

TENARIS SA  
Form 6-K  
May 05, 2014

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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 5, 2014

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 2014 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 5, 2014

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

Giovanni Sardagna  
 Tenaris  
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### Tenaris Announces 2014 First Quarter Results

The financial and operational information contained in this press release is based on unaudited 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 1, 2014. - Tenaris S.A. (NYSE, Buenos Aires and Mexico: TS and MTA Italy: TEN) (“Tenaris”) today announced its results for the quarter ended March 31, 2014 in comparison with its results for the quarter ended March 31, 2013.

### Summary of 2014 First Quarter Results

(Comparison with fourth and first quarters of 2013)

|                                       | Q1 2014 | Q4 2013 |      | Q1 2013 |      |
|---------------------------------------|---------|---------|------|---------|------|
| Net sales (\$ million)                | 2,580   | 2,674   | (4%) | 2,678   | (4%) |
| Operating income (\$ million)         | 566     | 589     | (4%) | 554     | 2%   |
| Net income (\$ million)               | 428     | 408     | 5%   | 423     | 1%   |
| Shareholders' net income (\$ million) | 423     | 409     | 3%   | 425     | (1%) |
| Earnings per ADS (\$)                 | 0.72    | 0.69    | 3%   | 0.72    | (1%) |
| Earnings per share (\$)               | 0.36    | 0.35    | 3%   | 0.36    | (1%) |
| EBITDA* (\$ million)                  | 718     | 745     | (4%) | 699     | 3%   |
| EBITDA margin (% of net sales)        | 27.8%   | 27.8%   |      | 26.1%   |      |

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

In the first quarter, although we benefited from improving trends in the U.S. market and the usual seasonal effect in Canada, our sales declined 4% sequentially, due primarily to lower sales in the Middle East, following the exceptional level of sales we had in the fourth quarter of 2013, as well as in Mexico, Colombia and Venezuela. We maintained our EBITDA and operating margins at a high level reflecting operating efficiencies and a continuing good mix of products.

Cash provided by operating activities reached \$612 million during the quarter and at the end of the quarter we had a net cash position (cash and other current investments less total borrowings) of \$1.3 billion.

## Market Background and Outlook

In the United States, drilling activity is picking up, particularly in the Permian basin, but during the first quarter drilling efficiencies were affected by the cold weather. Looking into the second half of the year, the final determination in the anti-dumping trade case will have an impact on our sales. In Canada, drilling activity in the first quarter was in line with the previous year and we expect that to continue through the year in accordance with the usual seasonal variations.

In Mexico, Pemex is concentrating on its most productive regions and reorganizing as the reform of the energy sector moves forward. We expect a recovery in sales in the second half as additional rigs are being contracted.

In South America, shale drilling activity is increasing in Argentina while, in Brazil, projects continue to be delayed and our sales of line pipe and OCTG products in Brazil will be affected throughout the year.

In the Eastern Hemisphere, drilling activity has been increasing led by the Middle East and deepwater drilling in sub-Saharan Africa. However, purchases of OCTG in the Middle East in the last few quarters have been at an exceptionally high level and we expect an inventory adjustment in the coming quarters, which should be partially compensated by higher sales in sub-Saharan Africa and other countries of the region.

Considering these various factors, we expect our overall results for 2014 to be in line with those for 2013.

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## Analysis of 2014 First Quarter Results

| Tubes Sales volume<br>(thousand metric tons) | Q1 2014 | Q4 2013 |      | Q1 2013 |       |
|--|---------|---------|------|---------|-------|
| Seamless                                     | 669     | 665     | 1%   | 657     | 2%    |
| Welded                                       | 241     | 249     | (3%) | 289     | (17%) |
| Total  | 910     | 914     | (1%) | 946     | (4%)  |

| Tubes<br>(Net sales - \$ million) | Q1 2014 | Q4 2013 |       | Q1 2013 |       |
|-----------------------------------|---------|---------|-------|---------|-------|
| North America                     | 1,085   | 1,019   | 6%    | 1,143   | (5%)  |
| South America                     | 440     | 516     | (15%) | 595     | (26%) |
| Europe                            | 256     | 205     | 25%   | 268     | (4%)  |
| Middle East & Africa              | 536     | 628     | (15%) | 400     | 34%   |
| Far East & Oceania                | 101     | 112     | (10%) | 82      | 23%   |
| Total net sales (\$ million)      | 2,418   | 2,480   | (3%)  | 2,488   | (3%)  |
| Operating income (\$ million)     | 561     | 585     | (4%)  | 526     | 6%    |
| Operating income (% of sales)     | 23.2%   | 23.6%   |       | 21.1%   |       |

Net sales of tubular products and services decreased 3% sequentially and 3% year on year. In North America, sales increased reflecting higher seasonal sales in Canada and higher onshore drilling activity from our customers in the Permian, partially offset by lower activity in Mexico. In South America, sales decreased due to lower OCTG sales in Colombia and Venezuela. In Europe, sales increased due to higher OCTG and line pipe offshore sales in the North Sea. In the Middle East and Africa, sales remained strong but declined from the exceptional level of the previous quarter, when we had a record level of sales to Saudi Arabia. In the Far East and Oceania, the decline in sales reflected lower sales of line pipe in the region and lower sales for Australian offshore developments.

Operating income from tubular products and services decreased 4% sequentially, mainly reflecting a reduction in sales, but increased 6% year on year. The year on year increase in operating income is mainly due to a richer mix of products sold together with improved operational efficiencies.

| Others                        | Q1 2014 | Q4 2013 |       | Q1 2013 |       |
|-------------------------------|---------|---------|-------|---------|-------|
| Net sales (\$ million)        | 162     | 194     | (16%) | 190     | (15%) |
| Operating income (\$ million) | 4       | 5       | (20%) | 28      | (79%) |
| Operating income (% of sales) | 2.8%    | 2.4%    |       | 14.5%   |       |

Net sales of other products and services decreased 16% sequentially and 15% year on year. The sequential decline in sales was mainly due to lower sales at our industrial equipment business in Brazil and of sucker rods, while the decline in operating income was mainly due to lower margins at our industrial equipment business in Brazil.

Selling, general and administrative expenses, or SG&A, amounted to \$489 million, or 18.9% of net sales, in the first quarter of 2014, compared to \$497 million, 18.6% in the previous quarter and \$476 million, 17.8% in the first quarter of 2013.

Financial results amounted to a gain of \$42 million in the first quarter of 2014, compared to a gain of \$8 million in the previous quarter and a loss of \$9 million in the same period of 2013. During the quarter we had a \$51 million gain on foreign exchange results, mainly resulting from the Argentine peso devaluation (22.3%) on our short operative and financial position in Argentine pesos.

Equity in earnings of associated companies generated a gain of \$19 million in the first quarter of 2014, compared to a gain of \$12 million in the previous quarter and in the first quarter of 2013. These results are mainly derived from our equity investment in Ternium (NYSE:TX) and Usiminas (BSP:USIM).

Income tax charges totaled \$199 million in the first quarter of 2014, 32.7% of income before equity in earnings of associated companies and income tax, compared to \$202 million, or 33.8% in the previous quarter and \$134 million or 24.6% in the first quarter of 2013. As in the previous quarter, our tax rate was negatively affected primarily by the effect of the Argentine peso devaluation on the tax base used to calculate deferred tax at our Argentine subsidiaries which have the U.S. dollar as their functional currency.

Results attributable to non-controlling interests amounted to gains of \$6 million in the first quarter of 2014, compared to losses of \$1 million in the previous quarter and of \$2 million in the first quarter of 2013. These results are mainly attributable to NKKTubes, our Japanese subsidiary.

#### Cash Flow and Liquidity

Net cash provided by operations during the first quarter of 2014 was \$612 million, compared to \$427 million in the previous quarter and \$556 million in the first quarter of 2013.

Capital expenditures amounted to \$189 million for the first quarter of 2014, compared to \$184 million in the previous quarter and in the first quarter of 2013.

At the end of the quarter, our net cash position (cash and other current investments less total borrowings) amounted to \$1.3 billion.

Conference call

Tenaris will hold a conference call to discuss the above reported results, on May 2, 2014, at 10:00 a.m. (Eastern Time). Following a brief summary, the conference call will be opened to questions. To access the conference call dial in +1 877 474.9502 within North America or +1 857 244.7555 Internationally. The access number is “ 64180052”. Please dial in 10 minutes before the scheduled start time. The conference call will be also available by webcast at [www.tenaris.com/investors](http://www.tenaris.com/investors).

A replay of the conference call will be available on our webpage <http://ir.tenaris.com/> or by phone from 2:00 pm on May 2 through 12:00 am on May 9. To access the replay by phone, please dial +1 888 286.8010 or +1 617 801.6888 and enter passcode “ 11333713” when prompted.

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.

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## Consolidated Condensed Interim Income Statement

| (all amounts in thousands of U.S. dollars)                              | Three-month period ended<br>March 31, |             |
|---|---------------------------------------|-------------|
|   | 2014                                  | 2013        |
| Continuing operations   | Unaudited                             |             |
| Net sales   | 2,579,944                             | 2,678,305   |
| Cost of sales   | (1,527,034)                           | (1,645,432) |
| Gross profit  | 1,052,910                             | 1,032,873   |
| Selling, general and administrative expenses                            | (488,860 )                            | (475,565 )  |
| Other operating income (expense) net                                    | 1,720                                 | (3,723 )    |
| Operating income  | 565,770                               | 553,585     |
| Interest income   | 9,062                                 | 6,081       |
| Interest expense  | (13,003 )                             | (13,909 )   |
| Other financial results   | 46,434                                | (1,381 )    |
| Income before equity in earnings of associated companies and income tax | 608,263                               | 544,376     |
| Equity in earnings of associated companies                              | 18,821                                | 12,197      |
| Income before income tax  | 627,084                               | 556,573     |
| Income tax  | (199,065 )                            | (133,856 )  |
| Income for the period   | 428,019                               | 422,717     |
|   |                                       |             |
| Attributable to:  |                                       |             |
| Owners of the parent  | 422,505                               | 424,777     |
| Non-controlling interests   | 5,514                                 | (2,060 )    |
|   | 428,019                               | 422,717     |

Consolidated Condensed Interim Statement of Financial Position  
(all amounts in thousands of U.S. dollars)

At March 31, 2014  
Unaudited

At December 31, 2013

ASSETS

Non-current assets

|                                     |           |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Property, plant and equipment, net  | 4,754,390 |           | 4,673,767 |           |
| Intangible assets, net              | 3,027,964 |           | 3,067,236 |           |
| Investments in associated companies | 932,822   |           | 912,758   |           |
| Other investments                   | 1,816     |           | 2,498     |           |
| Deferred tax assets                 | 201,401   |           | 197,159   |           |
| Receivables                         | 209,129   | 9,127,522 | 152,080   | 9,005,498 |

Current assets

|                             |           |            |           |            |
|-----------------------------|-----------|------------|-----------|------------|
| Inventories                 | 2,705,667 |            | 2,702,647 |            |
| Receivables and prepayments | 199,777   |            | 220,224   |            |
| Current tax assets          | 134,675   |            | 156,191   |            |
| Trade receivables           | 2,064,390 |            | 1,982,979 |            |
| Available for sale assets   | 21,572    |            | 21,572    |            |
| Other investments           | 1,531,776 |            | 1,227,330 |            |
| Cash and cash equivalents   | 659,765   | 7,317,622  | 614,529   | 6,925,472  |
| Total assets                |           | 16,445,144 |           | 15,930,970 |

EQUITY

|   |  |            |  |            |
|---|--|------------|--|------------|
| Capital and reserves attributable to owners of the parent |  | 12,724,313 |  | 12,290,420 |
| Non-controlling interests                                 |  | 136,992    |  | 179,446    |
| Total equity  |  | 12,861,305 |  | 12,469,866 |

LIABILITIES

Non-current liabilities

|                          |         |           |         |           |
|--------------------------|---------|-----------|---------|-----------|
| Borrowings               | 175,894 |           | 246,218 |           |
| Deferred tax liabilities | 744,204 |           | 751,105 |           |
| Other liabilities        | 281,510 |           | 277,257 |           |
| Provisions               | 70,925  | 1,272,533 | 66,795  | 1,341,375 |

Current liabilities

|                              |         |            |         |            |
|------------------------------|---------|------------|---------|------------|
| Borrowings                   | 736,213 |            | 684,717 |            |
| Current tax liabilities      | 320,600 |            | 266,760 |            |
| Other liabilities            | 305,367 |            | 250,997 |            |
| Provisions                   | 26,509  |            | 25,715  |            |
| Customer advances            | 102,592 |            | 56,911  |            |
| Trade payables               | 820,025 | 2,311,306  | 834,629 | 2,119,729  |
| Total liabilities            |         | 3,583,839  |         | 3,461,104  |
| Total equity and liabilities |         | 16,445,144 |         | 15,930,970 |



## Consolidated Condensed Interim Statement of Cash Flows

| (all amounts in thousands of U.S. dollars)                                    | Three-month period<br>ended March 31, |            |
|---|---------------------------------------|------------|
|   | 2014                                  | 2013       |
|   | Unaudited                             |            |
| Cash flows from operating activities  |                                       |            |
| Income for the period   | 428,019                               | 422,717    |
| Adjustments for:  |                                       |            |
| Depreciation and amortization   | 152,664                               | 145,370    |
| Income tax accruals less payments   | 70,790                                | 15,213     |
| Equity in earnings of associated companies                                    | (18,821 )                             | (12,197 )  |
| Interest accruals less payments, net  | (8,099 )                              | (30,725 )  |
| Changes in provisions   | 4,924                                 | 3,134      |
| Changes in working capital  | 16,660                                | 16,321     |
| Other, including currency translation adjustment                              | (34,293 )                             | (4,168 )   |
| Net cash provided by operating activities                                     | 611,844                               | 555,665    |
| Cash flows from investing activities  |                                       |            |
| Capital expenditures  | (189,045 )                            | (183,885 ) |
| Advance to suppliers of property, plant and equipment                         | (28,651 )                             | 7,746      |
| Investment in associated companies  | (1,380 )                              | -          |
| Loan to associated companies  | (18,748 )                             | -          |
| Proceeds from disposal of property, plant and equipment and intangible assets | 4,027                                 | 4,386      |
| Dividends received from associated companies                                  | -                                     | 1,196      |
| Changes in investments in short terms securities                              | (304,446 )                            | (158,582 ) |
| Net cash used in investing activities   | (538,243 )                            | (329,139 ) |
| Cash flows from financing activities  |                                       |            |
| Dividends paid to non-controlling interest in subsidiaries                    | (47,889 )                             | (16,671 )  |
| Acquisitions of non-controlling interests                                     | (90 )                                 | (538 )     |
| Proceeds from borrowings  | 494,407                               | 625,732    |
| Repayments of borrowings  | (468,670 )                            | (677,045 ) |
| Net cash used in financing activities   | (22,242 )                             | (68,522 )  |
| Increase in cash and cash equivalents   | 51,359                                | 158,004    |
| Movement in cash and cash equivalents   |                                       |            |
| At the beginning of the period  | 598,145                               | 772,656    |
| Effect of exchange rate changes   | 185                                   | (5,106 )   |
| Increase in cash and cash equivalents   | 51,359                                | 158,004    |
| At March 31,  | 649,689                               | 925,554    |
|   | At March 31,                          |            |
|   | 2014                                  | 2013       |
| Cash and cash equivalents   |                                       |            |
| Cash and bank deposits  | 659,765                               | 948,777    |
| Bank overdrafts   | (10,076 )                             | (23,223 )  |

|         |         |
|---------|---------|
| 649,689 | 925,554 |
|---------|---------|