

TENARIS SA
Form 20-F
June 30, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

- Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934**
or
- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2008**
or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
or
- Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission file number: 001-31518

TENARIS S.A.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

46a, Avenue John F. Kennedy - 2nd floor

L-1855 Luxembourg

(Address of principal executive offices)

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L-1855 Luxembourg

Tel. + (352) 26 68 31 52, Fax. + (352) 26 68 31 53 , e-mail: asoares@tenaris.com

(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
American Depositary Shares Ordinary Shares, par value \$1.00 per share	New York Stock Exchange New York Stock Exchange*

* Ordinary shares of Tenaris S.A. are not listed for trading but only in connection with the registration of American Depositary Shares which are evidenced by American Depositary Receipts.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

1,180,536,830 ordinary shares, par value \$1.00 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated Filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If Other has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Please send copies of notices and communications from the Securities and Exchange Commission to:

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CERTAIN DEFINED TERMS

Unless otherwise specified or the context so requires:

References in this annual report to the Company refer exclusively to Tenaris S.A., a Luxembourg joint stock corporation (*société anonyme holding*).

References in this annual report to Tenaris, we, us or our refer to Tenaris S.A. and its consolidated subsidiaries. See Accounting Policies A, B and L to our audited consolidated financial statements included in this annual report.

References in this annual report to San Faustin refer to San Faustin N.V., a Netherlands Antilles corporation 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.

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.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

We prepare our consolidated financial statements in conformity with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and adopted by the European Union. IFRS differ 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. Our consolidated financial statements in this annual report are those for the years ended December 31, 2008, 2007 and 2006.

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Currencies

In this annual report, unless otherwise specified or the context otherwise requires:

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

, EUR or euros each refers to the Euro, the common currency of the European Union;

Argentine pesos or ARS each refers to the Argentine peso;

Brazilian real or BRL each refers to the Brazilian real;

Canadian dollars or CAD each refers to the Canadian dollar;

Chinese yuan or CNY each refers to the Chinese yuan;

Mexican pesos or MXP each refers to the Mexican peso;

Romanian lei or RON each refers to the Romanian new lei;

Venezuelan bolívares or VEB , each refers to the Venezuelan bolívar fuerte; *and*

Yen , Japanese yen or JPY each refers to the Japanese yen.

On December 31, 2008, the exchange rate between, the euro and the U.S. dollar (as published by European Central Bank) was 1.00=\$1.3917; the Argentine peso (as published by *Banco Central de la República Argentina*, or the Argentine Central Bank) was ARS3.4530=\$1.00; the noon buying rate for the Brazilian real (as certified for customs purposes by the Federal Reserve Bank of New York, or the Federal Reserve) was BRL2.313=\$1.00; the noon buying rate for the Canadian dollar (as published by the Federal Reserve) was CAD1.224=\$1.00; the noon buying rate for the Chinese yuan (as published by the Federal Reserve) was CNY6.822=\$1.00; the noon buying rate for the Mexican peso (as published by the Federal Reserve) was MXP13.832=\$1.00; the noon buying rate for the Venezuelan bolívar (as published by the Federal Reserve) was VEB2.1446=\$1.00; the noon buying rate for the Japanese yen (as published by the Federal Reserve) was JPY90.79=\$1.00 and the Romanian lei (as published by the National Bank of Romania) was RON2.8342=\$1.00. Those rates may differ from the actual rates used in the preparation of our consolidated financial statements. We do not represent that any of these currencies could have been or could be converted into U.S. dollars or that the U.S. dollars could have been or could be converted into any of these currencies.

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

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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.

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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, should, will pursue, expect, project, intend, plan, believe and words and terms of similar substance to identify forward-looking statements, but they are not the 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, which could cause actual results to differ materially from those described in the forward looking statements, 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;

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 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.

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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 herein. Our consolidated financial statements were prepared in accordance with IFRS, as issued by the IASB and adopted by the European Union, and were audited by Price Waterhouse & Co. S.R.L., of Argentina, a registered public accounting firm and a member firm of PricewaterhouseCoopers. IFRS differ in certain significant respects from U.S. GAAP.

For a discussion of the currencies used in this annual report, exchange rates and accounting principles affecting the financial information contained in this annual report, please see [Presentation of Certain Financial and other Information](#), [Accounting Principles](#) and [Currencies](#).

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Thousands of U.S. dollars (except number of shares and per share amounts)

	For the year ended December 31,				
	2008	2007	2006	2005	2004
Selected consolidated income statement data⁽¹⁾					
Continuing operations					
Net sales	12,131,836	10,042,008	7,727,745	6,209,791	3,718,193
Cost of sales	(6,799,189)	(5,515,767)	(3,884,226)	(3,429,365)	(2,378,474)
Gross profit	5,332,647	4,526,241	3,843,519	2,780,426	1,339,719
Selling, general and administrative expenses	(1,819,011)	(1,573,949)	(1,054,806)	(832,315)	(661,226)
Other operating income (expenses), net	(485,772)	4,933	3,773	(2,199)	127,165
Operating income	3,027,864	2,957,225	2,792,486	1,945,912	805,658
Interest income	48,873	93,392	60,798	23,815	14,236
Interest expense	(185,836)	(275,648)	(92,576)	(52,629)	(46,161)
Other financial results	(104,272)	(22,754)	26,826	(79,772)	38,304
Income before equity in earnings of associated companies and income tax	2,786,629	2,752,215	2,787,534	1,837,326	812,037
Equity in earnings of associated companies	89,556	113,276	94,667	117,377	206,141
Income before income tax	2,876,185	2,865,491	2,882,201	1,954,703	1,018,178
Income tax	(1,011,675)	(823,924)	(869,977)	(567,368)	(217,226)
Income for continuing operations ⁽²⁾	1,864,510	2,041,567	2,012,224	1,387,335	800,952
Discontinued operations					
Income (loss) for discontinued operations	411,110	34,492	47,180	(3)	4,029
Income for the year ⁽²⁾	2,275,620	2,076,059	2,059,404	1,387,332	804,981
Income attributable to ⁽²⁾ :					
Equity holders of the Company	2,124,802	1,923,748	1,945,314	1,277,547	784,703
Minority interest	150,818	152,311	114,090	109,785	20,278
Income for the year ⁽²⁾	2,275,620	2,076,059	2,059,404	1,387,332	804,981
Depreciation and amortization	(532,934)	(514,820)	(255,004)	(214,227)	(208,119)
Weighted average number of shares outstanding	1,180,536,830	1,180,536,830	1,180,536,830	1,180,536,830	1,180,506,876
Basic and diluted earnings per share for continuing operations	1.45	1.60	1.61	1.08	0.66
Basic and diluted earnings per share	1.80	1.63	1.65	1.08	0.66
Dividends per share ⁽³⁾	0.43	0.38	0.30	0.30	0.17

- (1) Certain comparative amounts for 2005 and 2004 have been re-presented to conform to changes in presentation in 2007 and 2006, mainly due to the sale of a majority ownership in Dalmine Energie. See note 29 Current and non current assets held for sale and discontinued operations to our audited consolidated financial statements included in this annual report.
- (2) International Accounting Standard No. 1 (IAS 1) (revised), requires that income for the year as shown on the income statement not exclude minority interest. Earnings per share, however, continue to be calculated on the basis of income attributable solely to the equity holders of the Company.
- (3) Dividends per share correspond to the dividends proposed or paid in respect of the year.

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<i>Thousands of U.S. dollars (except number of shares)</i>	At December 31,				
	2008	2007	2006	2005	2004
Selected consolidated balance sheet data⁽¹⁾					
Current assets	7,252,417	⁽²⁾ 6,514,043	6,028,832	3,773,284	3,012,092
Property, plant and equipment, net	2,982,871	3,269,007	2,939,241	2,230,038	2,164,601
Other non-current assets	4,865,424	5,461,537	3,627,169	702,706	485,595
Total assets	15,100,712	15,244,587	12,595,242	6,706,028	5,662,288
Current liabilities	3,790,017	⁽²⁾ 3,328,066	2,765,504	1,699,101	1,999,846
Non-current borrowings	1,241,048	2,869,466	2,857,046	678,112	420,751
Deferred tax liabilities	1,053,838	1,233,836	991,945	353,395	371,975
Other non-current liabilities	313,922	283,369	279,117	199,547	208,521
Total liabilities	6,398,825	7,714,737	6,893,612	2,930,155	3,001,093
Capital and reserves attributable to the Company's equity holders	8,176,571	7,006,277	5,338,619	3,507,802	2,495,924
Minority interest	525,316	523,573	363,011	268,071	165,271
Total liabilities and equity	15,100,712	15,244,587	12,595,242	6,706,028	5,662,288
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 for 2005 and 2004 have been re-presented to conform to changes in presentation in 2007 and 2006.

(2) In 2007 current assets include current and non current assets held for sale (\$651.2 million), related to the divestment of Hydril's pressure control business and current liabilities include liabilities associated with such assets (\$267.0 million).

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 our 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

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national oil companies, depends primarily on current and expected future prices of 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

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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