

Edgar Filing: NATUZZI S P A - Form 6-K

NATUZZI S P A  
Form 6-K  
November 15, 2005

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 November 2005

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 Third Quarter 2005 Financial Results

SANTERAMO IN COLLE, Bari, Italy--(BUSINESS WIRE)--Nov. 15,  
2005--Natuzzi S.p.A. (NYSE: NTZ):

- Net Sales Down by 11.1% at EUR 147.2 Million and Units Sold by  
8.9% over the Third Quarter 2004
- Net Losses of EUR 2.0 Million versus Net Earnings of EUR 5.6  
Million Reported in Third Quarter 2004

## Edgar Filing: NATUZZI S P A - Form 6-K

-- Operating cash flow at EUR 16.9 million in the first nine months of 2005

The Board of Directors of 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 third quarter 2005.

### NET SALES

Natuzzi third quarter 2005 net sales decreased by 11.1 percent to EUR 147.2 million, or \$ 179.5 million, as compared to third quarter 2004. During the same period total seats sold decreased by 8.9 percent.

For the first nine months of 2005, net sales were at EUR 479.4 million, or \$ 605.4 million, down 14.4 percent from EUR 559.9 million, or \$ 686.2 million, reported for the same period last year, and total seats sold decreased by 12.6% over the same comparable period.

During the third quarter 2005 net upholstery sales were at EUR 130.5 million, or \$ 159.2 million, down by 11.3 percent over the same period last year. Other sales (principally living-room accessories and raw materials produced by the Company and sold to third parties) decreased by 9.2 percent to EUR 16.7 million, or \$ 20.4 million.

In the third quarter 2005 net sales in the Americas were at EUR 59.4 million, or \$ 72.4 million, down by 14.2% from EUR 69.2 million, or \$ 84.6 million. In Europe sales were at EUR 61.2 million, or \$ 74.6 million, down by 8.5 percent from EUR 66.9 million, or \$ 81.8 million, reported in the same quarter last year, and in the rest of the world net sales were at EUR 9.9 million, or \$ 12.1 million, down by 10.0 percent from EUR 11.0 million, or \$ 13.4 million, of the previous year comparable period.

In the quarter ended on September 30, 2005, total net sales to our chains Divani & Divani by Natuzzi stores, Natuzzi stores, and Kingdom of Leather stores were at EUR 24.4 million, or \$ 29.8 million, down by 9.0 percent as compared to EUR 26.8 million, or \$ 32.8 reported one year ago. During the same quarter seven new stores were opened (2 in France and one each in Italy, Arab Emirates, Australia, China and Singapore), bringing the total number of stores to 284 as at September 30, 2005.

Leather-upholstered furniture sales decreased by 8.5 percent over last year's third quarter to EUR 110.5 million, or \$ 134.8 million, and fabric-upholstered furniture by 24.2 percent to EUR 20.0 million, or \$ 24.4 million.

Net sales for the Natuzzi branded products during the third quarter 2005 were at EUR 78.6 million, or \$ 95.9 million, 29.4% down with respect to the last year's comparable quarter, whereas, over the same period, sales for the Italsofa products increased by 45.0 percent to EUR 51.9 million, or \$ 63.3 million.

Pasquale Natuzzi, Chairman and Chief Executive Officer, said: "The general economic environment in which the Company has been dealing with for the first nine months of 2005 was still difficult because of unfavorable currency conditions, rising energy costs and price deflation in the whole furnishing industry thus negatively affecting our overall performance both in terms of sales and seats sold."

### GROSS PROFIT & OPERATING INCOME

For the quarter ended September 30, 2005, Natuzzi's gross profit was at EUR 48.6 million, or \$ 59.3 million, down 15.6 percent from EUR 57.6 million, or \$ 70.4 million, reported one year earlier. Gross profit margin was at 33.0 percent from 34.8 percent recorded in last year third quarter.

## Edgar Filing: NATUZZI S P A - Form 6-K

For the three months ended September 30, 2005 operating income was nil, versus a net operating profit of EUR 6.7 million, or \$8.2 million, reported in the third quarter of 2004.

### FOREX & TAXES

In the three months ended on September 30, 2005 the Company had a net foreign exchange loss of EUR 0.9 million, or a loss of \$ 1.1 million, versus a net foreign exchange gain of EUR 1.8 million, or \$ 2.2 million, reported in last year's comparable period.

For the third quarter 2005 the Company had income taxes of EUR 0.5 million, or \$ 0.6 million, versus EUR 1.8 million, or \$ 2.2 million, reported in third quarter 2004.

### NET INCOME & EARNINGS PER SHARE

For the quarter ended on September 30, 2005, the Company reported net losses of EUR 2.0 million, or net losses of \$ 2.4 million, versus net earnings of EUR 5.6 million, or \$ 6.8 million, reported in the same quarter of last year. Losses per share (ADR) were EUR 0.04, or \$ 0.05, versus EUR 0.10 earnings per share, or \$ 0.12, reported in the third quarter of 2004.

Considering the first three quarters of 2005 the Company recorded net losses of EUR 13.9 million, or \$ 17.6 million net losses, whereas one year earlier it reported net earnings of EUR 27.7 million, or \$ 33.9 million. On ADR basis net losses for the first nine months of 2005 totaled EUR 0.25, or \$ 0.32, down from earnings per share of EUR 0.51, or \$ 0.63, reported in the first nine months of 2004.

Pasquale Natuzzi commented: "After two quarters in a row in which the Company reported operating losses, in the third quarter 2005 the Company achieved the break-even as a result of the implementation of the Restructuring Plan announced last May. This first encouraging result confirms that we must continue to improve the efficiency of our manufacturing operations and reduce overall costs so to increase the competitiveness of our products."

### CASH FLOW

In the first nine months of 2005 net cash flow from operations decreased at EUR 16.9 million, or \$ 21.3 million, from EUR 70.0 million, or \$ 85.8 million, generated in the same period of 2004. On a per ADR basis, net operating cash flow was EUR 0.31, or \$ 0.39, versus EUR 1.28, or \$ 1.57 generated during the first nine months of 2004.

### OUTLOOK

Concluded Mr. Natuzzi: "The order flow confirms the encouraging uptrend of our promotional line, Italsofa, while the Natuzzi brand, manufactured in Italy, is still penalized by the strong Euro and the price pressure. In addition, we do not underestimate the threat of further increases in the cost of fuel and interest rates, and the consequences of such events on consumer confidence.

In light of the above, we expect to report for the whole 2005 a decrease between 10 and 15 percent of units sold and a net loss between 1 and 3 percent on net sales, while in 2006 net profit margin should be at most at 3 percent together with an increase in units sold of about 5 percent."

### CONVERSION RATES

The third quarter 2005 and 2004 dollar figures presented in this announcement were converted at an average noon buying rate of \$ 1.2196

## Edgar Filing: NATUZZI S P A - Form 6-K

per EUR and \$ 1.2226 per EUR, respectively. The nine months figures for 2005 and 2004 were converted at an average noon buying rate of \$ 1.2628 per EUR and \$ 1.2255 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 135 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 137 stores, which it licenses to qualified furniture dealers. Outside Italy, the Company sells to various furniture retailers, as well as through 150 licensed Divani & Divani by Natuzzi and Natuzzi stores, including 6 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.

### Forward-Looking Statements

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 third quarter ended September 30, 2005 and 2004 on the basis  
of Italian GAAP

(Expressed in millions of EUR except per share data)

	3rd Quarter	%	3rd Quarter	%	%
	2005	Sales	2004	Sales	Change
	-----				
Upholstery net sales	130.5		147.1		-11.3%
Other sales	16.7		18.4		-9.2%
Net Sales	147.2	100%	165.5	100%	-11.1%

Edgar Filing: NATUZZI S P A - Form 6-K

Purchases	(63.4)		(68.3)		-7.2%
Labor	(22.1)		(23.8)		-7.1%
Third-party Manufacturers	(5.2)		(6.3)		-17.5%
Manufacturing Costs	(8.5)		(7.1)		19.7%
Inventories, net	0.6		(2.4)		-125.0%
Cost of Sales	(98.6)		(107.9)		-8.6%
Gross Profit	48.6	33.0%	57.6	34.8%	-15.6%
Selling Expenses	(39.3)		(41.7)		-5.8%
General and Administrative Expenses	(9.3)		(9.2)		1.1%
Operating Income	0.0	0.0%	6.7	4.0%	-100.0%
Interest Income, net	0.0		0.0		
Foreign Exchange, net	(0.9)		1.8		
Other Income (Expense), net	(0.7)		(1.0)		
Earnings (Losses) before taxes and minority interest	(1.6)		7.5		-121.3%
Income taxes	(0.5)		(1.8)		-72.2%
Earnings (Losses) before minority interest	(2.1)		5.7		-136.8%
Minority Interest	(0.1)		0.1		
Net Earnings (Losses)	(2.0)	-1.4%	5.6	3.4%	-135.7%
Earnings (Losses) per Share	(0.04)		0.10		-140.0%
Average Number of Shares Outstanding*	54,681,628		54,681,628		

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

KEY FIGURES IN U.S. DOLLARS (millions)

	3rd Quarter 2005	3rd Quarter 2004
Net Sales	179.5	202.3
Gross Profit	59.3	70.4
Operating Income (Loss)	0.0	8.2
Net Earnings (Losses)	(2.4)	6.8
Earnings (Losses) per Share in U.S. dollars	(0.05)	0.12
Average exchange rate (U.S. dollar per Euro)	1.2196	1.2226

## Edgar Filing: NATUZZI S P A - Form 6-K

NATUZZI S.P.A. AND SUBSIDIARIES  
 Unaudited Consolidated Statement of Earnings  
 for nine months ended September 30, 2005 and 2004 on the basis of  
 Italian GAAP  
 (Expressed in millions of EUR except per share data)

	September 2005	%	September 2004	%	%
		Sales		Sales	Change
	-----		-----		-----
Upholstery net sales	421.9		497.6		-15.2%
Other sales	57.5		62.3		-7.6%
Net Sales	479.4	100.0%	559.9	100.0%	-14.4%
	-----		-----		-----
Purchases	(217.8)		(238.4)		-8.6%
Labor	(78.3)		(77.8)		0.6%
Third-party					
Manufacturers	(18.2)		(21.6)		-16.0%
Manufacturing Costs	(24.7)		(21.8)		13.3%
Inventories, net	15.0		4.0		274.7%
Cost of Sales	(324.0)		(355.6)		-8.9%
	-----		-----		-----
Gross Profit	155.4	32.4%	204.3	36.5%	-23.9%
	-----		-----		-----
Selling Expenses	(133.7)		(138.1)		-3.2%
General and					
Administrative Expenses	(31.0)		(29.0)		6.9%
Operating Income (Loss)	(9.3)	-1.9%	37.2	6.6%	-125.0%
	-----		-----		-----
Interest Income, net	0.0		(0.1)		
Foreign Exchange, net	(3.9)		2.7		
Other Income, net	(1.7)		(0.5)		
Earnings (Losses) before					
taxes and minority					
interest	(14.9)		39.3		-137.9%
	-----		-----		-----
Income taxes	0.9		(11.5)		-107.8%
Earnings (Losses) before					
minority interest	(14.0)		27.8		-150.4%
	-----		-----		-----
Minority Interest	(0.1)		0.1		
Net Earnings	(13.9)	-2.9%	27.7	4.9%	-150.2%
	=====		=====		=====
Earnings (Loss) per					
Share	(0.25)		0.51		-150.2%
	-----		-----		-----
Average Number of Shares					

## Edgar Filing: NATUZZI S P A - Form 6-K

Outstanding\*                      54,681,628                      54,681,628

-----

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

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

	First nine months of 2005	First nine months of 2004
Net Sales	605.4	686.2
Gross Profit	196.2	250.4
Operating Profit (Loss)	(11.7)	45.6
Net Earnings (Losses)	(17.6)	33.9
 Earnings (Losses) per Share in U.S. dollars	 (0.32)	 0.63
Average exchange rate (U.S. dollar per Euro)	1.2628	1.2255

### GEOGRAPHIC BREAKDOWN

	Sales (Expressed in millions of EUR)			Seat Units		
	3rd Quarter	3rd Quarter	%	3rd Quarter	3rd Quarter	%
	2005	2004	Change	2005	2004	Change
Americas	59.4	69.2	-14.2%	326,633	385,582	-15.3%
% of total	45.5%	47.0%		52.2%	56.2%	
Europe	61.2	66.9	-8.5%	261,848	257,441	1.7%
% of total	46.9%	45.5%		41.9%	37.5%	
Rest of world	9.9	11.0	-10.0%	36,816	43,031	-14.4%
% of total	7.6%	7.5%		5.9%	6.3%	
TOTAL	130.5	147.1	-11.3%	625,297	686,054	-8.9%

-----

### BREAKDOWN BY COVERING

	Sales (Expressed in millions of EUR)			Seat Units		
	3rd Quarter	3rd Quarter	%	3rd Quarter	3rd Quarter	%
	2005	2004	Change	2005	2004	Change
Leather	110.5	120.7	-8.5%	504,545	518,687	-2.7%
% of total	84.7%	82.1%		80.7%	75.6%	
Fabric	20.0	26.4	-24.2%	120,752	167,367	-27.9%
% of total	15.3%	17.9%		19.3%	24.4%	
TOTAL	130.5	147.1	-11.3%	625,297	686,054	-8.9%

-----

## Edgar Filing: NATUZZI S P A - Form 6-K

### BREAKDOWN BY BRAND

	Sales (Expressed in millions of EUR)			Seat Units		
	3rd Quarter	3rd Quarter	%	3rd Quarter	3rd Quarter	%
	2005	2004	Change	2005	2004	Change
Natuzzi	78.6	111.3	-29.4%	291,659	432,999	-32.6%
% of total	60.2%	75.7%		46.6%	63.1%	
Italsofa	51.9	35.8	45.0%	333,638	253,055	31.8%
% of total	39.8%	24.3%		53.4%	36.9%	
<b>TOTAL</b>	<b>130.5</b>	<b>147.1</b>	<b>-11.3%</b>	<b>625,297</b>	<b>686,054</b>	<b>-8.9%</b>

### GEOGRAPHIC BREAKDOWN

	Sales (Expressed in millions of EUR)			Seat Units		
	September	September	%	September	September	%
	2005	2004	Change	2005	2004	Change
Americas	176.9	225.3	-21.5%	1,019,390	1,251,530	-18.5%
% of total	41.9%	45.3%		50.8%	54.5%	
Europe	216.3	238.5	-9.3%	870,393	908,823	-4.2%
% of total	51.3%	47.9%		43.3%	39.5%	
Rest of world	28.7	33.8	-15.1%	118,325	138,288	-14.4%
% of total	6.8%	6.8%		5.9%	6.0%	
<b>TOTAL</b>	<b>421.9</b>	<b>497.6</b>	<b>-15.2%</b>	<b>2,008,108</b>	<b>2,298,641</b>	<b>-12.6%</b>

### BREAKDOWN BY COVERING

	Sales (Expressed in millions of EUR)			Seat Units		
	September	September	%	September	September	%
	2005	2004	Change	2005	2004	Change
Leather	351.6	409.4	-14.1%	1,571,230	1,753,002	-10.4%
% of total	83.3%	82.3%		78.2%	76.3%	
Fabric	70.3	88.2	-20.3%	436,878	545,639	-19.9%
% of total	16.7%	17.7%		21.8%	23.7%	
<b>TOTAL</b>	<b>421.9</b>	<b>497.6</b>	<b>-15.2%</b>	<b>2,008,108</b>	<b>2,298,641</b>	<b>-12.6%</b>

### BREAKDOWN BY BRAND

Sales  
(Expressed in  
millions of EUR)

Seat Units



Edgar Filing: NATUZZI S P A - Form 6-K

	September	September	%	September	September	%
	2005	2004	Change	2005	2004	Change
Natuzzi	281.5	377.0	-25.3%	1,066,735	1,475,218	-27.7%
% of total	66.7%	75.8%		53.1%	64.2%	
Italsofa	140.4	120.6	16.4%	941,373	823,423	14.3%
% of total	33.3%	24.2%		46.9%	35.8%	
TOTAL	421.9	497.6	-15.2%	2,008,108	2,298,641	-12.6%

NATUZZI S.P.A. AND SUBSIDIARIES  
 Unaudited Consolidated Balance Sheet  
 as of September 30, 2005 and December 31, 2004  
 (Expressed in millions of EUR)

	September 30, 2005	December 31, 2004
<b>Current Assets:</b>		
Cash and cash equivalents	85.7	87.3
Marketable debt securities	0.0	0.0
Trade receivables, net	106.4	137.6
Other receivables	41.2	41.2
Inventories	127.6	112.6
Unrealized foreign exchange gain	0.0	7.1
Prepaid expenses and accrued income	2.0	2.4
Deferred income taxes	6.9	1.2
Total current assets	369.8	389.4
<b>Non-Current Assets:</b>		
Net property, plant and equipment	268.6	272.0
Treasury shares	0.0	0.0
Other assets	12.8	11.2
Deferred income taxes	0.6	0.6
Total Assets	651.8	673.2
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term borrowings	7.7	5.6
Current portion of long-term debt	0.1	0.6
Accounts payable-trade	64.6	83.7
Accounts payable-shareholders for dividends	0.6	0.6
Accounts payable-other	23.5	19.7
Allowance for unrealized foreign exchange losses	5.0	0.0
Income taxes	1.9	2.5
Salaries, wages and related liabilities	19.7	18.7
Total current liabilities	123.1	131.4
<b>Long-Term Liabilities:</b>		
Employees' termination indemnity	31.7	29.6
Long-term debt	6.1	5.0
Deferred income taxes	0.4	0.4
Deferred income for capital grants	11.8	12.5
Other liabilities	7.6	5.4
Minority Interest	0.8	0.9
<b>Shareholders' Equity:</b>		

Edgar Filing: NATUZZI S P A - Form 6-K

Share capital	54.7	54.7
Reserves	42.3	42.3
Additional paid-in capital	8.3	8.3
Retained earnings	365.0	382.7
Total shareholders' equity	470.3	488.0
	-----	-----
Total Liabilities and Shareholders' Equity	651.8	673.2
	=====	=====

NATUZZI S.P.A. AND SUBSIDIARIES  
 Unaudited Consolidated Statements of Cash Flows  
 as of September 30, 2005 and 2004  
 (Expressed in millions of EUR)

	September 30	September 30
	2005	2004
	-----	-----
Cash flows from operating activities:		
Net earnings	(13.9)	27.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21.9	20.9
Employees' leaving entitlement	1.9	1.6
Deferred income taxes	(5.7)	(3.4)
Minority interest	(0.1)	0.1
(Gain) loss on disposal of assets	0.6	0.9
Change in provision for unrealized foreign exchange (losses) / gain	12.1	3.3
Gain on disposal of business	0.0	0.0
Impairment losses	0.0	0.0
Change in assets and liabilities:		
Receivables, net	31.2	20.9
Inventories	(14.1)	(4.0)
Prepaid expenses and accrued income	0.4	(1.3)
Other assets	3.3	12.8
Accounts payable	(21.2)	(9.7)
Income taxes	(0.6)	0.0
Salaries, wages and related liabilities	1.0	0.6
Other liabilities	0.1	(0.4)
	-----	-----
Total adjustments	30.8	42.3
	-----	-----
Net cash provided by operating activities	16.9	70.0
	-----	-----
Cash flows from investing activities:		
Property, plant and equipment:		
Additions	(19.6)	(36.0)
Disposals	0.4	7.7
Government grants received	0.0	0.0
Marketable debt securities:		
Purchases	0.0	(0.2)
Proceeds from maturities	0.0	0.0
Proceeds from sales	0.0	0.2
Purchase of business, net of cash acquired	0.0	0.0
Purchase of minority interest	(0.3)	(2.9)
Disposal of business	0.0	0.0
	-----	-----

## Edgar Filing: NATUZZI S P A - Form 6-K

Net cash used in investing activities	(19.5)	(31.2)
Cash flows from financing activities:		
Long term debt:		
Proceeds	0.3	0.6
Repayments	(0.5)	(1.2)
Short-term borrowings	1.6	7.5
Exercise of stock options	0.0	0.0
Treasury shares	0.0	0.0
Dividends paid	(3.8)	(7.7)
Dividends paid to minority shareholders	(0.1)	0.0
	-----	-----
Net cash used in financing activities	(2.5)	(0.8)
	-----	-----
Effect of translation adjustments on cash	3.5	0.2
	-----	-----
Increase (decrease) in cash and cash equivalents	(1.6)	38.2
Cash and cash equivalents, beginning of the year	87.3	63.6
Cash and cash equivalents, end of the period	85.7	101.8

CONTACT: Natuzzi S.p.A.

Investor Relations Dept.

Tel.: +39-080-8820-812

Fax: +39-080-8820-241

E-mail: investor\_relations@natuzzi.com

or

Corporate Press Office

Tel.: +39-080-8820-124

Fax: +39-080-8820-508

E-mail: 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: 15th November 2005

By: /s/ GIUSEPPE DESANTIS

-----  
Giuseppe Desantis