TENARIS

NEUTRAL

Sector: Energy

Price: Eu15.44 - **Target: Eu16.00**

Results Slightly Better, Deceleration in 2H25 Confirmed

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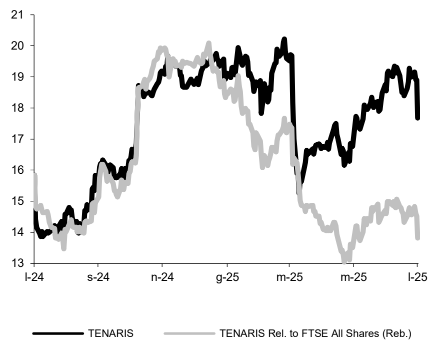
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.8%	-1.1%	-1.2%

TENARIS - 12M Performance



Stock Data			
Reuters code:			TENR.MI
Bloomberg code:			TEN IM
Performance	**1M**	**3M**	**12M**
Absolute	-5.8%	5.9%	11.6%
Relative	-8.7%	-3.2%	-9.4%
12M (H/L)			19.33/12.48
3M Average Volume (th):			2,153.86

Shareholder Data	
No. of Ord shares (mn):	1,181
Total no. of shares (mn):	1,181
Mkt Cap Ord (Eu mn):	18,227
Total Mkt Cap (Eu mn):	18,227
Mkt Float - Ord (Eu mn):	7,209
Mkt Float (in %):	39.6%
Main Shareholder:	
Techint	60.5%

Balance Sheet Data	
Book Value ($ mn):	16,673
BVPS ($):	14.34
P/BV:	1.2
Net Financial Position ($ mn):	3,578
Enterprise Value ($ mn):	16,146

- **2Q25 results.** Tenaris's 2Q25 sales and operating margins were slightly above our expectations thanks primarily to slightly higher average selling prices (better mix). The EBITDA margin was in line, as was cash flow generation. In detail, group revenues closed at US$3,086mn (-7% YoY, +6% QoQ, vs. exp. US$2,978mn), adj. EBITDA at US$733mn (-10% YoY, +5% QoQ, vs. exp. US$707mn), with the adj. EBITDA margin at 23.7% (in line) from 23.8% in 1Q25. Net income closed at US$531mn (+64% YoY, +5% QoQ, vs. exp. US$488mn). Tubes volumes closed at 982k tons (-5% YoY, -1% QoQ, vs. exp. 980k tons), with seamless at 803k tons (flat YoY, +4% QoQ, vs. exp. 770k tons) and welded at 179k tons (-21% YoY, -16% QoQ, vs. exp. 210k tons). The average selling price was US$2,974/ton (-2% YoY, +6% QoQ, vs. exp. US$2,885/ton), thanks to a better mix. FCF for the quarter amounted to US$538mn, leading to a net cash position of US$3.7bn (vs. exp. US$3.8bn) from US$4.0bn as at the end of March, after spending US$600mn on dividends and US$237mn on share buybacks.
- **Market outlook.** Despite high macro uncertainties, drilling activity has remained relatively resilient, although there has been some reduction in oil drilling in the United States, Canada and Saudi Arabia. Mexico, with the recent financing of Pemex, may start to recover some activity after its extended decline. Following the recent increase in tariffs on imports of steel products from 25% to 50%, Tenaris expects US OCTG imports to reduce from the high levels in 1H and US OCTG prices to increase over time. OCTG imports in the US market showed a 70% increase in 1H25 vs. 2H24, increasing inventory levels, from 6 months consumption at YE24 to 7x months at the end of June, capping the expected Pipelogix increase.
- **2H25 guidance.** For 2H25, as anticipated in its last conference call, Tenaris expects its sales to show a modest decline compared to 1H25, reflecting lower drilling activity and a reduced contribution from line pipe projects. Tenaris also expects its margins to be affected by the recent increase in tariff costs. In more detail, for 3Q25 Tenaris is expecting lower sales (high single-digit decline), reflecting lower invoices in fracking operations in US and Argentina, and lower line pipes shipments. Margins in 3Q25 are expected to be slightly lower than 2Q25, still in the 20-25% range. No guidance was provided for 4Q25. US tariff impact: the impact of 50% section 232 tariffs is expected at around $140-150mn of additional costs per quarter, gradually phasing in over the coming quarters. The negative impact is expected to be largely offset by managerial actions and gradual increases in average selling prices. Tenaris continues to believe it is well placed thanks to its strong US asset base.
- **Estimates and valuation.** Following 2Q results, we are fine-tuning our 2025/26 projections, primarily to reflect slightly lower volumes and margins. In terms of the valuation, we are confirming our target price of Eu16.0ps, still based on market multiples (5.5x 2025E EV/EBITDA).
- **Action on the stock.** While 2Q25 results were slightly better than expected and the market outlook was supportive, the introduction of US tariffs has significantly raised the level of uncertainty over expected margin trends in the coming months. We confirm our NEUTRAL rating on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales ($ mn)	14,869	12,524	11,897	11,731	11,541
EBITDA Adj ($ mn)	4,865	3,159	2,725	2,727	2,812
Net Profit Adj ($ mn)	3,918	2,036	1,930	1,914	1,987
EPS New Adj ($)	3.319	1.725	1.635	1.621	1.683
EPS Old Adj ($)	3.319	1.725	1.649	1.639	1.704
DPS ($)	0.600	0.830	0.930	1.030	1.030
EV/EBITDA Adj	2.9	4.8	5.9	5.7	5.2
EV/EBIT Adj	3.3	5.9	7.6	7.4	6.8
P/E Adj	5.3	10.2	10.8	10.9	10.5
Div. Yield	3.4%	4.7%	5.3%	5.8%	5.8%
Net Debt/EBITDA Adj	-0.7	-1.1	-1.3	-1.5	-1.8

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

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OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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