

TENARIS SA
Form 20-F
June 30, 2003

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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, 2002

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from to

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)

13, rue Beaumont

L-1219 Luxembourg

(Address of registrant's principal executive offices)

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 USD1.00 per share	New York Stock Exchange New York Stock Exchange*

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* 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

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.

1,160,700,794 ordinary shares, par value USD1.00 per share

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 which financial statement item the registrant has elected to follow.

Item 17

Item 18

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

**Carlos J. Spinelli-Nosedo, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
(212) 558-4000**

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CERTAIN DEFINED TERMS

Unless otherwise specified or if the context so requires:

References in this annual report to the Company, we, us or our refer exclusively to Tenaris S.A., a Luxembourg corporation.

References in this annual report to Tenaris refer to the Company, on a consolidated and combined basis with various other companies under the common control of San Faustín N.V. (a Netherlands Antilles corporation and the Company's controlling shareholder). On October 18, 2002, these companies, which include the Tenaris companies and Tenaris Global Services, were reorganized as subsidiaries of the Company. See notes A and B to the audited consolidated combined financial statements of Tenaris included elsewhere in this annual report and Information on the Company Related Party Transactions-Corporate Reorganization Transactions.

References in this annual report to the Tenaris companies refer to Tenaris's manufacturing subsidiaries, including Siderca S.A.I.C., or Siderca, Tubos de Acero de México, S.A., or Tamsa, and Dalmine S.p.A., or Dalmine, and their respective subsidiaries.

References in this annual report to Tenaris Global Services refer to Tenaris Global Services S.A., the subsidiary of the Company that provides a wide range of commercial, technical and logistics services to the Tenaris companies outside of their respective domestic markets through a worldwide network of subsidiaries, representative offices and assets.

References in this annual report to the Techint group refer to an international group of companies with operations in the steel, energy, infrastructure, engineering, construction and public service sectors over which San Faustín exercises either control or significant influence.

References in this annual report to Techint commercial network refer to an extensive commercial network with operations worldwide providing a wide range of services to the Tenaris companies outside of their respective domestic markets. On October 18, 2002, the subsidiaries, representative offices and other assets that now constitute Tenaris Global Services were separated from the Techint commercial network. Furthermore, effective as of December 17, 2002, the export agency agreements that the Tenaris companies were parties to with companies in the Techint commercial network not subject to the reorganization described above were assigned to Tenaris Global Services or its subsidiaries. Accordingly, all of the commercial, technical and logistical services provided to the Tenaris companies by companies, representative offices and other assets formerly part of the Techint commercial network are provided by Tenaris Global Services and not by any company remaining in the Techint commercial network. See Item 4 Information on the Company Subsidiaries.

shares refers to ordinary shares, par value USD1.00 of Tenaris.

tons refers to metric tons.

one billion refers to one thousand million, or 1,000,000,000.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Accounting Principles

Tenaris prepares its consolidated financial statements in conformity with International Accounting Standards, or IAS. IAS differ in certain significant respects from generally accepted accounting principles in the United States, commonly referred to as U.S. GAAP. See notes U and 31 to Tenaris's audited consolidated combined financial statements included in this annual report, which provide a description of the principal differences between IAS and

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U.S. GAAP as they relate to Tenaris's audited consolidated combined financial statements and a reconciliation of net income and shareholders equity for the years and at the dates indicated.

The consolidated combined financial statements of Tenaris at December 31, 2002 and for the year ended December 31, 2002 included in this annual report consolidate at December 31, 2002, and for the period that began on October 18, 2002 and ended December 31, 2002, the consolidated financial statements of each of Siderca, Tamsa, Dalmine, Invertub S.A. and Tenaris Global Services, as well as the consolidated financial statements of five smaller companies (Metalcentro S.A., Tenaris Connections A.G., Lomond Holdings B.V., Information Systems and Technologies B.V. and Siderestiba S.A.) and combine, for the period that began on January 1, 2002 and ended October 17, 2002, the consolidated financial statements of all these companies on the basis that such companies were under the common control of San Faustín for such period. October 18, 2002 is the date on which these companies, which include the Tenaris companies and Tenaris Global Services, were reorganized as subsidiaries of the Company. The effect of this presentation is to show the combined historical results, financial condition and other data of the various steel pipe manufacturing and distributing companies under the common control of San Faustín as though these companies had been our subsidiaries at the dates and during the periods presented. For comparative purposes, the audited consolidated combined financial statements of Tenaris for the years ended December 31, 2001 and 2000, combine, at each of the dates and for each of the periods presented therein, the consolidated financial statements of all these companies on the basis that such companies were under the common control of San Faustín at each such date and for each such period. See notes A and B to Tenaris's audited consolidated combined financial statements included in this annual report.

Currencies

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

dollars, U.S. dollars or USD each refers to the United States dollar;

Argentine pesos or ARP each refers to the Argentine peso;

Mexican pesos or MXP each refers to the Mexican peso; *and*

or euros each refers to the euro, the single currency established for participants in the European Economic and Monetary Union, or the EMU, commencing January 1, 1999. The Republic of Italy is a participant in the EMU. The euro replaced the Italian lira as the official currency of Italy on that date.

On June 24, 2003, the exchange rate between the Argentine peso and the U.S. dollar (as published by *Banco Central de la República Argentina*, or the Argentine Central Bank) was $ARP2.77 = USD1.00$, the Federal Reserve Bank of New York noon buying rate for the Mexican peso was $MXP10.53 = USD1.00$ and the Federal Reserve Bank of New York noon buying rate for the euro was $0.8697 = USD1.00$. We do not represent that Argentine pesos, Mexican pesos or euros could be converted into U.S. dollars at these respective rates or any other rate. See Item 3.E. Key Information Exchange Rates Argentine peso, Mexican peso and Euro for additional information regarding the exchange rates between the U.S. dollar and the Argentine peso, the Mexican peso and the euro, respectively.

Rounding; Comparability of Data

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.

No Internet Site is Part of This Annual Report

Tenaris maintains an Internet site at www.tenaris.com. Information contained in or otherwise accessible through these websites is not a part of this annual report. All references in this annual report to these Internet sites are

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inactive textual references to these URLs, or uniform resource locators and are for your informational reference only.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that we consider to be forward-looking statements as defined in and subject to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. The statements appear throughout this annual report and are subject to risks and uncertainties. These statements include information regarding:

management strategy;

capital spending;

development and growth of the seamless steel pipe and oil and gas industries;

trends and other prospective data, including trends regarding the levels of investment in oil and gas drilling worldwide and the business development and operations of Dalmine Energie S.p.A; and

general economic conditions in Argentina, Mexico, Italy and Venezuela and other countries in which Tenaris operates and distributes pipes.

Sections of this annual report that by their nature contain forward-looking statements include Item 3. Key Information, Item 4. Information on the Company, Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosure About Market Risk.

Forward-looking statements also may be identified by the use of words such as believes, expects, anticipates, projects, intends, should, estimates, probability, risk, target, goal, objective, future or similar expressions or variations of such expressions.

The forward-looking statements contained in this annual report speak only as of the date of this document, and we do not undertake to update any forward-looking statement to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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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.

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Item 3. Key Information

A. Selected Financial Data

The summary selected consolidated combined financial data of Tenaris have been derived from its consolidated combined financial statements, which are prepared in accordance with IAS (unless otherwise indicated) for each of the periods and at the dates indicated. The consolidated combined financial statements as of December 31, 2002 and 2001, and for the years ended December 31, 2002, 2001 and 2000, included in this annual report, have been audited by PricewaterhouseCoopers S.à.r.l., independent accountants in Luxembourg and member firm of PricewaterhouseCoopers. IAS differ in certain significant respects from U.S. GAAP. See notes U and 31 to Tenaris's audited consolidated combined financial statements included in this annual report, which provide a description of the principal differences between IAS and U.S. GAAP as they relate to Tenaris's consolidated combined financial statements and a reconciliation to U.S. GAAP of net income (loss) and shareholders' equity for the periods and at the dates indicated therein. The consolidated combined financial statements of Tenaris at December 31, 2002 and for the year ended December 31, 2002 included in this annual report consolidate at December 31, 2002, and for the period that began on October 18, 2002 and ended December 31, 2002, the consolidated financial statements of each of Siderca, Tamsa, Dalmine, Invertub S.A. and Tenaris Global Services, as well as the consolidated financial statements of five smaller companies (Metalcentro S.A., Tenaris Connections A.G., Lomond Holdings B.V., Information Systems and Technologies B.V. and Siderestiba S.A.) and combine, for the period that began on January 1, 2002 and ended October 17, 2002, the consolidated financial statements of all these companies on the basis that such companies were under the common control of San Faustín for such period. October 18, 2002 is the date on which these companies, which include the Tenaris companies and Tenaris Global Services, were reorganized as subsidiaries of the Company. The effect of this presentation is to show the combined historical results, financial condition and other data of the various steel pipe manufacturing and distributing companies under the common control of San Faustín as though these companies had been our subsidiaries at the dates and during the periods presented. For comparative purposes, the audited consolidated combined financial statements of Tenaris for the years ended December 31, 2001 and 2000, combine, at each of the dates and for each of the periods presented therein, the consolidated financial statements of all these companies on the basis that such companies were under the common control of San Faustín at each such date and for each such period. See notes A and B to Tenaris's audited consolidated combined financial statements included in this annual report. 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, see Currencies, Item 3.E. Key Information Exchange Rates and Accounting Principles.

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Thousands of U.S. dollars (except number of shares and per share amounts)	2002	2001	2000	1999	1998
Summary selected consolidated combined income statement data					
IAS					
Net sales	3,219,384	3,174,299	2,361,319	1,835,211	2,839,382
Cost of sales	(2,168,594)	(2,165,568)	(1,692,412)	(1,481,552)	(2,095,260)
Gross profit	1,050,790	1,008,731	668,907	353,659	744,122
Selling, general and administrative expenses	(568,149)	(502,747)	(433,617)	(306,471)	(348,712)
Other operating income (expenses), net	(10,764)	(64,352)	5,877	(55,084)	123,889
Operating profit (loss)	471,877	441,632	241,167	(7,896)	519,299
Financial income (expenses), net	(20,597)	(25,595)	(47,923)	(37,118)	(68,182)
Income (loss) before income tax, effect of currency translation on tax bases, equity in earnings (losses) of associated companies and minority interest	451,280	416,037	193,244	(45,014)	451,117
Equity in earnings (losses) of associated companies	(6,802)	(41,296)	(3,827)	(39,296)	(17,436)
Income (loss) before income tax, effect of currency translation on tax bases and minority interest	444,478	374,741	189,417	(84,310)	433,681
Income tax	(182,505)	(108,956)	(63,299)	(6,065)	(65,663)
Effect of currency translation on tax bases	(25,266)	(109,882)	(2,011)	(2,961)	(3,198)
Net income (loss) before minority interest	236,707	155,903	124,107	(93,336)	364,820
Minority interest	(142,403)	(74,557)	(47,401)	38,521	(211,245)
Net income (loss)	94,304	81,346	76,706	(54,815)	153,575
Depreciation and amortization	(176,315)	(161,710)	(156,643)	(165,847)	(167,348)
Weighted average number of shares outstanding ⁽¹⁾	732,936,680	710,747,187	710,747,187	710,747,187	710,747,187
Combined earnings (loss) per share ⁽²⁾	0.13	0.11	0.11	(0.08)	0.22
Dividends per share ⁽³⁾	0.06	0.15	0.16	0.13	0.05
U.S. GAAP					
Net sales ⁽⁴⁾	3,219,384	2,313,162	1,166,293		
Operating income (loss) ⁽⁴⁾	476,107	422,014	102,740		
Income before cumulative effect of accounting changes	110,049	163,921	77,333		
Cumulative effect of accounting changes	(17,417)	(1,007)			
Net income (loss)	92,632	162,914	77,333		
Weighted average number of shares outstanding ⁽¹⁾	732,936,680	710,747,187	710,747,187		
Combined earnings (loss) per share before effect of accounting changes ⁽²⁾	0.15	0.23	0.11		
Cumulative effect of accounting changes per share ⁽²⁾	(0.02)	(0.00)			
Combined earnings (loss) per share ⁽²⁾	0.13	0.23	0.11		

(1) Prior to October 18, 2002, the Company had 30,107 shares issued and outstanding. On October 18, 2002, Sidertubes S.A., a wholly-owned subsidiary of San Faustín, contributed all of its assets (including 30,010 shares of Tenaris) and liabilities to the Company, in exchange for 710,747,090 shares of Tenaris. The 30,010 shares contributed by Sidertubes to the Company were cancelled and, accordingly, upon consummation of this contribution the Company had a total of 710,747,187 shares issued and outstanding. For a detailed description of Sidertubes' contribution to the Company, see Item 7.B. Related Party Transactions - Corporation Reorganization Transactions. On December 17, 2002, Tenaris consummated an offer to exchange its shares and American Depositary Shares, or ADSs, for shares and ADS of Siderca and Tamsa and shares of Dalmine. Upon consummation of the exchange offer, the Company had a total of 1,160,700,794 shares issued and outstanding.

(2) Tenaris's combined earnings (loss) per share before effect of accounting changes, cumulative effect of accounting changes per share and combined earnings per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued

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and outstanding in each of the periods presented prior to October 18, 2002.

- (3) Tenaris's dividends per share for the periods presented have been calculated based on the assumption that 710,747,187 shares were issued and outstanding in each of the periods presented.
- (4) For U.S. GAAP purposes, Dalmine's results were not consolidated for the years ended December 31, 2001 and 2000, and Tamsa's results were not consolidated for the year ended December 31, 2000.

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Thousands of U.S. dollars (except number of shares and per share amounts)	2002	2001	2000	1999	1998
Summary selected consolidated combined income statement data					
IAS					
Current assets	1,810,581	1,619,136	1,419,747	1,270,109	1,650,643
Property, plant and equipment, net	1,934,237	1,971,318	1,941,814	1,909,924	1,955,426
Other non-current assets	272,628	247,500	282,976	246,317	395,800
Total assets	4,017,446	3,837,954	3,644,537	3,426,350	4,001,869
Current liabilities	1,203,278	1,084,913	951,444	792,716	883,728
Non-current borrowings	322,205	393,051	355,628	212,012	449,169
Deferred tax liabilities	320,753	262,963	292,849	290,727	354,611
Other non-current liabilities	290,373	302,645	199,548	196,964	176,532
Total liabilities	2,136,609	2,043,572	1,799,469	1,492,419	1,864,040
Minority interest	186,783	918,981	919,710	979,067	1,023,165
Shareholders' equity ⁽⁴⁾	1,694,054	875,401	925,358	954,864	1,114,664
Total liabilities and shareholders' equity	4,017,446	3,837,954	3,644,537	3,426,350	4,001,869
Number of shares outstanding ⁽²⁾	1,160,700,794	710,747,187	710,747,187	710,747,187	710,747,187
Shareholders' equity per share ⁽³⁾	1.46	1.23	1.30	1.34	1.57
U.S. GAAP					
Total assets	3,988,765	3,075,455	1,905,732		
Net assets	1,935,698	1,781,814	1,341,854		
Total shareholders' equity	1,745,883	941,926	908,872		
Number of shares outstanding ⁽²⁾	1,160,700,794	710,747,187	710,747,187		
Combined shareholders' equity per share ⁽³⁾	1.50	1.33	1.28		

- (1) The Company's common stock as of December 31, 2002, was represented by 1,160,700,794 shares, par value USD1.00 per share, for a total amount of USD1,160.7 million.
- (2) Prior to October 18, 2002, the Company had 30,107 shares issued and outstanding. On October 18, 2002, Sidertubes contributed all of its assets (including 30,010 shares of Tenaris) and liabilities to the Company, in exchange for 710,747,090 shares of Tenaris. The 30,010 shares contributed by Sidertubes to the Company were cancelled and, accordingly, upon consummation of this contribution the Company had a total of 710,747,187 shares issued and outstanding. For a detailed description of Sidertubes' contribution to the Company, see Item 7.B. Related Party Transactions - Corporation Reorganization Transactions. On December 17, 2002, Tenaris consummated an offer to exchange its shares and ADSs for shares and ADS of Siderca and Tamsa and shares of Dalmine. Upon consummation of the exchange offer, the Company had a total of 1,160,700,794 shares issued and outstanding.
- (3) Tenaris's combined shareholders' equity per share at the dates presented has been calculated based on the assumption that 710,747,187 shares were issued and outstanding at each of the dates presented prior to October 18, 2002.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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You should carefully consider the following risks, together with the other information contained in this annual report, before making any investment decision. Any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn affect the price of our ordinary shares and American Depositary Shares, or ADSs.

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Risks Relating to the Seamless Steel Pipe Industry

Sales and revenues may fall as a result of downturns in the international price of oil and other circumstances affecting the oil and gas industry.

The oil and gas industry is the largest consumer of seamless steel pipe products worldwide. This industry has historically been volatile, and downturns in the oil and gas markets adversely affect the demand for seamless steel pipe products.

Demand for these products 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 these activities depends primarily on current and expected future prices of oil and natural gas. Several factors, such as the supply and demand for oil and natural gas and general economic conditions, affect these prices. When the price of oil and gas falls, oil and gas companies generally reduce spending on production and exploration activities and, accordingly, make fewer purchases of seamless steel pipe products.

Other circumstances may also affect drilling activity and, as a result, cause pipe consumption to decline. For example, in 2002, although oil prices remained at levels which, under typical circumstances, would have been expected to result in sustained levels of investment in oil and gas drilling, oil and gas exploration and production activity were affected by increased uncertainty over the future level of oil prices as a result of the prospects of military action against Iraq and production cutbacks est