

TENARIS

Sector: Energy

NEUTRAL

Price: Eu18.18 - Target: Eu19.00

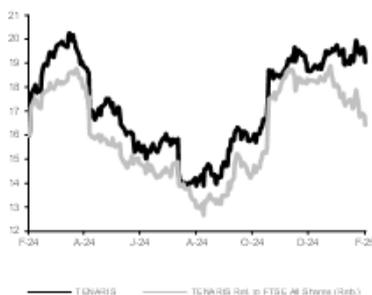
Well Positioned, But US Tariffs Raise Level of Uncertainty

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 18.50 to 19.00		
	2025E	2026E	2027E
Chg in Adj EPS	-4.3%	-4.3%	-3.4%

TENARIS - 12M Performance



Stock Data

Reuters code:	TENR.MI		
Bloomberg code:	TEN IM		
Performance	1M	3M	12M
Absolute	-3.6%	3.6%	19.2%
Relative	-9.2%	-11.0%	-0.6%
12M (H/L)	19.33/12.48		
3M Average Volume (th):	2,684.11		

Shareholder Data

No. of Ord shares (mn):	1,181
Total no. of shares (mn):	1,181
Mkt Cap Ord (Eu mn):	21,468
Total Mkt Cap (Eu mn):	21,468
Mkt Float - Ord (Eu mn):	8,491
Mkt Float (in %):	39.6%
Main Shareholder:	
Techint	60.5%

Balance Sheet Data

Book Value (\$ mn):	17,025
BVPS (\$):	14.64
P/BV:	1.3
Net Financial Position (\$ mn):	3,843
Enterprise Value (\$ mn):	17,505

- 4Q24 results.** Tenaris's 4Q24 results beat our expectations, thanks to a better mix and a positive one-off (US\$67mn gain from the partial reversal of a provision for Usiminas). Revenues closed at US\$2,845mn (-17% YoY, -2% QoQ, vs. exp. US\$2,700mn), EBITDA at US\$726mn, adj. EBITDA at US\$659mn (-32% YoY, -4% QoQ, vs. exp. US\$622mn), with the adj. EBITDA margin at 23.2% (vs. exp. 23.1%) from 23.7% in 3Q24. Net income closed at US\$516mn (-54% YoY, +16% QoQ, vs. exp. US\$478mn). Tubes volumes closed at 913k tons (-9% YoY, -3% QoQ, vs. exp. 903k tons); average selling prices were down 7% YoY and 1% QoQ. The net cash position closed at US\$3.6bn (vs. exp. US\$3.9bn) from US\$4.0bn as at the end of September. The FY24 dividend was set at US\$0.83ps (vs. exp. US\$0.70ps), US\$0.56ps balance, ex-div. date 19 May.
- Market outlook.** Tenaris expects the current macro scenario to continue to support the current levels of overall oil and gas drilling investments and OCTG demand, albeit with different trends in different regions. In North America, US drilling activity has now stabilised, while OCTG consumption per rig has been increasing. In Latin America, drilling activity is increasing in Argentina (Vaca Muerta shale moves forward), while, in Mexico, it has been affected by financial constraints on Pemex. In the Middle East, some reduction in oil drilling has taken place in Saudi Arabia while gas drilling has risen, and, in Abu Dhabi, oil drilling is increasing. In terms of prices, the Pipelogix is up 9% from its August low and could rise further following the US government's announced reset of Section 232 tariffs on all imports of steel products without exception.
- US tariffs.** Potential impacts from the implementation of the new 25% tariffs: Rocca expects that the level of prices in US could gradually increase in the coming months. On Section 232 quotas, he said it is hard to say whether they will be maintained or not, but he expects the US administration to continue to monitor the level of imports, supporting domestic manufacturers. Uncharted territory, but Tenaris is well positioned.
- 2025 guidance.** In this context, Tenaris expects 1Q25 sales and EBITDA (excluding extraordinary effects) to be in line with 4Q24 or a little bit higher (lower volumes in Europe offset by higher volumes and prices in US), before a modest rise in 2Q25. Visibility on 2H25 is limited, with likely changes in US tariffs introducing new dynamics on trade flows and a higher level of uncertainty for Tenaris's prices and costs. That said, during the conference call, CEO Rocca said to expect a potential gradual improvement in sales and margins in the second part of the year.
- Estimates and valuation.** We are trimming our 2025/26 projections to reflect slightly lower volumes and margins. In terms of the valuation, we are moving our target price to Eu19.0ps from Eu18.50ps, to reflect a stronger dollar and the rollover from 2024/25 to 2025 of our 6.0x EV/EBITDA target multiple.
- Action on the stock.** While 4Q24 results exceeded our expectations, 2025 guidance was mixed, with the introduction of US tariffs raising the level of uncertainty over 2H25 margin trends. We confirm our NEUTRAL rating on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (\$ mn)	14,869	12,524	12,921	12,722	12,354
EBITDA Adj (\$ mn)	4,865	3,159	2,932	2,956	3,017
Net Profit Adj (\$ mn)	3,918	2,036	2,062	2,068	2,128
EPS New Adj (\$)	3.319	1.725	1.746	1.752	1.802
EPS Old Adj (\$)	3.319	1.693	1.824	1.831	1.867
DPS (\$)	0.600	0.830	0.930	1.030	1.030
EV/EBITDA Adj	2.9	4.8	6.0	5.6	5.1
EV/EBIT Adj	3.3	5.9	7.7	7.2	6.6
P/E Adj	5.7	11.0	10.9	10.9	10.6
Div. Yield	3.2%	4.4%	4.9%	5.4%	5.4%
Net Debt/EBITDA Adj	-0.7	-1.1	-1.3	-1.7	-2.0

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX 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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OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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