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NATUZZI S P A  
Form 6-K  
September 04, 2003

CONFORMED

Securities and Exchange Commission  
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer  
Pursuant To Rule 13a-16 Or 15d-16  
Of The  
Securities Exchange Act of 1934

For the month of September 2003

Commission File Number 1-11854

NATUZZI S.p.A.  
(Translation of Registrant's name into English)

Via Iazzitiello 47  
70029 Santeramo, Italy  
(Address of principal office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) 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 information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-\_\_.)

Natuzzi Announces Second Quarter and First Half 2003 Financial Results and Initiatives for Improving Competitiveness

SANTERAMO IN COLLE, Bari, Italy--(BUSINESS WIRE)--Sept. 3, 2003--

Quarter's highlights:

-- Unit sales up 0.6%

-- Net sales decreased 6.6% as a result of the unfavorable currency translation

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-- Net profit margin at 5.9% versus 13.7% reported in the second quarter 2002

Natuzzi S.p.A. (NYSE: NTZ) ('Natuzzi' or 'the Company'), the world's leading manufacturer of leather-upholstered furniture, today announced financial results for the second quarter and first half 2003.

### NET SALES

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Natuzzi's second quarter 2003 net sales decreased 6.6 percent from EUR 217.0 million or \$ 199.3 million to EUR 202.6 million or \$ 230.1 million while in the same period total seats sold increased 0.6 percent. In the six-month period net sales decreased 10.3 percent to EUR 386.1 million or \$ 426.7 million and total seats sold decreased 1.8 percent.

In the second quarter 2003 net upholstery sales decreased 9.8 percent compared to the prior year's quarter to EUR 179.1 million, or \$ 203.4 million, while other sales (principally living-room accessories and raw materials produced by the Company and sold to third parties) increased 27.0 percent to EUR 23.5 million or \$ 26.7 million.

Second quarter 2003 net upholstery sales in the Americas were EUR 79.5 million, or \$ 90.3 million, a decrease of 20.7 percent over the previous year's quarter. In Europe, net upholstery sales increased 5.1 percent to EUR 90.6 million, or \$ 102.9 million, while in the rest of the world upholstery sales decreased 25 percent to EUR 9 million, or \$ 10.2 million.

In the second quarter 2003, total net sales to Divani & Divani by Natuzzi, Natuzzi stores and to the recently acquired Kingdom of Leather's 14 store chain increased 25.3 percent to EUR 28.2 million, or \$ 32.0 million. During the quarter 7 new stores were opened in Italy, Spain, Switzerland and China bringing the total number of stores, including the aforesaid fourteen Kingdom of Leather's stores, to 128 in Italy and 90 outside Italy.

Leather-upholstered furniture sales, which accounted for 82.1 percent of second quarter total net upholstery sales, decreased 14 percent over the last year's quarter to EUR 147.1 million, or \$ 167.1 million, while fabric upholstered furniture sales in second quarter 2003, were EUR 32.0 million, or \$ 36.3 million, up 16.4 percent compared to the second quarter 2002.

Second quarter 2003 net sales of Natuzzi-branded furniture were EUR 142.3 million, or \$ 161.6 million, down 11.7 percent compared to last year's quarter of EUR 161.2 million, or \$ 148.1 million. In the same period, net sales of Italsofa branded furniture decreased 1.3 percent to EUR 36.8 million, or \$ 41.8 million, from EUR 37.3 million, or \$ 34.3 million.

Pasquale Natuzzi, Chairman and Chief Executive Officer, said, "The decrease of net sales in the second quarter 2003 compared to the same period one year ago, was due to the unfavorable translation effect caused by the strong appreciation of the Euro against the US Dollar and other main currencies in which the Company exports, while seats sold increased marginally."

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### GROSS PROFIT & OPERATING INCOME

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Natuzzi's second quarter 2003 gross profit decreased 11.8 percent to EUR 69.6 million, or \$ 79.1 million, compared to last year's quarter. Over the same period, Natuzzi's gross profit margin decreased to 34.4 percent from 36.4.

Second quarter 2003 operating income decreased 74.6 percent to EUR 8.2 million or \$ 9.3 million while the operating margin for each year's comparable quarter were 4.0 percent and 14.9 percent, respectively.

### NET INCOME & EARNINGS PER SHARE

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Net Income for the second quarter 2003 decreased 60.1 percent versus last year's quarter to EUR 11.9 million, or \$ 13.5 million, while earnings per share (ADR) was EUR 0.22, or \$ 0.25. In the six-month period net income decreased 51.5 percent to EUR 26.7 million, or \$ 29.5 million from EUR 55.1 million or \$ 49.5 million in the prior year's comparable period.

Pasquale Natuzzi commented, "The strong pressure on prices, the consistent appreciation of the Euro and increasing investments related to the opening of new galleries and stores and advertising, had a negative impact on net income for the period."

### CASH FLOW

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Net cash flow from operations for the first half 2003 decreased 46.4 percent to EUR 22.4 million, or \$ 24.8 million, from EUR 41.8 million, or \$ 37.5 million generated in the last year. On a per ADR basis, net operating cash flow was EUR 0.41, or \$ 0.45, compared to EUR 0.76 or \$ 0.68 in the first half 2002.

### FOREX & TAXES

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In the second quarter 2003, Natuzzi had a net foreign exchange gain of EUR 4.1 million, or \$ 4.7 million, versus EUR 5.5 million or \$ 5.1 million reported in last year's comparable period.

Income taxes for second quarter 2003 were EUR 2.6 million, or \$ 3.0 million, representing an effective tax rate of 17.9 percent versus a 21.6 percent rate in the prior year's period.

### PLAN TO IMPROVE COMPETITIVENESS

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The Company's performance is affected by the unfavorable appreciation of the Euro against the major currencies and a cost structure which requires improvements to compete successfully in an industry challenged by the growing competition from low cost countries.

In light of this, Natuzzi has finalized a plan to improve competitiveness through initiatives aimed at increasing productivity and reducing costs. The objective of the plan is to generate cost savings of EUR 35 to 40 millions in 2004.

At the same time the Company will continue to support the Natuzzi

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brand with large investments in advertising, research and development and the opening of new galleries and stores.

Pasquale Natuzzi said, "Since the beginning, 44 years ago, the Group's mission has been to make leather upholstery affordable to a wider population of consumers everywhere in the world. Today this mission is continued in the Natuzzi brand: A unique opportunity for everyone to have a high quality, well designed living room made in Italy at a competitive price. To achieve this goal, we have to enhance brand values with large investments in advertising, improvements in the distribution and prices that are competitive due to lower costs and higher operating efficiencies.

New investments will be made in the next eighteen months at our Italsofa's plants abroad. The competitiveness of this promotional brand is largely dependent on prices that the cost structure of our production in Italy cannot achieve anymore.

In order to provide motivation in support of the goals set in the plan and reinforce a culture of participation in creating value for the Company, we will introduce a new stock option plan extended to management and key people by the end of 2003," concluded Pasquale Natuzzi.

### OUTLOOK

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Considering the still unfavorable economic and currency conditions, the continuing price competition and the fact that the benefits of the above- mentioned plan should impact mostly year 2004, the Company forecasts for full year 2003 a net profit margin of approximately 6 percent.

### CONVERSION RATES

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The second quarter 2003 and 2002 dollar figures presented in this announcement were converted at an average noon buying rate of \$ 1.1359 per EUR and \$ 0.9185 per EUR, respectively. The six months figures for 2003 and 2002 were converted at an average noon buying rate of \$ 1.1051 per EUR and \$ 0.8981 per EUR, respectively.

### ABOUT NATUZZI S.P.A.

Founded in 1959 by Pasquale Natuzzi, Natuzzi S.p.A. designs and manufactures a broad collection of leather-upholstered residential furniture.

Italy's largest furniture manufacturer, Natuzzi is the global leader in the leather segment, exporting its innovative, high-quality sofas and armchairs to 123 markets on 5 continents. Cutting-edge design, superior Italian craftsmanship, and advanced, vertically-integrated manufacturing operations underpin the Company's market leadership.

Since 1990, Natuzzi has sold its furnishings in Italy through the popular Divani & Divani by Natuzzi chain of 129 stores, which it licenses to qualified furniture dealers. Outside Italy, the Company sells to various furniture retailers, as well as through 78 licensed Divani & Divani by Natuzzi and Natuzzi stores and 14 Kingdom of Leather stores.

Natuzzi S.p.A. was listed on the New York Stock Exchange on May 13, 1993. The Company is ISO 9001 and 14001 certified.

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Statements in this press release other than statements of historical fact are "forward-looking statements". Forward-looking statements are based on management's current expectations and beliefs and therefore you should not place undue reliance on them. These statements are subject to a number of risks and uncertainties, including risks that may not be subject to the Company's control, that could cause actual results to differ materially from those contained in any forward-looking statement. These risks include, but are not limited to, fluctuations in exchange rates, economic and weather factors affecting consumer spending, competitive and regulatory environment, as well as other political, economical and technological factors, and other risks identified from time to time in the Company's filings with the Securities and Exchange Commission, particularly in the Company's annual report on Form 20-F. Forward-looking statements speak as of the date they were made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

NATUZZI S.p.A. AND SUBSIDIARIES  
 Unaudited Consolidated Statement of Earnings  
 for the second quarter ended June 30, 2003 and 2002  
 on the basis of Italian GAAP  
 (Expressed in millions of EUR except per share data)

|   | 2nd Quarter | %     | 2nd Quarter | %     | %        |
|---|-------------|-------|-------------|-------|----------|
|   | 2003        | Sales | 2002        | Sales | Change   |
| Upholstery net sales                        | 179.1       |       | 198.5       |       | -9.8%    |
| Other sales                                 | 23.5        |       | 18.5        |       | 27.0%    |
| Net Sales                                   | 202.6       | 100%  | 217.0       | 100%  | -6.6%    |
| Purchases                                   | (105.1)     |       | (89.1)      |       | 18.0%    |
| Labor                                       | (27.1)      |       | (28.8)      |       | -5.9%    |
| Third-party Manufacturers                   | (9.9)       |       | (11.1)      |       | -10.8%   |
| Manufacturing Costs                         | (7.0)       |       | (7.8)       |       | -10.3%   |
| Inventories, net                            | 16.1        |       | (1.3)       |       | -1338.5% |
| Cost of Sales                               | (133.0)     |       | (138.1)     |       | -3.7%    |
| Gross Profit                                | 69.6        | 34.4% | 78.9        | 36.4% | -11.8%   |
| Selling Expenses                            | (51.6)      |       | (36.0)      |       | 43.3%    |
| General and Administrative Expenses         | (9.8)       |       | (10.6)      |       | -7.5%    |
| Operating Income                            | 8.2         | 4.0%  | 32.3        | 14.9% | -74.6%   |
| Interest Income, net                        | 0.2         |       | 0.2         |       |          |
| Foreign Exchange, net                       | 4.1         |       | 5.5         |       |          |
| Other Income, net                           | 2.0         |       | (0.1)       |       |          |
| Earnings before taxes and minority interest | 14.5        |       | 37.9        |       | -61.7%   |

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|   |            |      |            |       |        |
|---|------------|------|------------|-------|--------|
| Income taxes                              | (2.6)      |      | (8.2)      |       | -68.3% |
| Earnings before minority interest         | 11.9       |      | 29.7       |       | -59.9% |
| Minority Interest                         | 0.0        |      | (0.1)      |       |        |
| Net Earnings                              | 11.9       | 5.9% | 29.8       | 13.7% | -60.1% |
| Earnings per Share                        | 0.22       |      | 0.54       |       |        |
| Average Number of Shares Outstandings (1) | 54,681,628 |      | 54,681,628 |       |        |

(1) Net of shares repurchased 1 EUR = 1,936.27 ITL

KEY FIGURES IN U.S. DOLLARS (millions)

|  | 2nd Quarter<br>2003 | 2nd Quarter<br>2002 |
|--|---------------------|---------------------|
| Net Sales                                    | 230.1               | 199.3               |
| Gross Profit                                 | 79.1                | 72.5                |
| Operating Profit                             | 9.3                 | 29.7                |
| Net Earnings                                 | 13.5                | 27.4                |
| Earnings per Share in U.S. dollars           | 0.25                | 0.50                |
| Average exchange rate (U.S. dollar per Euro) | 1.1359              | 0.9185              |

NATUZZI S.p.A. AND SUBSIDIARIES  
 Unaudited Consolidated Statement of Earnings  
 for six months ended June 30, 2003 and 2002  
 on the basis of Italian GAAP  
 (Expressed in millions of EUR except per share data)

|                           | 1st Half<br>2003 | %<br>Sales | 1st Half<br>2002 | %<br>Sales | %<br>Change |
|---------------------------|------------------|------------|------------------|------------|-------------|
| Upholstery net sales      | 343.7            |            | 393.9            |            | -12.7%      |
| Other sales               | 42.4             |            | 36.7             |            | 15.5%       |
| Net Sales                 | 386.1            | 100%       | 430.6            | 100%       | -10.3%      |
| Purchases                 | (189.4)          |            | (179.4)          |            | 5.6%        |
| Labor                     | (54.1)           |            | (58.6)           |            | -7.7%       |
| Third-party Manufacturers | (17.6)           |            | (21.1)           |            | -16.6%      |
| Manufacturing Costs       | (14.4)           |            | (14.8)           |            | -2.7%       |
| Inventories, net          | 17.4             |            | 0.5              |            | 3380.0%     |
| Cost of Sales             | (258.1)          |            | (273.4)          |            | -5.6%       |

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|   |            |       |            |       |        |
|---|------------|-------|------------|-------|--------|
| Gross Profit                                | 128.0      | 33.2% | 157.2      | 36.5% | -18.6% |
| Selling Expenses                            | (88.3)     |       | (73.8)     |       | 19.6%  |
| General and Administrative Expenses         | (18.4)     |       | (19.5)     |       | -5.6%  |
| -----                                       |            |       |            |       |        |
| Operating Income                            | 21.3       | 5.5%  | 63.9       | 14.8% | -66.7% |
| Interest Income, net                        | 0.6        |       | 0.5        |       |        |
| Foreign Exchange, net                       | 10.1       |       | 5.9        |       |        |
| Other Income, net                           | 1.2        |       | 0.2        |       |        |
| -----                                       |            |       |            |       |        |
| Earnings before taxes and minority interest | 33.2       |       | 70.5       |       | -52.9% |
| Income taxes                                | (6.5)      |       | (15.4)     |       | -57.8% |
| -----                                       |            |       |            |       |        |
| Earnings before minority interest           | 26.7       |       | 55.1       |       | -51.5% |
| Minority Interest                           | 0.0        |       | 0.0        |       |        |
| -----                                       |            |       |            |       |        |
| Net Earnings                                | 26.7       | 6.9%  | 55.1       | 12.8% | -51.5% |
| =====                                       |            |       |            |       |        |
| Earnings per Share                          | 0.49       |       | 1.01       |       |        |
| =====                                       |            |       |            |       |        |
| Average Number of Shares Outstanding(1)     | 54,681,628 |       | 54,681,628 |       |        |

(1) Net of shares repurchased 1 EUR = 1,936.27 ITL

### KEY FIGURES IN U.S. DOLLARS (millions)

|  | 1st Half<br>2003 | 1st Half<br>2002 |
|--|------------------|------------------|
|  | -----            | -----            |
| Net Sales                                    | 426.7            | 386.7            |
| Gross Profit                                 | 141.5            | 141.2            |
| Operating Profit                             | 23.5             | 57.4             |
| Net Earnings                                 | 29.5             | 49.5             |
| Earnings per Share in U.S. dollars           | 0.54             | 0.91             |
| Average exchange rate (U.S. dollar per Euro) | 1.1051           | 0.8981           |

### GEOGRAPHIC BREAKDOWN

| Sales<br>(Expressed in<br>millions of EUR) |                |   | Seat Units     |                |   |
|--|----------------|---|----------------|----------------|---|
| 2nd<br>Quarter                             | 2nd<br>Quarter | % | 2nd<br>Quarter | 2nd<br>Quarter | % |
| -----                                      |                |   |                |                |   |
|  |                |   |                |                |   |

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|               | 2003  | 2002  | Change | 2003    | 2002    | Change |
|---------------|-------|-------|--------|---------|---------|--------|
| Americas      | 79.5  | 100.3 | -20.7% | 442,418 | 418,653 | 5.7%   |
| % of total    | 44.4% | 50.5% |        | 54.9%   | 52.2%   |        |
| Europe        | 90.6  | 86.2  | 5.1%   | 320,225 | 333,103 | -3.9%  |
| % of total    | 50.6% | 43.4% |        | 39.7%   | 41.6%   |        |
| Rest of world | 9.0   | 12.0  | -25.0% | 43,326  | 49,528  | -12.5% |
| % of total    | 5.0%  | 6.0%  |        | 5.4%    | 6.2%    |        |
| TOTAL         | 179.1 | 198.5 | -9.8%  | 805,969 | 801,284 | 0.6%   |

### BREAKDOWN BY COVERING

|            | Sales<br>(Expressed in<br>millions of EUR) |                |        | Seat Units     |                |        |
|------------|--|----------------|--------|----------------|----------------|--------|
|            | 2nd<br>Quarter                             | 2nd<br>Quarter | %      | 2nd<br>Quarter | 2nd<br>Quarter | %      |
|            | 2003                                       | 2002           | Change | 2003           | 2002           | Change |
| Leather    | 147.1                                      | 171.0          | -14.0% | 615,859        | 656,962        | -6.3%  |
| % of total | 82.1%                                      | 86.1%          |        | 76.4%          | 82.0%          |        |
| Fabric     | 32.0                                       | 27.5           | 16.4%  | 190,110        | 144,322        | 31.7%  |
| % of total | 17.9%                                      | 13.9%          |        | 23.6%          | 18.0%          |        |
| TOTAL      | 179.1                                      | 198.5          | -9.8%  | 805,969        | 801,284        | 0.6%   |

### BREAKDOWN BY BRAND

|            | Sales<br>(Expressed in<br>millions of EUR) |                |        | Seat Units     |                |        |
|------------|--|----------------|--------|----------------|----------------|--------|
|            | 2nd<br>Quarter                             | 2nd<br>Quarter | %      | 2nd<br>Quarter | 2nd<br>Quarter | %      |
|            | 2003                                       | 2002           | Change | 2003           | 2002           | Change |
| Natuzzi    | 142.3                                      | 161.2          | -11.7% | 550,049        | 597,797        | -8.0%  |
| % of total | 79.5%                                      | 81.2%          |        | 68.2%          | 74.6%          |        |
| Italsofa   | 36.8                                       | 37.3           | -1.3%  | 255,920        | 203,487        | 25.8%  |
| % of total | 20.5%                                      | 18.8%          |        | 31.8%          | 25.4%          |        |
| TOTAL      | 179.1                                      | 198.5          | -9.8%  | 805,969        | 801,284        | 0.6%   |

### GEOGRAPHIC BREAKDOWN

|               | Sales<br>(Expressed in<br>millions of EUR) |          |        | Seat Units |          |        |
|---------------|--|----------|--------|------------|----------|--------|
|               | 1st Half                                   | 1st Half | %      | 1st Half   | 1st Half | %      |
|               | 2003                                       | 2002     | Change | 2003       | 2002     | Change |
| Americas      | 158.8                                      | 197.7    | -19.7% | 843,771    | 804,947  | 4.8%   |
| % of total    | 46.2%                                      | 50.2%    |        | 54.6%      | 51.1%    |        |
| Europe        | 167.3                                      | 174.8    | -4.3%  | 620,060    | 679,862  | -8.8%  |
| % of total    | 48.7%                                      | 44.4%    |        | 40.1%      | 43.2%    |        |
| Rest of world | 17.6                                       | 21.4     | -17.8% | 81,542     | 88,960   | -8.3%  |



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|            |       |       |        |           |           |       |
|------------|-------|-------|--------|-----------|-----------|-------|
| % of total | 5.1%  | 5.4%  |        | 5.3%      | 5.7%      |       |
| TOTAL      | 343.7 | 393.9 | -12.7% | 1,545,373 | 1,573,769 | -1.8% |

### BREAKDOWN BY COVERING

|            | Sales<br>(Expressed in<br>millions of EUR) |          |        | Seat Units |           |        |
|------------|--|----------|--------|------------|-----------|--------|
|            | 1st Half                                   | 1st Half | %      | 1st Half   | 1st Half  | %      |
|            | 2003                                       | 2002     | Change | 2003       | 2002      | Change |
| Leather    | 280.1                                      | 334.0    | -16.1% | 1,162,623  | 1,262,493 | -7.9%  |
| % of total | 81.5%                                      | 84.8%    |        | 75.2%      | 80.2%     |        |
| Fabric     | 63.6                                       | 59.9     | 6.2%   | 382,750    | 311,276   | 23.0%  |
| % of total | 18.5%                                      | 15.2%    |        | 24.8%      | 19.8%     |        |
| TOTAL      | 343.7                                      | 393.9    | -12.7% | 1,545,373  | 1,573,769 | -1.8%  |

### BREAKDOWN BY BRAND

|            | Sales<br>(Expressed in<br>millions of EUR) |          |        | Seat Units |           |        |
|------------|--|----------|--------|------------|-----------|--------|
|            | 1st Half                                   | 1st Half | %      | 1st Half   | 1st Half  | %      |
|            | 2003                                       | 2002     | Change | 2003       | 2002      | Change |
| Natuzzi    | 277.0                                      | 331.4    | -16.4% | 1,094,902  | 1,237,457 | -11.5% |
| % of total | 80.6%                                      | 84.1%    |        | 70.9%      | 78.6%     |        |
| Italsofa   | 66.7                                       | 62.5     | 6.7%   | 450,471    | 336,312   | 33.9%  |
| % of total | 19.4%                                      | 15.9%    |        | 29.1%      | 21.4%     |        |
| TOTAL      | 343.7                                      | 393.9    | -12.7% | 1,545,373  | 1,573,769 | -1.8%  |

NATUZZI S.p.A. AND SUBSIDIARIES  
Unaudited Consolidated Balance Sheet  
as of June 30, 2003 and December 31, 2002  
(Expressed in millions of EUR)

| ASSETS                              | June 30, | December<br>31, |
|-------------------------------------|----------|-----------------|
|                                     | 2003     | 2002            |
| Current Assets:                     |          |                 |
| Cash and cash equivalents           | 92.3     | 96.7            |
| Marketable debt securities          | -        | -               |
| Trade receivables, net              | 149.2    | 158.4           |
| Other receivables                   | 47.8     | 58.3            |
| Inventories                         | 101.4    | 84.1            |
| Unrealized foreign exchange gain    | 14.6     | 2.0             |
| Prepaid expenses and accrued income | 3.9      | 1.3             |
| Deferred income taxes               | 1.1      | 1.8             |
| Total current assets                | 410.3    | 402.6           |
| Non-Current Assets:                 |          |                 |
| Net property, plant and equipment   | 243.8    | 228.9           |

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|  |       |       |
|--|-------|-------|
| Treasury shares                                  | 37.8  | 37.8  |
| Other assets                                     | 14.1  | 5.1   |
| Deferred income taxes                            | 0.1   | 0.1   |
| Total Assets                                     | 706.1 | 674.5 |
|  | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY             |       |       |
| Current Liabilities:                             |       |       |
| Short-term borrowings                            | 2.4   | 0.2   |
| Current portion of long-term debt                | 3.2   | 1.4   |
| Accounts payable-trade                           | 86.8  | 87.5  |
| Accounts payable-shareholders for dividends      | 18.8  | -     |
| Accounts payable-other                           | 16.7  | 15.7  |
| Allowance for unrealized foreign exchange losses | -     | -     |
| Income taxes                                     | 3.6   | 9.2   |
| Salaries, wages and related liabilities          | 19.0  | 14.7  |
| Total current liabilities                        | 150.5 | 128.7 |
|  | ----- | ----- |
| Long-Term Liabilities:                           |       |       |
| Employees' termination indemnity                 | 26.5  | 25.6  |
| Long-term debt                                   | 4.6   | 3.6   |
| Deferred income taxes                            | 0.4   | 0.4   |
| Accrued expenses and deferred income             | 13.8  | 14.2  |
| Other liabilities                                | 5.4   | 5.7   |
| Minority Interest                                | 0.5   | 0.5   |
| Shareholders' Equity:                            |       |       |
| Share capital                                    | 57.5  | 57.5  |
| Reserves   | 80.4  | 73.1  |
| Additional paid-in capital                       | 8.3   | 8.3   |
| Retained earnings                                | 358.2 | 356.9 |
| Total shareholders' equity                       | 504.4 | 495.8 |
|  | ----- | ----- |
| Total Liabilities and Shareholders' Equity       | 706.1 | 674.5 |
|  | ===== | ===== |

NATUZZI S.p.A. AND SUBSIDIARIES  
 Unaudited Consolidated Statements of Cash Flows  
 as of June 30, 2003 and 2002  
 (Expressed in millions of EUR)

|  | June 30<br>2003 | June 30<br>2002 |
|--|-----------------|-----------------|
|  | -----           | -----           |
| Cash flows from operating activities:  |                 |                 |
| Net earnings   | 26.7            | 55.1            |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                 |                 |
| Depreciation   | 10.7            | 8.5             |
| Employees' termination indemnity   | 0.9             | 1.6             |
| Deferred income taxes  | 0.7             | (0.2)           |
| Minority interest  | -               | -               |
| (Gain) loss on disposal of assets  | 0.3             | -               |
| Change in provision for unrealized foreign exchange<br>(losses)/gain                 | (12.5)          | (5.9)           |
| Change in assets and liabilities:  |                 |                 |
| Receivables, net   | 10.0            | (31.4)          |
| Inventories  | (11.6)          | (0.5)           |
| Prepaid expenses and accrued income  | (2.7)           | (2.2)           |
| Other assets   | 13.1            | (3.3)           |
| Accounts payable   | (3.3)           | 4.2             |

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|  |        |        |
|--|--------|--------|
| Income taxes                                     | (5.6)  | 3.1    |
| Salaries, wages and related liabilities          | 4.3    | 6.7    |
| Other liabilities                                | (8.8)  | 6.1    |
|  | -----  | -----  |
| Total adjustments                                | (4.3)  | (13.3) |
|  | -----  | -----  |
| Net cash provided by operating activities        | 22.4   | 41.8   |
|  | -----  | -----  |
| Cash flows from investing activities:            |        |        |
| Property, plant and equipment:                   |        |        |
| Additions  | (22.0) | (33.9) |
| Disposals  | 0.4    | 0.4    |
| Government grants received                       | 0.3    | 0.1    |
| Marketable debt securities:                      |        |        |
| Purchases  | -      | -      |
| Proceeds from maturities                         | -      | -      |
| Proceeds from sales                              | -      | -      |
| Purchase of business, net of cash acquired       | -      | -      |
| Purchase of minority interest                    | (4.3)  | -      |
|  | -----  | -----  |
| Net cash used in investing activities            | (25.6) | (33.4) |
| Cash flows from financing activities:            |        |        |
| Long term debt:                                  |        |        |
| Proceeds   | -      | -      |
| Repayments                                       | 0.4    | (0.6)  |
| Short-term borrowings                            | 0.3    | (4.6)  |
| Exercise of stock options                        | -      | -      |
| Treasury shares                                  | -      | -      |
| Dividends paid                                   | -      | -      |
| Dividends paid to minority shareholders          | -      | -      |
|  | -----  | -----  |
| Net cash used in financing activities            | 0.7    | (5.2)  |
|  | -----  | -----  |
| Effect of translation adjustments on cash        | (1.8)  | (1.7)  |
|  | -----  | -----  |
| Increase (decrease) in cash and cash equivalents | (4.4)  | 1.5    |
| Cash and cash equivalents, beginning of the year | 96.7   | 208.2  |
| Cash and cash equivalents, end of the period     | 92.3   | 209.7  |

Natuzzi S.p.A.

Second Quarter and First Half 2003  
Financial Results Teleconference

Senior management will review second quarter 2003 financial results.  
The review will be followed by a question and answer session.

Pasquale Natuzzi  
Chairman of the Board and Chief Executive Officer

Giuseppe Desantis  
Vice Chairman of the Board

Nicola Dell'Edera  
Finance Director

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and

Fred Starr  
President and Chief Executive Officer, Natuzzi Americas

Thursday, September 4, 2003  
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10:00 a.m. (New York time)

3:00 p.m. (London time)

4:00 p.m. (Italian time)

Replay of this event will be available on our web-site

www.natuzzi.com  
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starting from 3:00 p.m. Italian time on September 5, 2003.

CONTACT: Investor Relations Dept., +39-080-8820-412  
investor\_relations@natuzzi.com  
OR  
Corporate Press Office, +39-080-8820-124  
relazioni.esterne@natuzzi.com

SIGNATURES

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.

NATUZZI S.p.A.  
(Registrant)

Date: 3rd September 2003

By:           /s/          GIUSEPPE DESANTIS            
Giuseppe Desantis