TENARIS SA
Form 6-K
May 01, 2015
Table of Contents

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 30, 2015

Tenaris S.A.

(Translation of Registrant s name into English)

Tenaris S.A.

29, Avenue de la Porte-Neuve

3rd Floor

L-2227 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 x 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 x

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

The attached material is being furnished to the Securities and Exchange Commission (Commission) pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

As part of its regular reviews of Tenaris s filings of financial statements, the Staff of the Commission has issued comments regarding the carrying value of Tenaris s investment in Usiminas, including seeking explanations on Tenaris s value in use calculations and on the differences between value in use and certain fair value indicators. After receiving the Staff s comments, Tenaris provided additional information to the Staff supporting the Company s accounting treatment of the Usiminas investment under IFRS as of September 30, 2014, and Tenaris had further discussions with members of the Staff.

Discussions with the Staff continue. Tenaris believes that its accounting of the Usiminas investment is in accordance with IFRS; however, if it is determined after the conclusion of this process that an additional impairment of the investment in Usiminas should be recorded in 2014, Tenaris could be required to restate its financial statements for the year ended December 31, 2014. A restatement of the 2014 financial statements could also result in a restatement of the financial statements for the first quarter of 2015.

The value of Tenaris s investment in Usiminas, which was determined by the application of IFRS and tested for impairment using the value in use calculation as per IAS 36, amounted to $284 million as of September 30, 2014, $209 million as of December 31, 2014 and $153 million as of March 31, 2015. The carrying value of the Usiminas investment as of March 31, 2015 amounted to $153 million, representing a 1.2% of Tenaris s net worth.

On or before May 1, 2015, the Company will file Form 12b-25 with the Commission, disclosing that the Company was unable to file on April 30, 2015 its Annual Report on Form 20-F for the fiscal year ended December 31, 2014 (the 2014 Form 20-F), because the Company is continuing to work to resolve the Staff s outstanding comments noted above.

For more information on the carrying value of the Usiminas investment, see note 12 to Tenaris s consolidated financial statements as of March 31, 2015, which have been furnished to the Commission under Form 6-K on April 30, 2015.

Attached hereto is substantially all the information the Company currently expects it would include in its Annual Report on Form 20-F when that report is filed with the Commission, except it does not include any report by the Company s independent registered public accounting firm or any of the documents that will be filed as exhibits to the Form 20-F. Also, it does not reflect any adjustments to the financial statements or other disclosure that may be required upon resolution of the discussions with the Commission Staff referred to above.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tenaris S.A.

By: /s/ Cecilia Bilesio
Cecilia Bilesio

Corporate Secretary
Dated: April 30, 2015

Table of Contents

TABLE OF CONTENTS

Table of Contents

CERTAIN DEFINED TERMS

Unless otherwise specified or if the context so requires:

References in this annual report to the Company refer exclusively to Tenaris S.A., a Luxembourg public limited liability company (société anonyme).

References in this annual report to Tenaris , we , us or our refer to Tenaris S.A. and its consolidated subsidiaries. See II Accounting Policy A Basis of presentation and II Accounting Policy B Group accounting to our audited consolidated financial statements included in this annual report.

References in this annual report to San Faustin refer to San Faustin S.A., a Luxembourg public limited liability company (société anonyme) and the Company s controlling shareholder.

Shares refers to ordinary shares, par value $1.00, of the Company.

ADSs refers to the American Depositary Shares, which are evidenced by American Depositary Receipts, and represent two Shares each.

OCTG refers to oil country tubular goods. See Item 4.B Information on the Company Business Overview Our Products .

tons refers to metric tons; one metric ton is equal to 1,000 kilograms, 2,204.62 pounds, or 1.102 U.S. (short) tons.

billion refers to one thousand million, or 1,000,000,000.

U.S. dollars , US$, USD or $ each refers to the United States dollar.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union, or IFRS. IFRS differs in certain significant respects from generally accepted accounting principles in the United States, commonly referred to as U.S. GAAP.

We publish consolidated financial statements presented in increments of a thousand U.S. dollars. This annual report includes our audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012.

Rounding

Certain monetary amounts, percentages and other figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Our Internet Website is Not Part of this Annual Report

We maintain an Internet website at www.tenaris.com. Information contained in or otherwise accessible through our Internet website is not a part of this annual report. All references in this annual report to this Internet site are inactive textual references to these URLs, or uniform resource locators and are for informational reference only. We assume no responsibility for the information contained on our Internet website.

Industry Data

Unless otherwise indicated, industry data and statistics (including historical information, estimates or forecasts) in this annual report are contained in or derived from internal or industry sources believed by Tenaris to be reliable. Industry data and statistics are inherently predictive and are not necessarily reflective of actual industry conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Such data and statistics have not been independently verified, and the Company makes no representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report and any other oral or written statements made by us to the public may contain forward-looking statements within the meaning of and subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This annual report contains forward-looking statements, including with respect to certain of our plans and current goals and expectations relating to Tenaris s future financial condition and performance.

Sections of this annual report that by their nature contain forward-looking statements include, but are not limited to, Item 3. Key Information , Item 4. Information on the Company , Item 5. Operating and Financial Review and Prospects , Item 8. Financial Information and Item 11. Quantitative and Qualitative Disclosure About Market Risk .

We use words such as aim , will likely result , will continue , contemplate , seek to , future , objective , goal pursue , anticipate , estimate , expect , project , intend , plan , believe and words and terms of similar substan forward-looking statements, but they are not the only way we identify such statements. All forward-looking statements are management s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include the risks related to our business discussed under Item 3.D. Key Information Risk Factors among them, the following:

our ability to implement our business strategy or to grow through acquisitions, joint ventures and other investments;

the competitive environment in our business and our industry;

our ability to price our products and services in accordance with our strategy;

trends in the levels of investment in oil and gas exploration and drilling worldwide;

general macroeconomic and political conditions and developments in the countries in which we operate or distribute pipes; *and*

our ability to absorb cost increases and to secure supplies of essential raw materials and energy.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses that may affect our financial condition and results of operations could differ materially from those that have been estimated. You should not place undue reliance on the forward-looking statements, which speak only as of the date of this annual report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation to, update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The selected consolidated financial data set forth below have been derived from our audited consolidated financial statements for each of the years and at the dates indicated therein. Our consolidated financial statements were prepared in accordance with IFRS, and were audited by PricewaterhouseCoopers Société Coopérative, *Cabinet de révision agréé*, an independent registered public accounting firm. PricewaterhouseCoopers Société Coopérative is a member firm of PwC International Limited (PWC). IFRS differs in certain significant respects from U.S. GAAP.

Table of Contents

For a discussion of the accounting principles affecting the financial information contained in this annual report, please see Presentation of Certain Financial and Other Information Accounting Principles .

Thousands of U.S. dollars (except number of shares and per share amounts)	**For the year ended December 31,**				
	2014	**2013**	**2012**	**2011**	**2010**
Selected consolidated income statement data[(1)]					
Continuing operations					
Net sales	10,337,962	10,596,781	10,834,030	9,972,478	7,711,598
Cost of sales	(6,287,460)	(6,456,786)	(6,637,293)	(6,273,407)	(4,748,767)
Gross profit	4,050,502	4,139,995	4,196,737	3,699,071	2,962,831
Selling, general and administrative expenses	(1,963,952)	(1,941,213)	(1,883,789)	(1,859,240)	(1,522,410)
Other operating (expenses) income, net[(2)]	(187,734)	(13,952)	43,659	5,050	78,629
Operating income	1,898,816	2,184,830	2,356,607	1,844,881	1,519,050
Finance income	38,211	34,767	36,932	30,840	32,855
Finance cost	(44,388)	(70,450)	(55,507)	(52,407)	(64,103)
Other financial results	39,214	7,004	(31,529)	11,268	(21,305)
Income before equity in earnings of non-consolidated companies and income tax	1,931,853	2,156,151	2,306,503	1,834,582	1,466,497
Equity in earnings (losses) of non-consolidated companies	20,141	46,098	(63,206)	61,992	70,057
Income before income tax	1,951,994	2,202,249	2,243,297	1,896,574	1,536,554
Income tax	(586,061)	(627,877)	(541,558)	(475,370)	(395,507)
Income for the year[(3)]	1,365,933	1,574,372	1,701,739	1,421,204	1,141,047
Income attributable to[(3)]:					
Owners of the parent	1,343,274	1,551,394	1,699,375	1,331,640	1,127,367
Non-controlling interests	22,659	22,978	2,364	89,564	13,680
Income for the year[(3)]	1,365,933	1,574,372	1,701,739	1,421,204	1,141,047
Depreciation and amortization	(615,629)	(610,054)	(567,654)	(554,345)	(506,902)
	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830

Weighted average number of shares outstanding					
Basic and diluted earnings per share for continuing operations	1.14	1.31	1.44	1.13	0.95
Basic and diluted earnings per share	1.14	1.31	1.44	1.13	0.95
Dividends per share(4)	0.45	0.43	0.43	0.38	0.34

(1) Certain comparative amounts have been re-presented to conform to the adoption of revised IAS19 on Employee Benefits for the years ended December 31, 2012, 2011 and 2010. For more information, see II Accounting Policy A Basis of presentation to our audited consolidated financial statements included in this annual report.

(2) Other operating (expenses) income, net in 2014 include an impairment charge of $206 million on our welded pipe operations in Colombia and Canada.

(3) International Accounting Standard No. 1 (IAS 1) (revised), requires that income for the year as shown on the income statement does not exclude non-controlling interests. Earnings per share, however, continue to be calculated on the basis of income attributable solely to the owners of the parent (i.e., the Company).

(4) Dividends per share correspond to the dividends proposed or paid in respect of the year.

Table of Contents

Thousands of U.S. dollars (except number of shares)	**At December 31,**				
	2014	**2013**	**2012**	**2011**	**2010**
Selected consolidated financial position data[(1)]					
Current assets	7,396,322	6,903,900	6,987,116	6,393,221	5,955,536
Property, plant and equipment, net	5,159,557	4,673,767	4,434,970	4,053,653	3,780,580
Other non-current assets	4,119,832	4,353,303	4,537,457	4,411,510	4,622,772
Total assets	16,675,711	15,930,970	15,959,543	14,858,384	14,358,888
Current liabilities	2,602,829	2,119,729	2,829,374	2,403,699	2,378,546
Non-current borrowings	30,833	246,218	532,407	149,775	220,570
Deferred tax liabilities	714,123	751,105	728,541	809,898	923,333
Other non-current liabilities	356,579	344,052	369,629	372,276	316,477
Total liabilities	3,704,364	3,461,104	4,459,951	3,735,648	3,838,926
Capital and reserves attributable to the owners of the parent	12,819,147	12,290,420	11,328,031	10,456,705	9,871,741
Non-controlling interests	152,200	179,446	171,561	666,031	648,221
Equity	12,971,347	12,469,866	11,499,592	11,122,736	10,519,962
Total liabilities and equity	16,675,711	15,930,970	15,959,543	14,858,384	14,358,888
Share capital	1,180,537	1,180,537	1,180,537	1,180,537	1,180,537
Number of shares outstanding	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830

(1) Certain comparative amounts have been re-presented to conform to the adoption of revised IAS19 on Employee Benefits as of December 31, 2012, 2011 and 2010. For more information, see II Accounting Policy A Basis of presentation to our audited consolidated financial statements included in this annual report.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all other information contained in this annual report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, revenues, financial condition and results of operations, which could in turn affect the price of Shares and ADSs.

Risks Relating to our Industry

Sales and profitability may fall as a result of downturns in the international price of oil and gas and other circumstances affecting the oil and gas industry.

We are a global steel pipe manufacturer with a strong focus on manufacturing products and related services for the oil and gas industry. The oil and gas industry is a major consumer of steel pipe products worldwide, particularly for products manufactured under high quality standards and demanding specifications. Demand for steel pipe products from the oil and gas industry has historically been volatile and depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. The level of exploration, development and production activities of, and the corresponding capital spending by, oil and gas companies, including national oil companies, depends primarily on current and expected future prices of oil and natural gas and is sensitive to the industry s view of future economic growth and the resulting impact on demand for oil and natural gas. Several factors, such as the supply and demand for oil and gas, and political and global economic conditions, affect these prices. When the price of oil and gas falls, oil and gas companies generally reduce spending on production and exploration activities and, accordingly, make fewer purchases of steel pipe products. Other circumstances such as geopolitical events and hostilities in the Middle East and elsewhere may also affect drilling activity and, as a result, cause steel pipe consumption to decline, and thus have a material impact on our revenues, profitability and financial condition. For example, the current fall in oil and gas prices and in drilling activity is resulting in a decline in consumption and demand for OCTG products which will negatively affect our revenues and profitability.

Our industry is cyclical and fluctuations in industry inventory levels may adversely affect our sales and revenues.

Inventory levels of steel pipe in the oil and gas industry can vary significantly from period to period and from region to region. These fluctuations can affect demand for our products. During periods of high demand, industry participants increase the production of pipe products and customers accumulate inventory. Conversely, during periods of low investment in drilling and other activities, customers draw from existing inventory. Particularly, when oil and gas prices fall, as has recently happened, oil and gas companies are generally expected to hold or reduce purchases of additional steel pipe products.

Competition in the global market for steel pipe products may cause us to lose market share and hurt our sales and profitability.

The global market for steel pipe products is highly competitive, with the primary competitive factors being price, quality, service and technology. We compete in most markets outside North America primarily against a limited number of manufacturers of premium-quality steel pipe products. In the United States and Canada, we compete against a wide range of local and foreign producers. In recent years, substantial investments have been made, especially in China, to increase production capacity of seamless steel pipe products. New production capacity continues to be installed and there is significant excess production capacity, particularly for commodity or standard product grades. Capacity for the production of more specialized product grades is also increasing. In addition, there is an increased risk of unfairly-traded steel pipe imports in markets in which Tenaris produces and sells its products. In August 2014, the U.S. imposed anti-dumping duties on OCTG imports from various countries, including South Korea. However, despite the trade case ruling, imports from South Korea continue to be at a very high level. Similarly, in Canada, an anti-dumping investigation is underway, while the final determination on injury is still pending, in March 2015 the Canada Border Services Agency introduced anti-dumping duties on OCTG imports from South Korea and other countries. We can give no assurance about the effectiveness of these actions or the final outcome of these investigations. The competitive environment, therefore, is expected to become more intense in the coming years and effective competitive differentiation will be a key success factor for Tenaris. We may not continue to compete effectively against existing or potential producers and preserve our current shares of geographic or product markets, and increased competition may have a material impact on the pricing of our products and services, which could in turn adversely affect our revenues, profitability and financial condition. See Item 4.B. Information on the Company Business Overview Competition .

Increases in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy, and price mismatches between raw materials and our products may hurt our profitability.

The manufacture of seamless steel pipe products requires substantial amounts of steelmaking raw materials and energy; welded steel pipe products, in turn, are processed from steel coils and plates. The availability and pricing of a significant portion of the raw materials and energy we require are subject to supply and demand conditions, which can be volatile, and to government regulation, which can affect continuity of supply and prices. In addition, disruptions, restrictions or limited availability of energy resources in markets where we have significant operations could lead to higher costs of production and eventually to production cutbacks at our facilities in such markets. For example, shortages of energy and natural gas in Argentina and the resulting supply restrictions imposed by the government could affect operations at our facilities in Argentina. Similarly, in Mexico, existing constraints in natural gas transportation capacity have led to increased imports of natural gas liquids which, from April 1, 2013, resulted in increased natural gas transportation costs and, thus, higher steel pipe products production costs. See Item 3.D. Key Information Risk Factors Risks Relating to our Business Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition . At any given time, we may be unable to obtain an adequate supply of critical raw materials with price and other terms acceptable to us. The availability and prices of raw materials may also be negatively affected by new laws and regulations, including import controls, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, worldwide price fluctuations, and the availability and cost of transportation. Moreover, we are dependent on a few suppliers

Table of Contents

for a significant portion of our requirements for steel coils at our welded pipe operations in North America and the loss of any of these suppliers could result in increased production costs, production cutbacks and reduced competitiveness at these operations.

We may not be able to recover increased costs of raw materials and energy through increased selling prices on our products, and limited availability could force us to curtail production, which could adversely affect our sales and profitability. In addition, like other manufacturers of steel-related products, we have fixed and semi-fixed costs (e.g., labor and other operating and maintenance costs) that cannot adjust rapidly to fluctuations in product demand. If demand for our products falls significantly, these costs may adversely affect our profitability and financial condition.

Our results of operations and financial conditions could be adversely affected by low levels of capacity utilization.

We have recently announced temporary suspensions of certain of our operations in North America given the impact to our business of the sharp decline of oil prices and high levels of unfairly traded imports of OCTG and line pipe products. Temporary suspensions of operations generally lead to layoffs of employees which may in turn give rise to labor conflicts and affect operations. Moreover, temporary suspensions such as those announced by the Company may also affect profitability and trigger impairment assessments of assets. We continue to analyze our operations in other regions in order to better adjust our cost structures to market conditions and may have to resort to measures such as temporary suspensions in order to rationalize our cost structure.

Risks Relating to our Business

Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our revenues, profitability and financial condition.

We are exposed to economic and political conditions in the countries where we operate or sell our products and services. The economies of these countries are in different stages of social and economic development. Like other companies with worldwide operations, we are exposed to risks from fluctuations in foreign currency exchange rates, interest rates and inflation. We are also affected by governmental policies regarding spending and investment, impositions or strengthening of trade restrictions with respect to certain markets, exchange controls, regulatory and taxation changes, and other adverse political, economic or social developments of the countries in which we operate.

Significant portions of our operations are located in countries with a history of political volatility or instability. As a consequence, our business and operations have been, and could in the future be, affected from time to time to varying degrees by political, economic and social developments and changes in laws and regulations. These developments and changes may include, among others, the nationalization, expropriation or forced divestiture of assets; restrictions on production, imports and exports; interruptions in the supply of essential energy inputs; restrictions on the exchange or transfer of currency, repatriation of capital, or payment of dividends, debt principal or interest, or other contractual obligations; inflation; devaluation; war or other international conflicts; civil unrest and local security concerns, including high incidences of crime and violence involving drug trafficking organizations that threaten the safe operation of our facilities and operations; direct and indirect price controls; tax increases and changes in the interpretation, application or enforcement of tax laws and other retroactive tax claims or challenges; changes in laws, norms and regulations; cancellation of contract rights; and delays or denials of governmental approvals. Both the likelihood of such occurrences and their overall impact upon us vary greatly from country to country and are not predictable. Realization of these risks could have an adverse impact on the results of operations and financial condition of our subsidiaries located in the affected country.

For example, approximately 8% of Tenaris s consolidated net assets are located in Argentina and we derive approximately 20% of our revenues from that country, including sales to the domestic and export markets. Our business may be materially and adversely affected by economic, political, fiscal and regulatory developments in Argentina, including the following:

Our business and operations in Argentina may be adversely affected by inflation or by the measures that may be adopted by the government to address inflation. In particular, increases in services and labor costs could negatively affect our results of operations. In addition, an increased level of labor demands could trigger higher levels of labor conflicts, and eventually result in strikes or work stoppages. Any such disruption of operations could have an adverse effect on our operations and financial results.

Macroeconomic and political conditions in Argentina may adversely affect our business and operations. Increased state-intervention in the economy, along with the introduction of changes to government policies, could have an adverse effect on our operations and financial results.

Table of Contents

The Argentine government has increased taxes on our operations in Argentina through several methods. For example, in September 2013, the Argentine government enacted a new 10% withholding tax on dividend distributions. If the Argentine government continues to increase the tax burden on our operations, our results of operation and financial condition could be adversely affected.

Restrictions on the supply of energy to our operations in Argentina could curtail our production and adversely affect our results of operations. There has been a lack of investment in natural gas and electricity supply and transport capacity in Argentina in recent years. Over the course of the last several years, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and low prices in comparison with alternative fuel sources. This in turn has resulted in shortages of natural gas and electricity to residential and industrial users during periods of high demand. For example, in recent years, our operations in Argentina experienced constraints in their electricity and natural gas supply requirements on many occasions. If demand for natural gas and electricity increases and a matching increase in natural gas and electricity supply and transport capacity fails to materialize on a timely basis, our production in Argentina (or that of our main customers and suppliers), could be curtailed, and our sales and revenues could decline. Although we have taken and are taking measures to limit the effect of supply restrictions on our operations in Argentina, such efforts might not be sufficient to avoid an adverse impact on our production in Argentina and we might not be able to similarly limit the effect of future supply restrictions. In addition, it is possible that we could also face increased costs when using alternative sources of energy.

In the past, the Argentine government and the Argentine Central Bank introduced several rules and regulations to reduce volatility in the U.S. Dollar/Argentine Pesos, or ARS, exchange rate, and implemented restrictions on capital inflows into Argentina and capital outflows from Argentina. Since 2001, Argentine subsidiaries are required to repatriate U.S. dollars collected in connection with exports from Argentina (including U.S. dollars obtained through advance payment and pre-financing facilities) into Argentina and convert them into ARS at the official floating exchange rate applicable on the date of repatriation. Since the last quarter of 2011, the Argentine government tightened its controls on transactions that would represent capital outflows from Argentina, prohibiting the purchase of foreign currency for saving purposes and limiting the ability of Argentine companies to transfer funds (including in connection with the payment of dividends or royalties) outside of Argentina. These existing controls, and any additional restrictions of this kind that may be imposed in the future, could expose us to the risk of losses arising from fluctuations in the exchange rate of the ARS or affect our ability to finance our investments and operations in Argentina, or impair our ability to convert and transfer outside Argentina funds generated by Argentine subsidiaries, for example, to pay dividends or royalties or other activities that require offshore payments. For additional information on c