TENARIS SA
Form 6-K
November 12, 2004

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 12, 2004

TENARIS, S.A.
(Translation of Registrant's name into English)

TENARIS, S.A.
13, rue Beaumont
L-1219 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 ___

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 results for the third quarter of 2004.

Tenaris Announces Third Quarter 2004 Results

LUXEMBOURG--(BUSINESS WIRE)--Nov. 9, 2004--Tenaris S.A. (NYSE:TS) (Buenos Aires:TS) (BMV:TS) (MTA Italy:TEN)

-- The financial and operational information contained in this press release is based on unaudited consolidated condensed interim financial statements prepared in accordance with international financial reporting standards (IFRS) and presented in U.S. dollars.

Tenaris S.A. ("Tenaris") today announces its results for the quarter and nine months ended September 30, 2004 with comparison to its results for the quarter and nine months ended September 30, 2003.

Third Quarter Summary

-- Net sales of US$1,007.2 million, up 33% from US$759.6 million

-- Operating income of US$201.9 million, up 85% from US$109.2 million

-- Net income of US$141.6 million, up 130% from US$61.4 million

-- Net earnings per share of US$0.12 (US$1.20 per ADS), up 126% from US$0.053 per share

Operating income plus depreciation and amortization increased 60% to US$250.3 million, or 25% of net sales, compared to US$156.7 million, or 21% of net sales in the third quarter of 2003. Net income was equal to 14% of net sales compared to 8% of net sales in the third quarter of 2003.

These results reflect the strong market demand for our seamless pipe products, resulting in higher prices and sales volumes as well as a recovery in margins previously affected by raw material cost increases. In addition, the quarter saw higher sales volumes and margins for our welded pipe business, following higher sales (quarter on quarter) in the local Brazilian market, and a further strong contribution from our indirect investments in Sidor. Net sales of seamless pipes, compared to the third quarter of 2003, rose 37%, with sales volumes, including a first contribution from our recent acquisition of Silcotub, up by 16% and average selling prices up by 18%.

Market Background and Outlook

Demand for our seamless pipe products and services, particularly from our energy industry customers, has strengthened during the year and is expected to remain at good levels going into 2005. The high level of oil prices, which recently rose above $50 a barrel before falling back, reflects limited spare production capacity and instability in several major oil-producing countries at a time of strong global economic growth and higher demand growth for oil and gas. Global oil and gas drilling activity, as measured by the number of active rigs, has increased over the past year. The increase has been strongest in North and South America, including our local markets of Mexico, Argentina, Canada and Venezuela. Elsewhere, the increase has been more limited but it has helped to sustain growth in demand for seamless OCTG.

Steelmaking raw material costs, which rose substantially during 2003, surged in the first quarter of 2004. After falling back in the second quarter, they increased during the third quarter. This, due to FIFO accounting, is expected to result in higher production costs in the fourth quarter.

Demand for our welded pipes, which had been affected in the first half by delays in implementing projects in the local Brazilian market as well as a lack of projects in other South American markets, had a stronger quarter (than the previous two quarters) due principally to the completion of previously-postponed deliveries to a pipeline project in Brazil and deliveries to particular projects in Africa and North America. (Demand in the next few quarters is likely to be mixed with a gradual increase in demand for pipeline infrastructure projects in Brazil and an eventual increase in demand in Argentina from investments to expand the capacity of the existing pipeline infrastructure being offset by lower sales in export markets.)

Significant Developments

On September 16, our board of directors approved an investment to construct a gas-fired 120 MW heat and power plant in Dalmine, Italy with an estimated cost of EUR109 million (US$130 million). This investment is intended to improve the competitiveness of our Italian seamless pipe operations by reducing energy costs and securing a reliable source of power. Construction of the plant is expected to begin following receipt of final regulatory approvals and be completed over a period of 24 months.

In October, we detected technical problems at our electric power generating plant in San Nicolas, Argentina. We are currently analyzing with the supplier of the equipment different alternatives to resolve the situation as well as the recovery of the ensuing costs and losses.

On October 19, the hot briquetted iron, or HBI, plant located in Ciudad Guayana, Venezuela, which we acquired together with Sidor from Posven in July, began operations. The plant, which was idled in 2001 shortly after starting up and has a rated annual design capacity of 1.5 million tons, is owned and operated by MATESI, Materiales Siderurgicos S.A., a company in which Tenaris has a 50.2% shareholding.

Further to our acquisition of an 85% shareholding in S.C. Silcotub S.A., a Romanian seamless pipe producer with an annual capacity of 180,000 tons, we began consolidating its results during this third quarter.

As a condition of the acquisition of the controlling interest in Silcotub, we also acquired a controlling shareholding in S.C. Laminorul S.A., a small Romanian manufacturer of steel sections and angles. On November 1, 2004, in settlement of a litigation brought by AVAS, the Romanian privatization agency, against Laminorul's former controlling entity, we transferred 70% of the shares of Laminorul to AVAS, and now hold 16%, with no associated liabilities.

Analysis of 2004 Third Quarter Results

(metric tons)

Sales volume	Q3 2004	Q3 2003	Increase/(Decrease)
North America	179,000	157,000	14%
Europe	154,000	140,000	10%
Middle East & Africa	113,000	99,000	14%
Far East & Oceania	98,000	67,000	46%
South America	93,000	88,000	6%
Total seamless pipes	638,000	551,000	16%
Welded pipes	112,000	78,000	44%
Total steel pipes	750,000	629,000	19%

Sales volume of seamless pipes increased by 16% to 638,000 tons in the third quarter of 2004 from 551,000 tons in the same period of 2003, which includes 23,000 tons sold by Silcotub mostly in Europe. This increase reflects stronger demand across most of our markets.

Sales volumes of welded pipes increased by 44% to 112,000 tons in the third quarter of 2004 from 78,000 tons in the same period of 2003, reflecting higher deliveries to export markets.

(US$ million)

Net sales	Q3 2004	Q3 2003	Increase/(Decrease)
Seamless pipes	794.3	579.7	37%
Welded pipes	114.2	83.4	37%
Energy	80.6	79.5	1%
Others	18.1	17.1	6%
Total	1,007.2	759.6	33%

Net sales in the quarter ended September 30, 2004 increased 33% to US$1,007.2 million, compared to US$759.6 million in the corresponding quarter of 2003. Net sales of seamless pipes rose by 37%, due to higher average selling prices and higher sales volumes. Average selling prices were up by 18% over the same quarter of 2003 and 7% over the second quarter of 2004. Net sales of welded pipes, which included US$18 million in sales of metal structures made by our Brazilian welded pipe subsidiary in the third quarter of 2004 and US$16 million of such sales in the third quarter of 2003, also rose 37% due to a higher sales volume of welded pipes. Net sales of other goods and services increased 6% due to higher sales of sucker rods used in oil production.

(percentage of net sales)

Cost of sales	Q3 2004	Q3 2003
Seamless pipes	60%	60%
Welded pipes	67%	87%
Energy	97%	94%
Others	67%	67%
Total	64%	67%

Cost of sales, expressed as a percentage of net sales, decreased 3 percentage points to 64% in the third quarter of 2004, compared to 67% in the same period of 2003. This decrease resulted from higher gross margins on the sales of welded pipes and the non-recurrence of losses made on the sale of metal structures included within the welded pipes segment during the third quarter of 2003. Cost of sales for seamless pipe products, expressed as a percentage of net sales, remained stable at 60% in the third quarter of 2004 compared to the same period of 2003 but decreased 4 percentage points from 64% quarter on quarter as higher average selling prices helped to offset increased raw material costs.

Selling, general and administrative expenses, or SG&A, declined as a percentage of net sales to 16.8% in the quarter ended September 30, 2004 compared to 18.4% in the corresponding quarter of 2003 but rose in absolute terms to US$168.9 million compared to US$139.8 million. Selling expenses, on a per ton basis, rose marginally due to higher freight costs and administrative expenses decreased when expressed as a percentage of net sales.

Net financial expenses totalled US$3.1 million in the third quarter of 2004, compared to net financial expenses of US$3.0 million in the same period of 2003. Net interest expenses increased to US$9.7 million, compared to US$3.5 million in the third quarter of 2003, reflecting a higher net debt position and higher interest rates. Net financial expenses for the third quarter of 2004 included net foreign exchange translation gains of US$6.3 million.

Equity in earnings of associated companies generated a gain of US$17.3 million in the third quarter of 2004, compared to a gain of US$10.6 million in the third quarter of 2003. This gain for the quarter reflects the result of our 14.5% equity interest in Amazonia, which has a 59.7% equity interest in Sidor. The results of Sidor benefited from a recovery in domestic demand and strong global demand and prices for steel products.

Income tax provisions for the quarter ended September 30, 2004 equalled US$67.2 million equivalent to a tax charge of 34% of income before equity in earnings of associated companies, income tax and minority interest.

Nine Months Results

Results for the nine months period ended September 30, 2004 with comparison to the results for the corresponding period of 2003.

Net income during the first nine months of 2004 was US$317.3 million, or US$0.269 per share (US$2.69 per ADS), or 11% of net sales, which compares with net income during the first nine months of 2003 of US$196.6 million, or US$0.169 per share (US$1.69 per ADS), or 8% of net sales. Operating income was US$458.1 million, or 16% of net sales, compared to US$320.3 million, or 13% of net sales. Operating income plus depreciation and amortization was US$608.5 million, or 21% of net sales, compared to US$466.2 million, or 19% of net sales.

(metric tons)

Sales volume	9M 2004	9M 2003	Increase/(Decrease)
North America	531,000	444,000	20%
Europe	493,000	472,000	4%
Middle East & Africa	320,000	300,000	7%
Far East & Oceania	315,000	286,000	10%
South America	281,000	231,000	22%
Total seamless pipes	1,940,000	1,731,000	12%
Welded pipes	267,000	316,000	(16%)
Total steel pipes	2,207,000	2,048,000	8%

Sales volume of seamless pipes increased by 12% to 1,940,000 tons in the first nine months of 2004 from 1,731,000 tons in the same period of 2003. The increase in sales volumes reflects increased demand in most of our markets and particularly in our local markets in North and South America.

Sales volume of welded pipes decreased by 16% to 267,000 tons in the first nine months of 2004 from 316,000 tons in the same period of 2003. This decrease was due principally to delays in implementing pipeline projects in the Brazilian market in the first half, whereas in the first half of 2003 demand for welded pipes for pipeline projects in the Brazilian market had been strong.

(US$ million)

Net sales	9M 2004	9M 2003	Increase/(Decrease)
Seamless pipes	2,266.0	1,782.7	27%
Welded pipes	270.4	299.7	(10%)
Energy	277.3	234.0	19%
Others	49.6	101.7	(51%)
Total	2,863.3	2,418.1	18%

Net sales in the nine months ended September 30, 2004 increased 18% to US$2,863.3 million, compared to US$2,418.1 million in the corresponding period of 2003. Net sales of seamless pipes rose by 27%, due to higher average selling prices and higher sales volume. Net sales of welded pipes, which included US$51 million in sales of metal structures made by our Brazilian welded pipe subsidiary in the first nine months of 2004 and US$46 million of such sales in the first nine months of 2003, decreased 10% reflecting the reduction in sales volume of welded pipes. Net sales of electricity and natural gas by Dalmine Energie increased by 19% reflecting the increase in the value of the Euro against the U.S. dollar and higher sales volumes. Net sales of other goods and services decreased 51% following the discontinuation of sales of non-pipe steel products produced by third parties, which amounted to US$49 million in the first nine months of 2003.

(percentage of net sales)

Cost of sales	9M 2004	9M 2003
Seamless pipes	64%	64%
Welded pipes	71%	77%
Energy	97%	96%
Others	67%	80%
Total	68%	69%

Cost of sales, expressed as a percentage of net sales, decreased to 68% in the first nine months of 2004, compared to 69% in the same period of 2003. This decrease resulted from higher gross margins on the sales of welded pipes and the non-recurrence of losses made on the sale of metal structures included within the welded pipes segment. Cost of sales for seamless pipe products, expressed as a percentage of net sales, remained stable as higher prices and volume-related efficiencies offset increases in raw material costs. Cost of sales for other products, expressed as a percentage of net sales, decreased due primarily to the termination of sales of low-margin other steel products.

Selling, general and administrative expenses, or SG&A, declined, as a percentage of net sales, to 16.6% in the nine months ended September 30, 2004, compared to 17.3% of net sales during the corresponding period of 2003, but rose in absolute terms to US$476.3 million from US$419.1 million. Selling expenses, on a per ton basis, rose marginally due to higher freight costs and administrative expenses decreased, when expressed as a percentage of net sales.

Net financial expenses totalled US$22.5 million in the first nine months of 2004, compared to net financial expenses of US$36.6 million in the same period of 2003. Net interest expenses increased to US$22.0 million compared to US$12.9 million, principally reflecting a higher net debt position, and foreign exchange translation losses decreased to US$6.4 million from US$26.2 million.

Equity in earnings of associated companies generated a gain of US$57.0 million in the first nine months of 2004, compared to a gain of US$16.3 million in the first nine months of 2003. This reflected the performance of our indirect investments in Sidor, whose results have benefited from strong global demand and prices for steel products.

Income tax provisions of US$167.2 million were recorded during the first months of 2004, equivalent to a tax charge of 38% of income before equity in earnings of associated companies, income tax and minority interest.

Cash Flow and Liquidity

Cash and cash equivalents, excluding investments of US$139.6 million in trust funds to support our Argentine and Brazilian operations, increased by US$39.6 million to US$287.4 million during the nine months ended September 30, 2004 and total financial debt increased by US$369.0 million to US$1,202.6 million from US$833.7 million at December 31, 2003.

Net cash provided by operations during the nine months ended

September 30, 2004 was US$56.6 million. Cash flow from operations was affected by a substantial increase in working capital of US$411.9 million, reflecting an increase in inventories of US$232.5 million, a net increase in trade receivables less customer advances and trade payables of US$90.6 million, and the payment of the first instalment of the liability towards the consortium led by BHP Billiton Petroleum Ltd. (US$55.1 million). The increase in inventories reflects higher costs of production and higher volumes, including of raw materials, and the increase in trade receivables (US$202.7 million) reflects higher net sales. Net cash used in investment activities was US$179.4 million which included US$122.5 million in capital expenditure and US$97.6 million in acquisitions as well as a cash return of US40.6 million on our indirect investments in Sidor.

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 prices and their impact on investment programs by oil companies.

Consolidated Condensed Interim Income Statement

	Three-month period ended September 30, 2004		Nine-month period ended September 30, 2003	
(All amounts in US$ thousands)				
Net sales	1,007,157	759,615	2,863,352	2,418,086
Cost of sales	(641,293)	(508,814)	(1,939,405)	(1,671,470)
Gross profit	365,864	250,801	923,947	746,616
Selling, general and administrative expenses	(168,922)	(139,841)	(476,287)	(419,077)
Other operating income and expenses	4,917	(1,724)	10,482	(7,281)
Operating income	201,859	109,236	458,142	320,258
Financial income (expenses), net	(3,132)	(3,020)	(22,455)	(36,603)
Income before income tax, equity in earnings of associated companies and minority interest	198,727	106,216	435,687	283,655
Equity in earnings of associated companies	17,300	10,630	56,969	16,273
Income before income tax and minority interest	216,027	116,846	492,656	299,928
Income tax	(67,204)	(53,427)	(167,184)	(90,048)
Net income before minority interest	148,823	63,419	325,472	209,880
Minority interest	(7,224)	(1,981)	(8,191)	(13,255)

Net income	141,599	61,438	317,281	196,625

Consolidated Condensed Interim Balance Sheet

(All amounts in US$ thousands)	September 30, 2004		December 31, 2003	
Assets				
Non-current assets				
Property, plant and equipment, net	2,096,917		1,960,314	
Intangible assets, net	55,421		54,037	
Investments in associated companies	62,612		45,814	
Other investments	24,002		23,155	
Deferred tax assets	148,046		130,812	
Receivables	57,836	2,444,834	59,521	2,273,653
Current assets				
Inventories	1,064,336		831,879	
Receivables and prepayments	229,237		165,134	
Trade receivables	855,530		652,782	
Other investments	139,591		138,266	
Cash and cash equivalents	287,424	2,576,118	247,834	2,035,895
Total assets		5,020,952		4,309,548
Equity and Liabilities				
Shareholders' equity		2,007,473		1,841,280
Minority interest		147,650		119,984
Non-current liabilities				
Borrowings	463,785		374,779	
Deferred tax liabilities	413,963		418,333	
Other liabilities	210,758		191,540	
Provisions	36,005		23,333	
Trade payables	7,907	1,132,418	11,622	1,019,607
Current liabilities				
Borrowings	738,821		458,872	
Current tax liabilities	157,798		108,071	
Other liabilities	176,203		207,594	
Provisions	33,962		39,624	
Customers advances	87,896		54,721	
Trade payables	538,731	1,733,411	459,795	1,328,677
Total liabilities		2,865,829		2,348,284
Total equity and liabilities		5,020,952		4,309,548

Consolidated Condensed Interim Cash Flow Statement

(All amounts in US$ thousands)	Three-month period ended September 30, 2004	2003	Nine-month period ended September 30, 2004	2003
	(Unaudited)		(Unaudited)	
Net income for the period	141,599	61,438	317,281	196,625
Depreciation and amortization	48,540	47,450	150,369	145,937
Tax accruals less payments	27,826	18,262	35,936	(65,818)
Equity in earnings of associated companies	(17,300)	(10,630)	(56,969)	(16,273)
Interest accruals less payments	10,123	(191)	7,130	(553)
Cost of disposition of property, plant and equipment	1,323	1,617	10,292	3,181
Net provisions	7,972	(4,587)	7,010	2,767
Minority interest	7,224	1,981	8,191	13,255
Change in working capital	(100,907)	77,327	(411,928)	3,396
Currency translation adjustment and others	4,107	(37,211)	(10,736)	(26,534)
Net cash provided by (used in) operations	130,507	155,456	56,576	255,983
Capital expenditure	(39,695)	(34,827)	(122,478)	(123,460)
Acquisitions of subsidiaries and associates net of cash	(97,367)	(19,110)	(97,555)	(61,656)
Proceeds from associated companies	-	-	-	106
Convertible loan to associated companies	-	-	-	(31,128)
Cash advanced for the Dalmine tender offer	-	21,382	-	-
Dividends and distributions received from associated companies	23,793	-	40,595	-
Net cash used in investment activities	(113,269)	(32,555)	(179,438)	(216,138)
Dividends paid	-	-	(135,053)	(115,002)
Dividends paid to minority interest in subsidiaries	-	(2,477)	(23)	(5,976)
Proceeds from borrowings	125,940	143,660	496,703	371,298
Repayments of borrowings	(125,007)	(205,067)	(202,159)	(388,736)
Net cash provided by (used in) financing activities	933	(63,884)	159,468	(138,416)
Increase (decrease) in cash and cash equivalents	18,171	59,017	36,606	(98,571)
Cash and cash equivalents at the beginning of the period,	268,969	148,963	247,834	304,536
Effect of exchange rate changes on cash and cash				

equivalents	284	612	2,984	2,627
Increase (decrease) in cash and cash equivalents	18,171	59,017	36,606	(98,571)
Cash at the end of the period	287,424	208,592	287,424	208,592

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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 12, 2004

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio
Corporate Secretary