIENCE AND PERSPECTIVE

Joint India/OECD/IISI Workshop, New Delhi (India), 16-17 May 2006.


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IISI Workshop on Steel



Company/Industry experiences and perspectives
May 2006

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- Tenaris snapshot
- Industry Overview
- Tenaris: a global company
- Conclusions

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TS: a global supplier for the energy industry

- **Leading global supplier of oilfield equipment to the oil and gas industry**
 - 3.3 M Tons of seamless pipes annual capacity spread over 7 manufacturing facilities in Argentina, Italy, Mexico, Venezuela, Japan, Romania, and Canada.
- **Leading supplier of welded pipes for oil and gas pipelines in South America**
 - 930 Th Tons of welded pipes annual capacity spread over 3 manufacturing facilities in Argentina and Brazil.
- **Strong financial performance with solid growth prospects:**
 - '05 Net Sales: US\$ 6,7 Billion
 - '05 EBITDA: US\$ 2,2 Billion (33% on sales)
 - '05 Net Income: US\$ 1,4 Billion
 - Market Cap as of May 16th, 2006: US\$ 23.0 Billion
 - Listed in New York, Buenos Aires, Italy, and Mexico (Ticker: TS)
- 17,500 employees worldwide
- European-domiciled company with a network of customer service centers in over 20 countries providing specialized on-site services

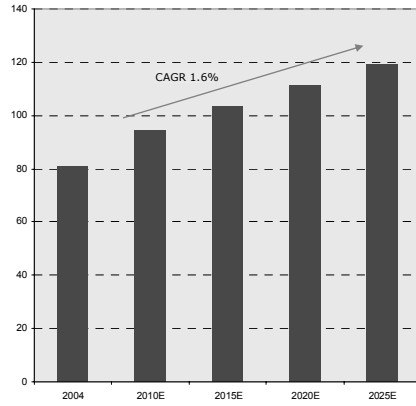
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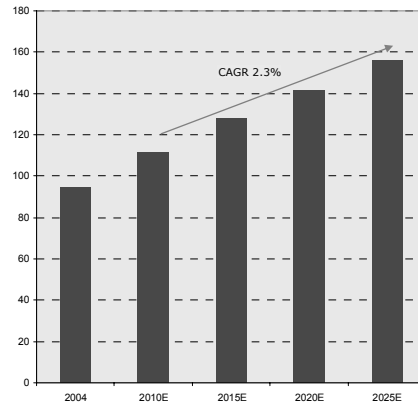
Demand for oil and gas continues to grow.



Projected world oil demand
(Million of barrels per day)



Projected world gas demand
(Trillion cubic feet per year)



Source: BP Statistics and EIA

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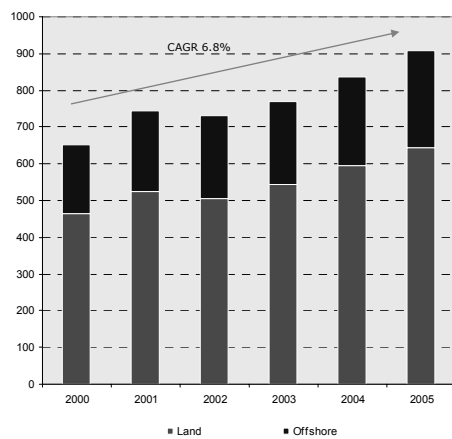
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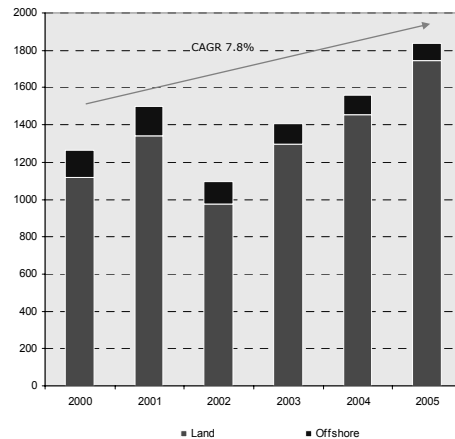
Drilling activity is growing faster than production to compensate the depletion of oilfields.



International rig count
(excluding US, Canada, Russia, onshore China)



US and Canada rig count



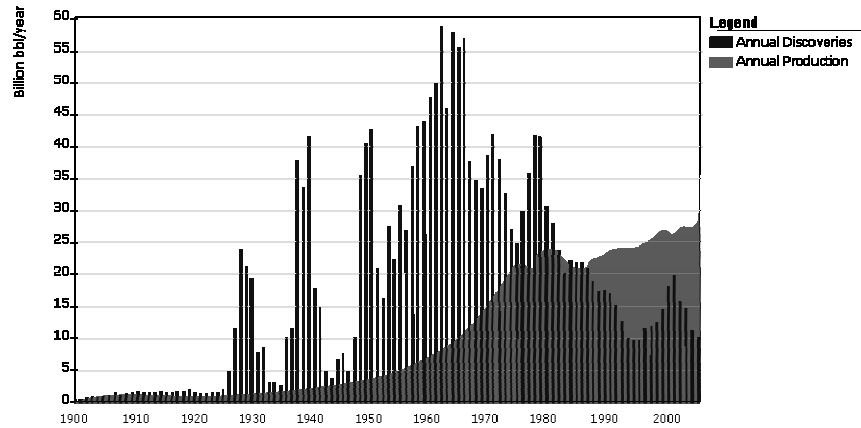
Source: Baker Hughes

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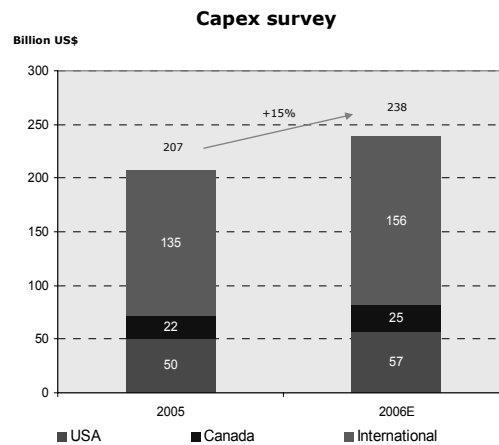
But worldwide oil production exceeds discoveries.




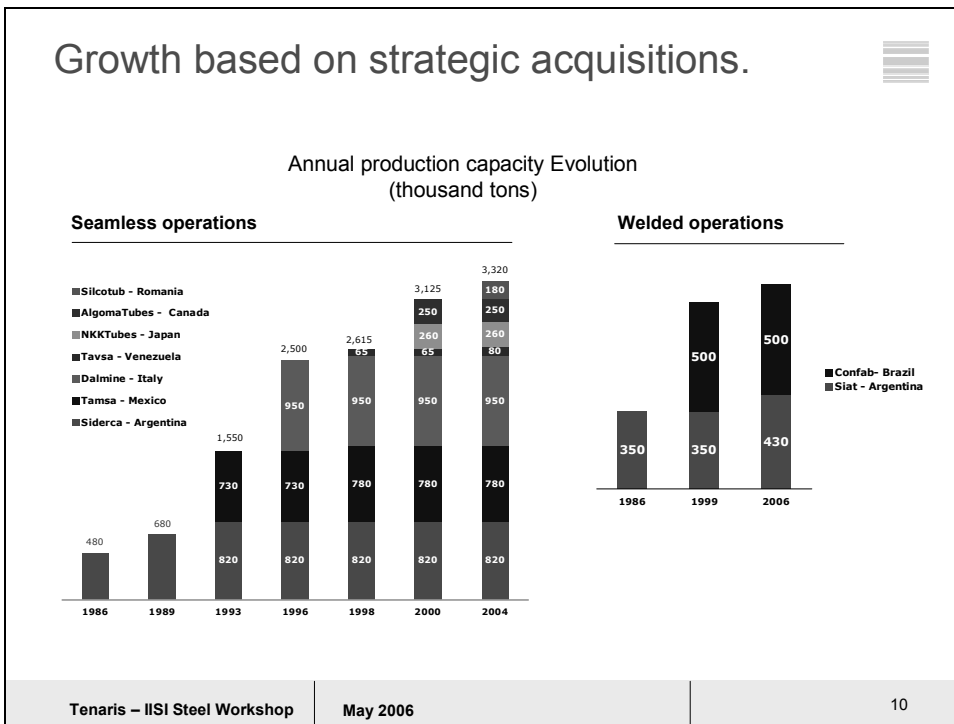
Source: BP Statistics 2004

Oil and gas E&P capex increasing.

- O&G industry has **strong cash** flow from high oil and gas prices
- **Reserve replacement** and increased **well complexity** (deeper on-off shore wells, more aggressive environments, non conventional sources) indicate a strong oil service cycle and substantial **increases in capital spending**



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Worldwide commercial & service network.



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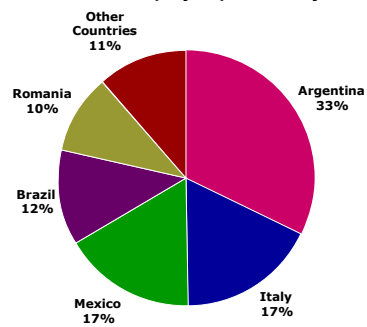
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A multicultural company with deep roots in its local communities.

- 17,500 employees working with dedication to detail and the tenacity to overcome challenges,
- Working environment that rewards innovation, initiative and teamwork,
- Fostering the concurrent development of its suppliers, customers, employees, and local communities.

Personnel employed per country







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Supplying four market segments.

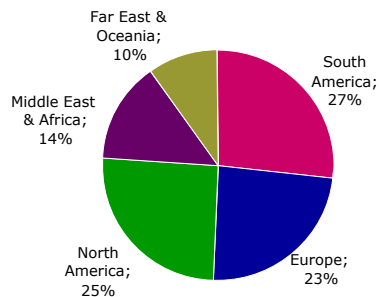


Market Segments			
			
Oilfield Services	Process & Power Plant Services	Pipeline Services	Industrial & Automotive Services
Products			
Casing, Tubing Drill Pipe Accessories	Line Pipe Thermal Pipes Fittings	Flow lines Risers Export lines	Mechanical pipes Automotive components Gas cylinders hollows Hydraulic Cylinder hollows
Customers			
Major, Independents and National Oil Companies [End Users]	Engineering Companies Boiler manufacturers	Engineering Companies Oil Companies Pipe laying contractors	OE Manufacturers in mechanical, hydraulic and automotive industry
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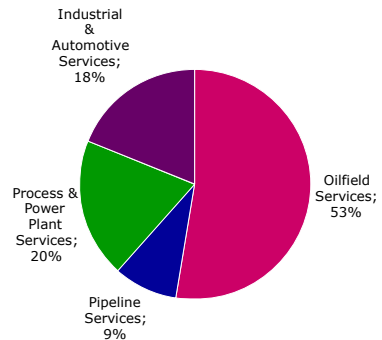
With a diversified sales distribution.



Net Sales by Geographical Distribution (FY2005)



Seamless Pipes Sales Volume by Customer Segment (FY2005)



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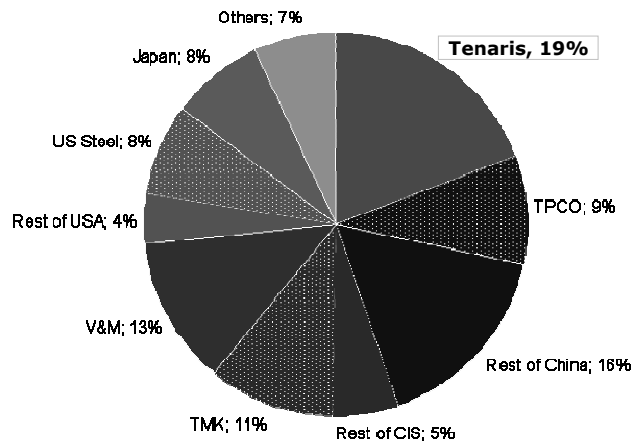
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Leader in the global upstream marketplace.



**World seamless OCTG¹ market share
[Production 2005]**



Note¹ : octg, oil country tubular goods = pipes used for oil wells [casing, tubing]

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A unique integrated business model.



- Focus on manufacturing and sales of **high value products and services direct to end-user** customer base
- Global **industrial system** producing comprehensive range of products to a single quality standard
- Global **R&D** network
- Global **supply chain management** integrating tubular supply chain from the mill to the well
- Efficient, **low-cost operations**, specific know-how.

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Focusing on high-end products and value added services.



- New R&D facility in Mexico and expansion of existing facilities in Italy.
- Expansion of heat treatment capacity.
- Increase of premium connection manufacturing capacity.
- New premium connection finishing facility in China.
- New non-destructive testing control lines.
- Expansion of cold drawing and auto-component installations.
- Increasing product development budgets.
- Expanding w-wide Service center network to serve global and regional upstream customers.



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Conclusions



- **Leading supplier** in the pipe industry after a very **successful growth** path **based on consolidation**.
- An efficient, **low-cost manufacturer** with more than 50 years of experience in the business and specific know-how.
- Increasing differentiation based on a **unique business model**.
- With the **critical mass** to sustain a global R&D/IT infrastructure.
- Prepared to successfully face further industry challenges ahead and fully capture upsides of industry momentum.

