
FOR IMMEDIATE RELEASE

INDUSTRIE NATUZZI SPA ANNOUNCES THIRD-QUARTER AND NINE MONTH 2000 RESULTS

3Q2000 NET SALES RISE 26.6 PERCENT

New alliances in Europe to expand the franchised retail network

Santeramo, Bari, Italy, November 15, 2000 - Industrie Natuzzi S.p.A. (NYSE: NTZ) ('Natuzzi' or 'the Company') today announced financial results for the third quarter and nine months ended September 30, 2000. All third-quarter 2000 and 1999 figures converted at an average noon buying rate of ITL 2,139.5 per US dollar and ITL 1,845.7 per US dollar, respectively. Nine-month 2000 and 1999 figures converted at an average exchange rate of ITL 2,055.5 per US dollar and ITL 1,799.2 per US dollar, respectively.

Third-quarter 2000 net sales increased 26.6 percent to ITL 293.6 billion, or \$137.2 million, compared to the third quarter of 1999. For the nine-month period, net sales rose 21.5 percent over the prior year period to ITL 951.3 billion, or \$462.8 million.

Net income for the third quarter decreased 38.6 percent to ITL 21.1 billion, or \$9.9 million, primarily due to higher raw materials prices, especially leather, and provisions for unrealized losses on foreign exchange. On a per-ADR basis, net income was ITL 368, or \$0.17. Net income for the nine-month period decreased 1.4 percent to ITL 111.7 billion, or \$53.7 million. Earnings per ADR for this period, were ITL 1,944, or \$0.95.

Pasquale Natuzzi, Chairman and Chief Executive Officer, said: "We are very pleased with our significant sales growth during the quarter, which is in line with our strategy aimed at increasing market share. Much of this growth came from the US, where we experienced a 27.3 percent increase in seats sold, primarily as a result of Natuzzi's successful *SoFast* program." Added Natuzzi: "Obviously, we are disappointed with earnings, which were heavily impacted by rising raw material costs, in particular leather and oil by-products, and provisions for unrealized losses on foreign exchange. We have, however, already slightly increased selling prices to recover part of the aforesaid increases in raw materials".

In the third quarter, total upholstered furniture sales rose 25.6 percent over the prior year's quarter to ITL 268.7 billion, or \$125.6 million, while other sales (principally living-room accessories and raw materials produced by the Company) increased 39.3 percent to ITL 24.9 billion, or \$11.6 million.

Total unit volume for the third quarter increased 15.1 percent over the prior year period to 552,066. In the Americas, unit volume rose 25.2 percent to 299,131 seats, while European unit volume increased 12.4 percent to 215,808 seats. For the Rest of the World, third-quarter unit volume decreased 9.5 percent to 37,127 seats.

During the third quarter, total net sales to Natuzzi's 144 Divani & Divani franchised stores increased 7.8 percent to ITL 23.6 billion, or \$11.0 million. The 106 Divani & Divani stores located in Italy represented approximately 86 percent of sales to franchised stores, or ITL 20.3 billion (\$9.5 million). Six new stores were opened in Italy in the third quarter, while 2 new stores were opened abroad.

Natuzzi is further expanding its successful franchised formula in Europe through alliances with experienced retail partners.

The Company announced today the signing of a strategic partnership with Cuir Center – the leading French chain of stores specialized in leather furniture and part of the French furniture giant Roche Bobois. Under the agreement, a network of at least 40 retail outlets will be opened in France in conjunction with the Cuir Center Group acting as master franchisee. With surface areas of at least 400 m², the outlets will showcase the Decorator range, Natuzzi's new concept for the living room, combining the traditional sofa collections with specially coordinated occasional tables, lamps, rugs and accessories created exclusively by the Group's designers.

The agreement also includes that by the end of 2000 dedicated Natuzzi floor space ("Natuzzi Galleries"), featuring exclusively the Company's leather sofa collection and accessories, will be introduced in Cuir Center's 73 outlets throughout the country. "Our alliance with France's leading leather upholstery group - an exceptionally skilled partner in the market -", explains Pasquale Natuzzi, "fits entirely with our development strategy. We are aiming to encourage synergy and efficiency between our Group and the largest distributors in the sector; our goal is to provide additional value to the consumers".

The Company is planning to open in the German speaking part of Switzerland 8 new stores by 2002 under a licensing agreement with Sofa World AG. The first store will open early December in Zurich and two more shops will be opened in January 2001 offering the Decorator concept.

Gross profit in the third quarter increased 17.3 percent to ITL 110.3 billion, or \$51.6 million, compared to third-quarter 1999. Over the same period, gross margin fell slightly to 37.6 percent from 40.6 percent, primarily due to higher raw material prices, principally leather and oil by-products.

Commenting on manufacturing costs, Natuzzi said: "We have started several initiatives to further lower our cost structure, while enhancing our ability to meet increasing demand for our products. One such initiative includes the recent agreement we have signed with the State of Bahia, Brasil for the construction of a 600 seats per day capacity plant in Brazil that we expect to be ready at the end of 2001. We already have in Bahia our people training local workers in the production of leather upholstery that will be labeled Italsofa™. We also have two new plants coming on line in the coming quarters - the first one in March 2001 and the second one in September 2001 - which will boost our upholstery production capacity in Italy by approximately 1,200 seats per day."

Third quarter operating income increased 7.7 percent to ITL 50.9 billion, or \$23.8 million, compared to the previous year's quarter. Natuzzi's operating margin was 17.3 percent versus 20.4 percent in the prior period. For the first nine months of 2000, operating income increased 12.0 percent to ITL 186.0 billion, or \$86.9 million. The operating margin for the nine months fell slightly to 19.3 percent from 21.2 percent in the prior period.

Forex losses totaled ITL 26.7 billion, or \$12.5 million, of which ITL 11.2 billion, or \$5.1 million, were pre-tax provisions for unrealized losses. These provisions are required under Italian accounting principles.

Income taxes for the third quarter totaled ITL 5.9 billion, or \$2.3 million, representing an effective tax rate of 21.8 percent versus 27.1 percent in the prior year's quarter.

During the third quarter, Natuzzi repurchased 1,445,000 million ADRs at an average price of \$11.10, totaling \$16.0 million, or ITL 36.3 billion. Under an eighteen-month share repurchase

program, approved by shareholders in July of this year, the Company is authorized to buy back up to 4 million shares or up to ITL 100 billion.

About Industrie Natuzzi S.p.A.

Founded in 1959 by Pasquale Natuzzi, the Natuzzi Group designs, manufactures and sells contemporary residential upholstered furniture. In addition to being Italy's largest furniture manufacturer and ISO 9000 certified, Natuzzi is the global leader in leather upholstery, exporting its high-quality furniture to 144 markets on 5 continents. Product and design excellence has enabled Natuzzi to maintain leading market shares in North America and Europe. In Italy, Natuzzi sells its products through the popular Divani & Divani chain of stores, which are franchised by the Company.

Natuzzi's holding company, Industrie Natuzzi S.p.A., was listed on the New York Stock Exchange on May 13, 1993.

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, 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.

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-table follows-

INDUSTRIE NATUZZI S.p.A. AND SUBSIDIARIES
 Unaudited Consolidated Statement of Earnings
 for the quarters ended September 30, 2000 and 1999 - Italian GAAP
 (Millions of Italian Lire, except Earnings per Share and Average Number of Shares)

	<u>3rd Quarter</u> <u>2000</u>	<u>% of</u> <u>Sales</u>	<u>3rd Quarter</u> <u>1999</u>	<u>% of</u> <u>Sales</u>	<u>% Change</u>
Upholstery net sales	268,695		213,996		25.6
Other sales	24,865		17,852		39.3
Net sales	293,560	100.0	231,848	100.0	26.6
Purchases	(145,321)		(79,219)		83.4
Labor	(37,666)		(32,108)		17.3
Third party manufacturers	(14,935)		(9,546)		56.5
Manufacturing cost	(9,175)		(7,808)		17.5
Inventories, net	23,876		(9,136)		
Cost of sales	(183,221)		(137,817)		32.9
Gross profit	110,339	37.6	94,031	40.6	17.3
Selling expenses	(47,910)		(36,170)		32.5
General and administrative expenses	(11,569)		(10,639)		8.7
Operating income	50,860	17.3	47,222	20.4	7.7
Interest, net	2,508		893		
Foreign Exchange, net	(26,685)		(1,473)		
Other Income, net	267		555		
Earnings before taxes and minority interest	26,950		47,197		(42.9)
Income taxes	(5,871)		(12,812)		
Earnings before minority interest	21,079		34,385		(38.7)
Minority interest	26		(20)		
Net earnings	21,105	7.2	34,365	14.8	(38.6)
Earnings per Share in ITL	368		598		(38.5)
Average Number of Shares outstanding ^(a)	57,416,143		57,468,888		

^(a) Net of shares repurchased

KEY FIGURES IN U.S. DOLLARS (Millions, except Earnings per Share and Average Noon Buying Rate)

	<u>3rd Quarter 2000</u>	<u>3rd Quarter 1999</u>
Net Sales	137.2	125.6
Gross Profit	51.6	50.9
Operating Profit	23.8	25.6
Net Earnings	9.9	18.6
Earnings per Share in U.S.\$	0.17	0.32
Average exchange rate (Lire per U.S. dollar)	2,139.5	1,845.7

INDUSTRIE NATUZZI S.p.A. AND SUBSIDIARIES

Unaudited Consolidated Statement of Earnings
for the nine months ended September 30, 2000 and 1999 - Italian GAAP
(Millions of Italian Lire, except Earnings per Share and Average Number of Shares)

	<u>September 30</u> <u>2000</u>	<u>% of</u> <u>Sales</u>	<u>September 30</u> <u>1999</u>	<u>% of</u> <u>Sales</u>	<u>% Change</u>
Upholstery net sales	872,828		728,851		19.8
Other sales	78,520		54,294		44.6
Net sales	951,348	100.0	783,145	100.0	21.5
Purchases	(423,713)		(293,800)		44.2
Labor	(123,671)		(108,599)		13.9
Third party manufacturers	(46,106)		(32,494)		41.9
Manufacturing cost	(26,901)		(23,992)		12.1
Inventories-net	36,476		(7,752)		
Cost of sales	(583,915)		(466,637)		25.1
Gross profit	367,433	38.6	316,508	40.4	16.1
Selling expenses	(145,565)		(119,984)		21.3
General and administrative expenses	(35,860)		(30,491)		17.6
Operating income	186,008	19.6	166,033	21.2	12.0
Interest-net	8,930		4,841		
Foreign Exchange-net	(49,456)		(10,648)		
Other-net	444		(16,502)		
Earnings before taxes and minority interest	145,926		143,724		1.5
Income taxes	(34,198)		(30,298)		
Earnings before minority interest	111,728		113,426		(1.5)
Minority interest	(44)		(112)		
Net earnings	111,684	11.7	113,314	14.5	(1.4)
Earnings per Share in ITL ^(a)	1,944		1,972		(1.4)
Average Number of Shares outstanding ^(b)	57,458,775		57,468,888		

^(a)The six months of 1999 include a ITL 207 per share after tax charge related to an extraordinary tax liability settled in the first quarter

^(b)Net of shares repurchased

KEY FIGURES IN U.S. DOLLARS (Millions, except Earnings per Share and Average Noon Buying Rate)

	<u>September 30, 2000</u>	<u>September 30, 1999</u>
Net Sales	462.8	435.3
Gross Profit	178.8	175.9
Operating Profit	90.5	92.3
Net Earnings	54.3	63.0
Earnings per Share in U.S.\$	0.95	1.10
Average noon buying rate (Lire per U.S. dollar)	2,055.5	1799.2

GEOGRAPHIC BREAKDOWN

	Sales			Seat units		
	(Expressed in millions of Italian Lire)					
	<u>3rd Q00</u>	<u>3rd Q99</u>	Diff.	<u>3rd Q00</u>	<u>3rd Q99</u>	Diff.
Americas	155,740	109,996	41.6%	299,131	238,922	25.2%
% of total	58.0%	51.4%		54.2%	49.8%	
Europe	74,005	64,149	15.4%	166,798	149,813	11.3%
% of total	27.5%	30.0%		30.2%	31.2%	
Italy	21,442	20,806	3.0%	49,010	50,023	-2.0%
% of total	8.0%	9.7%		8.9%	10.4%	
Rest of world	17,508	19,045	-8.1%	37,127	41,026	-9.5%
% of total	6.5%	8.9%		6.7%	8.6%	
<u>Total</u>	<u>268,695</u>	<u>213,996</u>	<u>25.6%</u>	<u>552,066</u>	<u>479,784</u>	<u>15.1%</u>

BREAKDOWN BY COVERING

	Sales			Seat units		
	(Expressed in millions of Italian Lire)					
	<u>3rd Q00</u>	<u>3rd Q99</u>	Diff.	<u>3rd Q00</u>	<u>3rd Q99</u>	Diff.
Leather	239,110	193,511	23.6%	475,661	421,798	12.8%
% of total	89.0%	90.4%		86.2%	87.9%	
Fabric	29,585	20,485	44.4%	76,405	57,986	31.8%
% of total	11.0%	9.6%		13.8%	12.1%	
<u>Total</u>	<u>268,695</u>	<u>213,996</u>	<u>25.6%</u>	<u>552,066</u>	<u>479,784</u>	<u>15.1%</u>

GEOGRAPHIC BREAKDOWN

	Sales			Seat units		
	(Expressed in millions of Italian Lire)					
	<u>Nine Months</u> <u>2000</u>	<u>Nine Months</u> <u>1999</u>	Diff.	<u>Nine Months</u> <u>2000</u>	<u>Nine Months</u> <u>1999</u>	Diff.
Americas	445,781	342,450	30.2%	890,845	751,681	18.5%
% of total	51.1%	47.0%		48.2%	46.0%	
Europe	280,131	253,670	10.4%	624,926	576,278	8.4%
% of total	32.1%	34.8%		33.9%	35.2%	
Italy	92,836	78,714	17.9%	214,826	184,240	16.6%
% of total	10.6%	10.8%		11.6%	11.3%	
Rest of world	54,080	54,017	0.1%	115,938	123,526	-6.1%
% of total	6.2%	7.4%		6.3%	7.5%	
<u>Total</u>	<u>872,828</u>	<u>728,851</u>	<u>19.7%</u>	<u>1,846,535</u>	<u>1,635,725</u>	<u>12.9%</u>

BREAKDOWN BY COVERING

	Sales			Seat units		
	(Expressed in millions of Italian Lire)					
	<u>Nine Months</u> <u>2000</u>	<u>Nine Months</u> <u>1999</u>	Diff.	<u>Nine Months</u> <u>2000</u>	<u>Nine Months</u> <u>1999</u>	Diff.
Leather	775,815	661,946	17.2%	1,586,630	1,443,808	9.9%
% of total	88.9%	90.8%		85.9%	88.3%	
Fabric	97,013	66,905	45.0%	259,905	191,917	35.4%
% of total	11.1%	9.2%		14.1%	11.7%	
<u>Total</u>	<u>872,828</u>	<u>728,851</u>	<u>19.7%</u>	<u>1,846,535</u>	<u>1,635,725</u>	<u>12.9%</u>

INDUSTRIE NATUZZI S.p.A. AND SUBSIDIARIES

Unaudited Consolidated Condensed Balance Sheet as of Septembre 30, 2000 and December 31, 1999
(Expressed in millions of Italian Lire - Italian GAAP)

	September 30, 2000	December 31, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	170,426	312,648
Marketable debt securities	52	50
Securities bought under agreements to resell	60,000	0
Trade receivables, net	222,690	220,190
Other receivables	64,212	86,000
Inventories	139,682	103,206
Prepaid expenses and accrued income	4,212	705
Deferred income taxes	12,812	7,751
Total current assets	<u>674,086</u>	<u>730,550</u>
Non-Current Assets:		
Net property, plant and equipment	228,270	202,339
Treasury shares	36,168	0
Other assets	6,578	4,309
Deferred income taxes	143	143
Total Assets	<u><u>945,245</u></u>	<u><u>937,341</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	1,475	938
Current portion of long-term debt	978	1,197
Accounts payable-trade	127,842	116,611
Accounts payable-other	44,916	20,495
Allowance for unrealized foreign exchange losses	7,923	2,545
Income taxes	21,548	2,774
Salaries, wages and related liabilities	23,519	16,751
Total current liabilities	<u>228,201</u>	<u>161,311</u>
Long-Term Liabilities:		
Employees' termination indemnity	36,932	33,618
Long-term debt	625	1,118
Deferred income taxes	1,743	1,743
Other liabilities	5,782	5,821
Minority Interest	1,409	1,557
Shareholders' Equity:		
Share capital	7,191	7,184
Reserves	98,197	62,029
Additional paid-in capital	16,036	15,441
Retained earnings	549,129	647,519
Total shareholders' equity	<u>670,553</u>	<u>732,173</u>
Total Liabilities and Shareholders' Equity	<u><u>945,245</u></u>	<u><u>937,341</u></u>