TENARIS SA
Form 6-K
November 05, 2010

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 November 5, 2010

TENARIS, S.A.

(Translation of Registrant's name into English)

TENARIS, S.A.

46a, Avenue John F. Kennedy

L-1855 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's press release announcing its 2010 third 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: November 5, 2010

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio

Corporate Secretary

Giovanni Sardagna

Tenaris

1-888-300-5432

www.tenaris.com

Tenaris Announces 2010 Third Quarter Results

The financial and operational information contained in this press release is based on unaudited consolidated condensed interim financial statements presented in U.S. dollars (US$) 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, November 4, 2010 - Tenaris S.A. (NYSE, Buenos Aires and Mexico: TS and MTA Italy: TEN) (Tenaris) today announced its results for the quarter and nine months ended September 30, 2010.

Summary of 2010 Third Quarter Results

(Comparison with second quarter of 2010 and third quarter of 2009)

Net sales (US$ million)	2,027.2	1,981.8	2%	1,771.5	14%
Operating income (US$ million)	405.1	405.3	(0%)	360.6	12%
Net income (US$ million)	302.7	295.0	3%	237.3	28%
	304.8	282.1	8%	229.9	33%

Shareholders net income (US$ million)					
Earnings per ADS (US$)	0.52	0.48	8%	0.39	33%
Earnings per share (US$)	0.26	0.24	8%	0.19	33%
EBITDA (US$ million)	531.1	531.2	(0%)	488.3	9%
EBITDA margin (% of net sales)	26%	27%		28%	

Our results in the third quarter reflect a continuing improvement in our U.S. and Canadian operations and the gradual recovery in overall market conditions that we are witnessing in the rest of the world. Notwithstanding the prolonged shutdown of our Italian plant and a major reduction of oil and gas activity in Mexico exacerbated by severe weather conditions, our earnings per share rose 33% year on year and 8% sequentially. As anticipated, the average selling price in our Tubes operating segment for the quarter showed a moderate increase reflecting higher seamless and welded pipe prices thus reverting the previous downward trend.

Cash flow from operations during the third quarter of 2010 amounted to US$122.1 million after an increase of US$427.9 million in working capital due in large part to an uneven distribution of shipments during the quarter. Our net cash position (total financial debt less cash and other current investments) decreased by US$97.6 million to US$471.1 million following an increase in capital expenditure. This amounted to US$212.8 million during the quarter as we approach the start-up of our new rolling mill in Mexico and completed significant investments in our Dalmine mill in Italy.

Interim Dividend Payment

Our board of directors approved the payment of an interim dividend of US$0.13 per share (US$0.26 per ADS), or approximately US$153 million. The payment date will be November 25, 2010 (however, because such date is not a business day in the U.S., shareholders in all jurisdictions may receive their interim dividend on or after November 26, 2010, which is the first business day following the stated payment date), and the ex-dividend date will be November 22, 2010.

Market Background and Outlook

In the year to date, global drilling activity has continued to recover led by substantially higher oil drilling activity in the U.S. and Canada. North American gas drilling activity has also increased primarily in shale and liquid rich plays. Activity has increased steadily in most other markets reflecting the stability of oil prices at attractive levels and increased investment in regional gas developments. The international rig count, as published by Baker Hughes, has surpassed pre-crisis levels and recorded a new quarterly high during the third quarter.

We expect the recovery in drilling activity will continue in most markets in the fourth quarter and into 2011. Although we expect a reduction in drilling for dry gas in North America, this is likely to be largely offset by further increases in oil and liquid rich gas drilling. Recovery in other sectors is expected to take hold particularly as we move into 2011.

Under these market conditions, we expect revenues and operating income to increase gradually in the fourth quarter and more strongly in the first half of 2011.

Analysis of 2010 Third Quarter Results

Tubes Seamless	581,000	603,000	(4%)	407,000	43%
Tubes Welded	205,000	179,000	15%	67,000	206%
Tubes Total	786,000	782,000	1%	474,000	66%
Projects Welded	39,000	32,000	22%	97,000	(60%)
Total	825,000	814,000	1%	571,000	44%

(Net sales - $ million)					
North America	848.7	736.4	15%	515.6	65%
South America	320.7	315.3	2%	225.9	42%
Europe	161.5	179.4	(10%)	176.9	(9%)
Middle East & Africa	338.6	376.0	(10%)	360.4	(6%)
Far East & Oceania	116.0	114.2	2%	82.3	41%
Total net sales ($ million)	1,785.5	1,721.4	4%	1,361.0	31%
Cost of sales (% of sales)	61%	58%		58%	
Operating income ($ million)	367.6	355.6	3%	285.8	29%
Operating income (% of sales)	21%	21%		21%	

Net sales of tubular products and services increased 4% sequentially and 31% year on year and operating margins were stable in spite of a higher proportion of welded products in the sales mix. Sales in North America were up 15% on a sequential basis driven by a seasonally stronger quarter in Canada and a further increase in sales in the United States but sales in Mexico declined due to a reduction in activity in Chicontepec and Burgos and the impact of hurricane activity. In South America, sales in the Andean region and Southern Cone remained in line with the previous quarter consolidating the year on year recovery. In Europe, sales declined 10% sequentially reflecting seasonally weaker activity in industrial and distributor markets. In the Middle East and Africa, sales declined 10% following the strong level of shipments to the Middle East recorded in the second quarter. In the Far East and Oceania sales remained in line with the second quarter.

Net sales ($ million)	95.3	94.0	1%	288.7	(67%)
Cost of sales (% of sales)	66%	63%		71%	
Operating income ($ million)	12.6	19.0	(34%)	59.5	(79%)
Operating income (% of sales)	13%	20%		21%	

Net sales of pipes for pipeline projects amounted to US$95.3 million in the third quarter of 2010 in line with the second quarter but 67% lower compared to the third quarter of 2009. Shipments and operating income from this segment should recover in the coming quarters following three quarters of low activity.

Net sales ($ million)	146.4	166.3	(12%)	121.7	20%
Cost of sales (% of sales)	72%	72%		74%	
Operating income ($ million)	24.8	30.7	(19%)	15.2	64%
Operating income (% of sales)	17%	18%		12%	

Net sales of other products and services amounted to US$146.4 million in the third quarter of 2010, 12% lower sequentially but 20% higher compared to the third quarter of 2009. The sequential reduction in sales in the third quarter was due principally to lower sales at our Brazilian industrial equipment business and the non-recurrence of sales of steelmaking raw materials in the second quarter.

Selling, general and administrative expenses, or SG&A, as a percentage of net sales accounted to 18.3% in the quarter ended September 30, 2010, 1.4 percentage points lower than the previous quarter and similar to the level of the third quarter of 2009.

Net interest income of US$4.0 million in the third quarter of 2010 compared to net interest expenses of US$17.5 million in the previous quarter and US$20.6 million in the same period of 2009. Interest expenses in the second quarter of 2010 were negatively affected by higher interest rates, which were partially offset by foreign exchange gains recorded under other financial results, while results in the third quarter of 2009, included US$11.1 million of losses on interest rate swaps.

Other financial results generated a loss of US$16.2 million during the third quarter of 2010, compared to losses of US$7.4 million in the previous quarter and of US$15.4 million in the same period of 2009. These results largely reflect gains and losses on net foreign exchange transactions and the changes in 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 U.S. dollar) and the U.S. dollar, in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US$15.6 million in the third quarter of 2010, compared to a gain of US$19.3 million in the previous quarter and of US$10.3 million in the same period of 2009. These gains mainly derived from our equity investment in Ternium.

Income tax charges totalled US$105.7 million in the third quarter of 2010, equivalent to 27% of income before equity in earnings of associated companies and income tax, compared to 28% in the previous quarter and 30% in the same periof of 2009.

Losses attributable to non-controlling interests amounted to US$2.1 million in the third quarter of 2010, compared to gains attributable to non-controlling interests of US$12.9 million in the previous quarter and of US$7.4 million in the third quarter of 2009. Compared to the previous quarter we recorded lower results at our Confab subsidiary while our NKKTubes subsidiary was still loss making.

Cash Flow and Liquidity

Net cash provided by operations during the third quarter of 2010 was US$122.1 million (US$617.0 million in the first nine months), compared to US$772.4 million in the third quarter of 2009 (US$2,647.0 million in the first nine months). Working capital increased by US$427.9 million during the third quarter, due in large part to an uneven distribution of shipments during the quarter and to an increase in our raw material inventories.

Capital expenditures amounted to US$212.8 million in the third quarter of 2010 (US$561.2 million in the first nine months), compared to US$101.5 million in the third quarter of 2009 (US$327.8 million in the first nine months).

During the first nine months of 2010, our net cash position decreased by US$204.6 million, from US$675.7 million at December 31, 2009, to US$471.1 million at September 30, 2010. Total financial debt during the first nine months of 2010 decreased by US$356.9 million to US$1.1 billion at September 30, 2010.

Analysis of 2010 First Nine Months Results

Net income attributable to equity holders in the company during the first nine months of 2010 was US$806.5 million, or US$0.68 per share (US$1.37 per ADS), which compares with net income attributable to equity holders in the company during the first nine months of 2009 of US$939.2 million, or US$0.80 per share (US$1.59 per ADS). Operating income was US$1,119.7 million, or 20% of net sales, compared to US$1,483.0 million, or 24% of net sales. Operating income plus depreciation and amortization was US$1,497.6 million, or 27% of net sales, compared to US$1,858.8 million, or 29% of net sales.

Tubes Seamless	1,651,000	1,483,000	11%
Tubes Welded	523,000	242,000	116%
Tubes Total	2,174,000	1,725,000	26%
Projects Welded	105,000	271,000	(61%)
Total	2,279,000	1,996,000	14%

(Net sales - $ million)			
North America	2,261.6	2,192.4	3%
South America	839.0	720.2	16%
Europe	540.3	661.8	(18%)
Middle East & Africa	963.9	1,208.4	(20%)
Far East & Oceania	312.6	387.7	(19%)
Total net sales ($ million)	4,917.4	5,170.4	(5%)
Cost of sales (% of sales)	59%	55%	
Operating income ($ million)	1,002.3	1,312.1	(24%)
Operating income (% of sales)	20%	25%	

Net sales of tubular products and services decreased 5% to US$4,917.4 million in the first nine months of 2010, compared to US$5,170.4 million in the first nine months of 2009, as a 26% increase in volumes was offset by a 25% reduction in average selling prices.

Net sales ($ million)	282.6	765.4	(63%)
Cost of sales (% of sales)	65%	72%	
Operating income ($ million)	40.1	154.0	(74%)
Operating income (% of sales)	14%	20%	

Net sales of pipes for pipeline projects decreased 63% to US$282.6 million in the first nine months of 2010, compared to US$765.4 million in the first nine months of 2009, reflecting lower deliveries in Brazil and Argentina to gas and other pipeline projects.