

TENARIS SA
Form 6-K
May 09, 2011

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 May 9, 2011

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 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-____.

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' press release announcing its 2011 first quarter results.

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.

Date: May 9, 2011

Tenaris, S.A.

By: /s/ Cecilia Bilesio
Cecilia Bilesio
Corporate Secretary

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Tenaris Announces 2011 First Quarter Results

The financial and operational information contained in this press release is based on audited consolidated financial statements presented in U.S. dollars and prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board and adopted by the European Union, or IFRS.

Luxembourg, May 5, 2011. - Tenaris S.A. (NYSE, Buenos Aires and Mexico: TS and MTA Italy: TEN) (“Tenaris”) today announced its results for the quarter ended March 31, 2011 with comparison to its results for the quarter ended March 31, 2010.

Summary of 2011 First Quarter Results

(Comparison with fourth and first quarters of 2010)

| | Q1 2011 | Q4 2010 | | Q1 2010 | |
|---|---------|---------|------|---------|-----|
| Net sales (US\$ million) | 2,324.0 | 2,063.9 | 13% | 1,638.7 | 42% |
| Operating income (US\$ million) | 441.4 | 453.8 | (3%) | 309.3 | 43% |
| Net income (US\$ million) | 324.2 | 321.2 | 1% | 222.2 | 46% |
| Shareholders’ net income (US\$ million) | 319.4 | 320.9 | (0%) | 219.5 | 45% |
| Earnings per ADS (US\$) | 0.54 | 0.54 | (0%) | 0.37 | 45% |
| Earnings per share (US\$) | 0.27 | 0.27 | (0%) | 0.19 | 45% |
| EBITDA* (US\$ million) | 570.8 | 515.5 | 11% | 435.4 | 31% |
| EBITDA margin (% of net sales) | 25% | 25% | | 27% | |

*EBITDA is defined as operating income plus depreciation, amortization and impairment charges/(reversals)

Our first quarter results reflect improving levels of demand for our products and services in all of our operating segments. Net sales in our Tubes operating segment and shipments of seamless pipe products each rose 12% sequentially. Operating income was 43% higher year on year but declined 3% sequentially, as operating income in the fourth quarter of 2010 included a gain from impairment reversal of \$67.3 million at our Canadian welded operations.

At the end of the quarter, our net cash position (cash and other current investments less total financial debt) amounted to US\$230.5 million, following an increase in working capital of US\$392.9 million, which reflects a higher level of sales during the quarter and a higher cost of inventories. Capital expenditures amounted to US\$210.6 million.

Market Background and Outlook

Oil prices have risen and shown increased volatility since political unrest in North Africa cut off Libyan oil exports and a tragic earthquake and tsunami which damaged nuclear energy facilities in Japan. Global drilling activity continues to rise in almost every region and we expect that drilling activity will continue to rise, excluding the effect

of seasonal variations, through the year. Activity in the Middle East is expected to receive an additional boost from Saudi Arabia's response to the current market conditions.

We expect that sales in our Tubes operating segment will continue to grow throughout 2011. Sales in our Projects and Others operating segments are also expected to show sustained growth compared to 2010. Average selling prices are expected to benefit from improving prices and a good product mix, though these increases are likely to be partially offset by increases in raw material and other costs. Accordingly, our sales and operating income should continue to increase throughout 2011.

Annual General Meeting of Shareholders

The annual general meeting of shareholders of the Company will take place at 11:00 am on June 1, 2011 in Luxembourg. The notice and agenda for the meeting, the shareholder meeting brochure and proxy statement together with the Company's 2010 annual report can be downloaded from our website at www.tenaris.com/investors and may be obtained on request by calling (352) 26-47-89-78 (within Luxembourg), 1-800-555-2470 (within the USA) or +1-267-468-0786 (within any other jurisdiction).

Analysis of 2011 First Quarter Results

| Sales volume (metric tons) | Q1 2011 | Q4 2010 | | Q1 2010 | |
|----------------------------|---------|---------|-----|---------|------|
| Tubes – Seamless | 621,000 | 555,000 | 12% | 467,000 | 33% |
| Tubes – Welded | 233,000 | 221,000 | 5% | 139,000 | 68% |
| Tubes – Total | 854,000 | 776,000 | 10% | 606,000 | 41% |
| Projects – Welded | 75,000 | 65,000 | 15% | 34,000 | 121% |
| Total | 929,000 | 841,000 | 10% | 640,000 | 45% |

| Tubes (Net sales - \$ million) | Q1 2011 | Q4 2010 | | Q1 2010 | |
|-----------------------------------|---------|---------|------|---------|-----|
| North America | 978.5 | 860.2 | 14% | 676.4 | 45% |
| South America | 318.2 | 271.2 | 17% | 203.0 | 57% |
| Europe | 243.8 | 206.3 | 18% | 199.3 | 22% |
| Middle East & Africa | 297.8 | 299.6 | (1%) | 249.3 | 19% |
| Far East & Oceania | 129.0 | 121.8 | 6% | 82.4 | 57% |
| Total net sales (\$ million) | 1,967.3 | 1,759.1 | 12% | 1,410.4 | 39% |
| Cost of sales (% of sales) | 61% | 60% | | 59% | |
| Operating income* (\$ million) | 372.1 | 401.0 | (7%) | 279.1 | 33% |
| Operating income (% of sales) | 19% | 23% | | 20% | |

*Operating income in Q4 2010 includes a gain of US\$67.3 million for impairment reversals

Net sales of tubular products and services increased 12% sequentially and 39% year on year, mainly driven by an increase in shipments volumes. In North America, sales rose sequentially as a strong increase in shipments in Canada and a steady growth in the United States offset a decline in Mexico's shipments. In South America, sales rose sequentially due to an increase in OCTG shipments in the region. In Europe, sales increased sequentially due primarily to higher demand for mechanical pipe. In the Middle East & Africa, higher sales of line pipe products due to the realization of the previous quarter delayed shipments were offset by lower OCTG shipments.

| Projects | Q1 2011 | Q4 2010 | | Q1 2010 | |
|-------------------------------|---------|---------|-----|---------|------|
| Net sales (\$ million) | 175.0 | 146.2 | 20% | 93.2 | 88% |
| Cost of sales (% of sales) | 69% | 69% | | 68% | |
| Operating income (\$ million) | 31.8 | 23.6 | 35% | 8.5 | 274% |
| Operating income (% of sales) | 18% | 16% | | 9% | |

Projects net sales amounted to US\$175.0 million, an increase of 20% sequentially and 88% relative to the first quarter of 2010. Sequentially, revenues and operating income increased mainly due to higher shipments to gas pipeline projects in Argentina.

| Others | Q1 2011 | Q4 2010 | | Q1 2010 | |
|-------------------------------|---------|---------|-----|---------|-----|
| Net sales (\$ million) | 181.7 | 158.6 | 15% | 135.1 | 35% |
| Cost of sales (% of sales) | 68% | 72% | | 73% | |
| Operating income (\$ million) | 37.5 | 29.3 | 28% | 21.7 | 73% |
| Operating income (% of sales) | 21% | 18% | | 16% | |

Net sales of other products and services amounted to US\$181.7 million in the first quarter of 2011, 15% higher sequentially and 35% higher relative to the first quarter of 2010. The sequential increase in sales and operating income was due to higher sales of pipes for electric conduits in the United States, industrial equipment in Brazil and sucker rods.

Selling, general and administrative expenses, or SG&A, amounted to 19.4% of net sales in the first quarter of 2011, compared to 19.7% in the previous quarter and 21.2% in the first quarter of 2010. During the first quarter of 2011, SG&A was negatively affected by provisions for receivables and contingencies in Libya of US\$15.1 million and for a new tax in Colombia on net equity of US\$9.3 million.

Net interest expenses amounted to US\$5.4 million in the first quarter of 2011, compared to US\$4.8 million in the previous quarter and US\$12.9 million in the first quarter of 2010. Interest expenses in the first quarter of 2010 were negatively affected by higher interest rates, which were partially offset by foreign exchange gains recorded under other financial results.

Other financial results generated a gain of US\$1.1 million during the first quarter of 2011, compared to a loss of US\$5.4 million in the previous quarter and a gain of US\$7.7 million during the first quarter of 2010. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are partially offset by changes to our net equity position. These gains and losses are mainly attributable to variations in the exchange rates between our subsidiaries' functional currencies (other than the US dollar) and the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$24.3 million in the first quarter of 2011, compared to a gain of US\$11.7 million in the previous quarter and a gain of US\$23.5 million in the first quarter of 2010. These results were derived mainly from our equity investment in Ternium (NYSE:TX).

Income tax charges totaled US\$137.2 million in the first quarter of 2011, equivalent to 31% of income before equity in earnings of associated companies and income tax, compared to 30% in the previous quarter and 35% in the first quarter of 2010.

Income attributable to non-controlling interests amounted to US\$4.8 million in the first quarter of 2011, compared to US\$0.3 million in the previous quarter and US\$2.7 million in the first quarter of 2010.

Cash Flow and Liquidity

Net cash provided by operations during the first quarter of 2011 was US\$165.7 million, compared to US\$253.8 million in the previous quarter and US\$436.3 million in the first quarter of 2010. Working capital increased by US\$392.9 million during the first quarter of 2011 (mainly due to an increase in trade receivables and in inventories), compared to an increase of US\$152.7 million in the previous quarter and a decrease of US\$124.2 million in the first quarter of 2010.

Capital expenditures amounted to US\$210.6 million for the first quarter of 2011, compared to US\$286.1 million in the previous quarter and US\$158.0 million in the first quarter of 2010.

At the end of the quarter, our net cash position (cash and other current investments less total financial debt) amounted to US\$230.5 million.

Some of the statements contained in this press release are “forward-looking statements”. Forward-looking statements are based on management’s current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future oil and gas prices and their impact on investment programs by oil and gas companies.

Consolidated Condensed Interim Income Statement

(all amounts in thousands of U.S. dollars)

| | Three-month period ended March 31, | |
|---|------------------------------------|------------|
| | 2011 | 2010 |
| Continuing operations | (Unaudited) | |
| Net sales | 2,323,965 | 1,638,721 |
| Cost of sales | (1,434,362) | (987,043) |
| Gross profit | 889,603 | 651,678 |
| Selling, general and administrative expenses | (449,774) | (347,387) |
| Other operating income (expense), net | 1,621 | 5,049 |
| Operating income | 441,450 | 309,340 |
| Interest income | 7,687 | 7,148 |
| Interest expense | (13,041) | (20,069) |
| Other financial results | 1,058 | 7,691 |
| Income before equity in earnings of associated companies and income tax | 437,154 | 304,110 |
| Equity in earnings of associated companies | 24,285 | 23,526 |
| Income before income tax | 461,439 | 327,636 |
| Income tax | (137,242) | (105,426) |
| Income for the period | 324,197 | 222,210 |
| Attributable to: | | |
| Equity holders of the Company | 319,374 | 219,549 |
| Non-controlling interests | 4,823 | 2,661 |
| | 324,197 | 222,210 |

Consolidated Condensed Interim Statement of Financial Position

| (all amounts in thousands of U.S. dollars) | At March 31, 2011 (Unaudited) | | At December 31, 2010 | |
|---|----------------------------------|------------|----------------------|------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment, net | 4,016,127 | | 3,780,580 | |
| Intangible assets, net | 3,548,306 | | 3,581,816 | |
| Investments in associated companies | 698,910 | | 671,855 | |
| Other investments | 43,897 | | 43,592 | |
| Deferred tax assets | 207,783 | | 210,523 | |
| Receivables | 121,559 | 8,636,582 | 120,429 | 8,408,795 |
| Current assets | | | | |
| Inventories | 2,578,666 | | 2,460,384 | |
| Receivables and prepayments | 303,868 | | 282,536 | |
| Current tax assets | 231,880 | | 249,317 | |
| Trade receivables | 1,686,810 | | 1,421,642 | |
| Available for sale assets | 21,572 | | 21,572 | |
| Other investments | 665,272 | | 676,224 | |
| Cash and cash equivalents | 903,814 | 6,391,882 | 843,861 | 5,955,536 |
| Total assets | | 15,028,464 | | 14,364,331 |
| EQUITY | | | | |
| Capital and reserves attributable to the Company's equity holders | | 10,377,206 | | 9,902,359 |
| Non-controlling interests | | 656,544 | | 648,221 |
| Total equity | | 11,033,750 | | 10,550,580 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Borrowings | 214,569 | | 220,570 | |
| Deferred tax liabilities | 931,752 | | 934,226 | |
| Other liabilities | 213,428 | | 193,209 | |
| Provisions | 88,620 | | 83,922 | |
| Trade payables | 2,844 | 1,451,213 | 3,278 | 1,435,205 |
| Current liabilities | | | | |
| Borrowings | 1,124,061 | | 1,023,926 | |
| Current tax liabilities | 234,872 | | 207,652 | |
| Other liabilities | 263,368 | | 233,590 | |
| Provisions | 38,420 | | 25,101 | |
| Customer advances | 86,283 | | 70,051 | |
| Trade payables | 796,497 | 2,543,501 | 818,226 | 2,378,546 |
| Total liabilities | | 3,994,714 | | 3,813,751 |
| Total equity and liabilities | | 15,028,464 | | 14,364,331 |

Consolidated Condensed Interim Statement of Cash Flows

| (all amounts in thousands of U.S. dollars) | Three-month period ended March 31, | |
|---|---------------------------------------|--------------|
| | 2011 | 2010 |
| | (Unaudited) | |
| Cash flows from operating activities | | |
| Income for the period | 324,197 | 222,210 |
| Adjustments for: | | |
| Depreciation and amortization | 129,384 | 126,028 |
| Income tax accruals less payments | 44,632 | (28,258) |
| Equity in earnings of associated companies | (24,285) | (23,526) |
| Interest accruals less payments, net | (14,038) | 9,047 |
| Changes in provisions | 18,017 | 5,424 |
| Changes in working capital | (392,862) | 124,247 |
| Other, including currency translation adjustment | 80,610 | 1,100 |
| Net cash provided by operating activities | 165,655 | 436,272 |
| Cash flows from investing activities | | |
| Capital expenditures | (210,620) | (157,962) |
| Proceeds from disposal of property, plant and equipment and intangible assets | 1,255 | 2,910 |
| Dividends and distributions received from associated companies | - | 1,472 |
| Investments in short terms securities | 10,952 | (66,105) |
| Net cash used in investing activities | (198,413) | (219,685) |
| Cash flows from financing activities | | |
| Acquisitions of non-controlling interests | (5,050) | (27) |
| Proceeds from borrowings | 309,280 | 198,323 |
| Repayments of borrowings | (231,530) | (307,045) |
| Net cash provided by (used in) financing activities | 72,700 | (108,749) |
| Increase in cash and cash equivalents | 39,942 | 107,838 |
| Movement in cash and cash equivalents | | |
| At the beginning of the period | 820,165 | 1,528,707 |
| Effect of exchange rate changes | 5,121 | (11,636) |
| Increase in cash and cash equivalents | 39,942 | 107,838 |
| At March 31, | 865,228 | 1,624,909 |
| | | At March 31, |
| Cash and cash equivalents | 2011 | 2010 |
| Cash and bank deposits | 903,814 | 1,631,919 |
| Bank overdrafts | (38,586) | (7,010) |
| | 865,228 | 1,624,909 |

