## CULP, INC.

## Investor Information

June 2019

## ABOUT CULP

One of the Largest Marketers and Manufacturers of Fabrics for Mattresses and Furniture in North America
$\downarrow$ Business started by Culp family in 1972
$\uparrow$ Initial public offering in 1983

- Listed on New York Stock Exchange (CFI) in 1997; Symbol changed to CULP in July 2017
$\uparrow$ Global operations in U.S., Canada, China and Haiti
$\uparrow$ Experienced, long-term management team


## CULP HISTORY



## KEY INVESTMENT POINTS

$\downarrow$ Profitable mattress fabrics and upholstery fabrics businesses with a leading market share
$\uparrow$ Strong economy with growth in U. S. housing

- 100\% owned, scalable China platform
- Significant free cash flow generation over multiple years
- Strong balance sheet position and disciplined use of capital
$\uparrow$ Since June 2011, the company has returned approximately $\$ 65$ million to shareholders in regular quarterly and special dividends and share repurchases


## RECENT STRATEGIC INITIATIVES

$\uparrow$ Expanded cut and sewn mattress covers within Culp Home Fashions, including a new production facility in Haiti
$\uparrow$ Implemented major plant consolidation and expansion projects in mattress fabric operations in United States and Canada

- Acquired window treatment business to expand upholstery fabrics business in hospitality market
$\downarrow$ Established e-commerce and finished products business, Culp Home Accessories, for bedding accessories and home goods direct to consumers and businesses


## CAPITAL DISCIPLINE

$\downarrow$ Culture emphasizing stewardship of our capital utilization
$\downarrow$ Focus on return on capital

- Focus on solid free cash flow generation
$\uparrow$ Incentive compensation based on Economic Value Added (EVA) principles

Return on Capital*

*See reconciliation at back of presentation and previous Form 8-k's filed with the SEC.

## CAPITAL ALLOCATION STRATEGY OVERVIEW

$\downarrow$ Management focused on a very disciplined approach to capital allocation, involving investing in our businesses, paying down debt and commitment to shareholders via the quarterly dividend payment
$\uparrow$ During fiscal 2011, the company implemented an EVA (Economic Value Added) platform for incentive compensation, further promoting the efficient use of capital
$\uparrow$ Early in fiscal 2012, the company also began returning funds to shareholders through share repurchases and dividends, both regular quarterly and special

- $\$ 65$ million has been returned to shareholders since 2012


## CAPITAL ALLOCATION STRATEGY - PART 1

## Our capital allocation strategy involves four parts, as follows:

Investing in our businesses; paying down debt; commitment to shareholders via the quarterly dividend payment
a) Fund working capital requirements for organic growth in our businesses, which could include accelerating payments to suppliers in exchange for meaningful cash discounts. Growing internally with adequate margins offers the highest returns on capital with the least risk.
b) Fund capital expenditures for our businesses, both for maintenance and expansion projects as needed. Capital expenditure requirements for upholstery fabrics and home accessories businesses will be minimal as the business model is not capital intensive.
c) Pay down debt as required.
d) Pay quarterly dividend (rate increased to \$0.10 per share, or \$0.40 annually, as approved November 2018), with plan to gradually increase annually based on performance and business outlook.

## CAPITAL ALLOCATION STRATEGY- PART 2

## Acquisitions

a) We will continue to carefully evaluate strategic acquisition opportunities and potential new business ventures within our industry that are not capital intensive.
b) Since fiscal 2007, we have spent approximately $\$ 20$ million for two successful mattress fabrics acquisitions, which have added significantly to shareholder value.

In early fiscal 2014, we entered into an asset purchase agreement totaling \$2.6 million, providing the ability to sell mattress fabrics to a leading bedding manufacturer.

In fiscal 2018, we completed the acquisition of Read Window Products, allowing us to expand our reach in the hospitality market for upholstery fabrics.

In early fiscal 2019, became majority investor in eLUXURY, an e-commerce company offering bedding accessories and home products direct to consumers.
c) We will be patient and disciplined with any capital committed in this manner.
d) Above all, we will ensure that any acquisition made will not jeopardize the financial health of our company.

## CAPITAL ALLOCATION STRATEGY- PART 3

## Uses of Free Cash Flow

a) Share Repurchase Program:

- In fiscal 2012 and 2013, we repurchased 1.1 million shares of Culp common stock, at a value of $\$ 10.4$ million
- No shares were repurchased in fiscal 2014.
- We repurchased 43,014 shares for approximately \$745,000 in fiscal 2015.
- We repurchased 100,776 shares for approximately $\$ 2.4$ million in fiscal 2016.
- No shares were repurchased in fiscal 2017 and fiscal 2018.
- We repurchased 160,823 shares for approximately $\$ 3.3$ million in fiscal 2019.
- Since 2012, we have repurchased approximately 11 percent of our outstanding shares

The Board approved an increase in the authorization for the company to acquire its common stock back to a total of $\$ 5.0$ million, with approximately $\$ 1.7$ million available as of April 28, 2019.

We will consider repurchasing shares at a price that reflects a discount to our calculated intrinsic value per share.

## b) Special Dividends:

December 2012 - \$0.50 per share special dividend
July 2014-\$0.40 per share special dividend
July 2015-\$0.40 per share special dividend
July 2016-\$0.21 per share special dividend
July 2017-\$0.21 per share special dividend
Going forward, we will consider paying a special dividend at the end of the fiscal year, assuming: 1) net cash is at or above a level that represents $10 \%$ of the previous fiscal year's revenue; 2) adequate cash is available in the U.S. to pay the special dividend; 3) additional investment in working capital is not needed to support planned organic growth; 4) No potential acquisitions opportunities are on the horizon; and 5) there are no major economic concerns that could have an adzerse effect on our business.

## CAPITAL ALLOCATION STRATEGY- PART 4

## Build Excess Cash

If the business or economic outlook is such that we decide against repurchasing shares and/or paying a special dividend, then we will build cash.

## QUARTERLY DIVIDEND

- Board of Directors initiated a quarterly cash dividend of \$0.03 per share in June 2012
$\downarrow$ This was the first cash dividend since January 2001
- The Board has since approved the following:
- Dividend increased from $\$ 0.03$ to $\$ 0.04$ per share as of first quarter fiscal 2014
- Dividend increased from $\$ 0.04$ to $\$ 0.05$ per share as of third quarter fiscal 2014
- Dividend increased from $\$ 0.05$ to $\$ 0.06$ per share as of third quarter fiscal 2015
- Dividend increased from $\$ 0.06$ to $\$ 0.07$ per share as of third quarter fiscal 2016
- Dividend increased from $\$ 0.07$ to $\$ 0.08$ per share as of third quarter fiscal 2017
- Dividend increased from $\$ 0.08$ to $\$ 0.09$ per share as of third quarter fiscal 2018
- Dividend increased from $\$ 0.09$ to $\$ 0.10$ per share as of third quarter fiscal 2019
- Reflects solid and consistent financial performance, a strong balance sheet and leadership positions in our mattress and upholstery fabrics businesses
$\downarrow$ Reinforces confidence in Culp's future and commitment to generating value for our shareholders


## BUSINESS MIX TRANSFORMATION



* Sales for Culp Home Accessories segment includes a majority investment in eLuxury, completed on June 22, 2018


## TRANSFORMATION - NET(DEBT)CASH*



FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19
*Net (debt) cash = Cash and investments minus total debt, which includes current maturities of long-term debt, long-term debt and amounts outstanding under lines of credit


## CULP, INC.

## Mattress Fabrics Industry Overview

## ANNUAL INDUSTRY SHIPMENT GROWTH

## Annual Growth Rates of Mattress and Foundation Shipments




Source - International Sleep Products Association (ISPA) 2017 Mattress Industry Report of Sales \& Trends

## MATTRESS INDUSTRY SHIPMENTS 2006-2017

(Units in thousands)


Source - International Sleep Products Association (ISPA) 2017 Mattress Industry Report of Sales \& Trends
*Note - Separate data for innerspring and non-innerspring not available after 2015

## MATTRESS INDUSTRY SHIPMENTS 2006-2017

Wholesale (\$ in millions)


Source - International Sleep Products Association (ISPA) 2017 Mattress Industry Report of Sales \& Trends
*Note - Separate data for innerspring and non-innerspring not available after 2015

## REGIONAL BREAKDOWN OF INDUSTRY SHIPMENTS 2017

Dollar Value of Shipments


Regional Map


Source - International Sleep Products Association (ISPA) 2017 Mattress Industry Report of Sales \& Trends

## GROWTH RATE IN SHIPMENTS 2016-2017

|  | Dollar Value <br> (\% change) | Units Shipped <br> (\% change) | Average Unit Price <br> (\% Change) |
| :--- | :---: | :---: | :---: |
| Mattresses | $(\mathbf{0 . 1 ) \%}$ | $(3.3) \%$ | $3.3 \%$ |
| Foundations | $(\mathbf{1 3 . 0}) \%$ | $(6.0) \%$ | $(7.4) \%$ |
| Total | $\mathbf{( 2 . 0 ) \%}$ | $(4.4) \%$ | $\mathbf{2 . 5 \%}$ |

[^0]
## MATTRESS INDUSTRY SHIPMENT GROWTH TRENDS*

| Mattress <br> Shipments | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Dollar Value <br> (\$ in billions) | $\$ 6,277$ | $\$ 6,825$ | $\$ 6,990$ | $\$ 7,524$ | $\$ 8,095$ | $\$ 8,367$ | $\$ 8,411$ |
| $\%$ Change | $7.7 \%$ | $8.7 \%$ | $2.4 \%$ | $7.6 \%$ | $7.6 \%$ | $3.4 \%$ | $(2.0) \%$ |
| \% |  |  |  |  |  |  |  |
| Unit Shipments <br> (millions) | 34,880 | 35,461 | 35,893 | 37,283 | 39,955 | 41,178 | 39,677 |
| \% Change | $0.2 \%$ | $3.6 \%$ | $1.2 \%$ | $3.9 \%$ | $7.2 \%$ | $3.1 \%$ | $(4.4) \%$ |

*Overall, the mattress industry trended down for calendar 2018.

[^1]
## TOP 15 U.S. BEDDING PRODUCERS

|  |  | Estimated U.S. wholesale bedding shipments in \$ millions |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Rank | Company | 2017 | 2016 | \% Change |
| 1 | Serta | \$1,662 | \$1,657 | 0.3\% |
| 2 | Simmons | \$1,640 | \$1,499 | 9.4\% |
| 3 | Sealy | \$1,357 | \$1,525 | (11.0)\% |
| 4 | Tempur-Pedic | \$861 | \$1,088 | (20.9)\% |
| 5 | Select Comfort | \$462 | \$424 | 9.0\% |
| 6 | Corsicana | \$364 | \$385 | (5.5)\% |
| 7 | Therapedic | \$154 | \$149 | 3.4\% |
| 8 | Ashley Furniture Industries | \$148 | \$119 | 24.4\% |
| 9 | Englander | \$121 | \$117 | 3.4\% |
| 10 | Sherwood | \$120 | \$92 | 30.4\% |
| 11 | Restonic | \$116 | \$107 | 8.4\% |
| 12 | Symbol | \$111 | \$101 | 9.9\% |
| 13 | E.S. Kluft | \$102 | \$89 | 14.6\% |
| 14 | Kingsdown | \$100 | \$96 | 4.2\% |
| 15 | King Koil | \$93 | \$104 | (11.0)\% |
| Total |  | \$7,411 | \$7,552 | (1.9)\% |

Source: Furniture Today Market Research, June 11, 2018

## SHARE OF U.S. BEDDING SHIPMENTS



Source: Furniture Today Market Research, June 11, 2018

## RECENT GROWTH TRENDS

## Percent change in \$ shipments, 2016-2017



1. Includes Serta, Sealy and Simmons
2. Includes Tempur-Pedic and Select Comfort
3. Based on International Sleep Products Association 2016 and 2017

Source: Furniture Today Market Research, June 11, 2018

## MATTRESS INDUSTRY RECENT DEMAND TRENDS

$\uparrow$ Bedding has been a more stable and mature product
$\downarrow$ Replacements account for approximately 70 percent of mattress sales

- Growing consumer demand for better bedding
$\uparrow$ Mattress industry has become a more decorative business
- Industry promoting benefits of sleep for overall health
$\downarrow$ Mattresses are most profitable product for home furnishing retailers
- Consumers changing mattresses more frequently
$\downarrow$ New growth opportunities with internet and bed-in-box companies
$\uparrow$ Significant amount of low-cost mattress imports from China disrupted industry beginning in early 2018
$\downarrow$ Anti-dumping petition approved in late 2018
$\downarrow$ Preliminary punitive measures against China announced in May 2019, which should provide relief to industry


## CULP, INC.



CULP HOME FASHIONS

## Operational Review

## CULP MATTRESS FABRIC SALES

(\$ in millions)


## COMPETITIVE ADVANTAGES

$\downarrow$ Creativity and innovation
$\uparrow$ Globally competitive cost manufacturer
$\uparrow$ Flexible and scalable manufacturing platform
$\uparrow$ Leading provider in all major categories
$\uparrow$ World class customer service and distribution
$\uparrow$ Cut and sewn covers with CLASS operation
$\downarrow$ Over \$100 million (CapEx and acquisitions) invested since 2005
$\uparrow$ Multi-year expansion projects launched in FY 2016, including production consolidation and addition of North American distribution platform

## MATTRESS FABRICS PRODUCTS AND LOCATIONS



## MANUFACTURING CAPABILITIES

$\downarrow$ Weaving - Three mirrored weaving facilities, including two international
$\downarrow$ Knitting - Four mirrored knitting facilities, including three international
$\downarrow$ Sewn Mattress Covers - Two North American facilities, China \& Haiti
$\downarrow$ All facilities can produce the same construction of fabric with electronic design interchange
$\downarrow$ Equipment is identical across facilities
$\downarrow$ Damask \& knit finishing is available in multiple facilities

## CULP HOME FASHIONS ENHANCED OPERATIONS AND HEADOUARTERS


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## GROWTH THROUGH SPECIALIZATION

- Cut and sewn covers - CLASS
- Utilizing and updating upholstery fabric in mattresses
$\downarrow$ Full line of Culp Home Fashions wide upholstery (new colors)
$\uparrow$ Slitting in various widths
- In-house piece dyed and pad dyed collection
$\downarrow$ Shearing - unique look allowing dramatic pops of color
$\downarrow$ Stretch knits for new specialty/hybrid bedding
$\downarrow$ Flame retardant (FR) knit growth and development
- Development of FR lamination to wovens and knits
$\uparrow$ New finish stories - 3 Cs (cool, clean and comfort)
$\uparrow$ Market extension - Fabrics used in mattress pads, pillows, top of bed, and caskets


## WINNING BUSINESS MODEL

## "Economic Moat" Elements

$\downarrow$ Mirrored manufacturing with identical state-of-the-art capabilities across plants
$\uparrow$ Best in class design and innovation

- Rapid response on orders and product development
- Global raw material sourcing
- 80/20 mix of internal/external production and supply
$\uparrow$ High technology finishing capabilities
$\downarrow$ World class customer service and distribution
$\uparrow$ Integrated cut \& sew operation for covers, protectors and finished product


## CLASS CUT AND SEWN MATTRESS COVERS

$\uparrow$ State of the Art Manufacturing Facility
$\downarrow$ Creative Design Concepts

- Innovative Fabrics
$\uparrow$ Experienced Management Team
$\downarrow$ Outstanding Customer Service
- FY 2018 Haiti Expansion




## CHF FABRICS IN RETAIL



Serta Perfect Sleeper

## CHF FABRICS IN RETAIL

Serta icomfort hybrid


Serta icomfort

## CHF FABRICS IN RETAIL

Simmons Hybrid


CULP

## CHF FABRICS IN RETAIL

Serta Perfect Sleeper Elite


## CHF FABRICS IN RETAIL



## CHF FABRICS IN RETAIL



## CHF FABRICS IN RETAIL

Corsicana Early Bird


## CHF FABRICS IN RETAIL



Ashley Sleep
CULP

## CHF FABRICS IN RETAIL



Casper Wave


## CHF FABRICS IN RETAIL

Nectar Memory Foam

## CHF FABRICS IN RETAIL

## CLASS <br> culp-lava applied sewn solutions

HELIX MOONLIGHT

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нецх

Helix

CULP

## CHF FABRICS IN RETAIL



## KEY CUSTOMERS



## COMPETITOR REVIEW

Bekaert Deslee USA<br>Creative Ticking/Beverly Knits<br>CT Nassau<br>Global Textile Alliance<br>Innofa<br>Lava Textiles<br>Maxime Knitting Mills

## FISCAL YEAR MATTRESS FABRIC HIGHLIGHTS*

## (\$ in millions)

|  | FY19 | FY18 | Change |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | \$ | \% |
| Sales | \$145.1 | \$192.6 | \$(47.5) | (24.7)\% |
| Operating income** | 11.6** | 25.9 | \$(14.3) | (55.1)\% |
| Operating income margin** | 8.0\%** | 13.4\% |  | (540) bp |
| Capital expenditures | \$2,516 | \$6,713 |  |  |
| Return on capital | 15.2\% | 34.3\% |  |  |
| Depreciation | \$7.0 | \$6.9 | \$0.1 | 2.3\% |

[^2]
## STRONG VALUE PROPOSITION

$\uparrow$ Leading supplier of mattress fabrics and covers across all price points and styles

- Design creativity and product innovation
$\uparrow$ Flexible and scalable global manufacturing platform
$\uparrow$ Mirrored manufacturing with state-of-the-art capabilities
$\downarrow$ World class customer service and distribution
$\uparrow$ Reactive capacity
$\downarrow$ Globally competitive cost structure
$\uparrow$ Financial strength supports growth strategy
$\uparrow$ Trusted strategic partner willing to invest for the long-term


## CULP, INC.

## Upholstery Fabrics Division (Culp Upholstery Fabrics)



## UPHOLSTERY FABRIC SALES

(\$ in millions)

> U.S. Sales © China Sales







## CULP FABRIC AT HOME



## CULP FABRIC AT HOME



## UPHOLSTERY FABRIC PRODUCTS AND FACILITIES

## Manufacturing Locations

$\uparrow$ Culp Fabrics Shanghai - Shanghai, China
$\uparrow$ Culp Cut \& Sew - Shanghai, China

## Distribution Locations

$\uparrow$ Culp Fabrics Shanghai - Shanghai, China

- Culp Distribution Center - Burlington, North Carolina


## STRATEGIC BUSINESS MODEL

$\downarrow$ Innovation oriented
$\uparrow$ Flexible and agile
$\uparrow$ Variable cost structure
$\uparrow$ Diverse product range

- Scalable
$\downarrow$ China platform


## GROWTH STRATEGIES

$\downarrow$ Focus on product innovation
$\downarrow$ Broaden and diversify customer mix

- Special focus on Hospitality market
- Increase sales for residential stationary furniture applications
- Grow sales in other geographic markets, especially China and Asia.
$\uparrow$ Continue to expand our line of performance fabrics
$\uparrow$ Maximize opportunities for utilizing Culp’s global cut and sew platform


## ACQUISITION OF READ WINDOW PRODUCTS

$\downarrow$ Completed acquisition (Q4 FY18) of Read Window Products, a source for custom window treatments and other products
$\downarrow$ Extends Culp's market reach to growing hospitality market

- Read Window Products is a turn-key provider of window treatments offering measuring, sourcing, fabrication and installation services.
- Primary custom product line includes motorization, shades, drapery and shower curtains. In addition, they supply soft goods such as decorative top sheets, coverlets, duvet covers, bed skirts, bolsters and pillows, for leading hospitality brands worldwide.
- The addition of window treatments and other soft goods will allow Culp to be a more complete source of upholstery fabrics for the hospitality market.
- Combines Culp's outstanding design and global production capabilities with Read Window Products' expertise and strong customer relationships.




## CHINA BUSINESS MODEL



## UPHOLSTERY FABRICS - Key Customers

Ashley Furniture<br>Bassett Furniture<br>Best Home Furnishings<br>England<br>Flexsteel<br>Franklin<br>HON Industries<br>Irwin Seating<br>Jonathan Louis<br>LA-Z-BOY<br>Pottery Barn<br>Southern Motion

## UPHOLSTERY FABRICS - Competitor Review

$\uparrow$ Dorell Fabrics (U.S. Converter)
$\uparrow$ Morgan Fabrics (U.S. Converter)
$\downarrow$ Richloom Fabrics (U.S. Converter)
↔ Specialty Textile, Inc. (STI)
*Plus a number of small-to-mid-size competitors (both Chinese manufacturers and U.S. converters)

## FISCAL YEAR UPHOLSTERY FABRIC HIGHLIGHTS*

## (\$ in millions)

|  |  |  | Change |  |
| :--- | :---: | :---: | :---: | :---: |
|  | FY19 | FY18 | $\$$ | $\%$ |
| Sales | $\$ 135.7$ | $\$ 131.1$ | $\$ 4.5$ | $3.5 \%$ |
| Operating income** | $10.8 * *$ | 11.0 | $\$(0.2)$ | $(1.2) \%$ |
| Operating income margin** | $8.0 \% * *$ | $8.4 \%$ |  | $(40)$ bp |
| Capital expenditures | $\$ 0.4$ | $\$ 0.5$ |  |  |
| Return on capital*** | $55.0 \%$ | $58.1 \%$ |  |  |
| Depreciation | $\$ 0.8$ | $\$ 0.8$ |  |  |

*For the twelve month periods ended April 28, 2019 and April 29, 2018.
** Excludes restructuring and related charges of $\$ 2.4$ million associated with the closure of our Anderson, South Carolina upholstery production facility. The $\$ 2.4$ million represents $\$ 1.6$ million for inventory markdowns, $\$ 784$ for operating costs associated with the closed facility, and $\$ 40$ associated with accelerated vesting of certain stock-based compensation agreements.
***See reconciliation table at the back of this presentation for additional details.

## UPHOLSTERY FABRICS VALUE PROPOSITION

- Trusted business partner
- Product innovation and creativity
$\uparrow$ Superior quality
$\downarrow$ Exceptional service and delivery performance
- Global manufacturing and distribution platform


## CULP, INC.

Culp Home Accessories


## MAJORITY INVESTMENT IN eLUXURY

## e LUXURY

- Culp is majority investor in eLUXURY, an internet company offering bedding accessories and home goods direct to consumers
- Primary products include mattress pads, manufactured in Evansville, Indiana
- Other products include handmade platform beds, cotton sheet sets, towels and robes, duvet covers, pillows, pillow cases, mattress toppers, fabric by the yard, goose down comforters and dog beds.
- Products sold on branded website, Amazon and other leading online retailers
$\downarrow$ Provides new sales channel for Culp and entry into e-commerce space
- Brings together eLUXURY's experience in e-commerce, online brand building, and direct-to-consumer shopping with Culp's extensive design, global production and distribution capabilities


## CULP HOME ACCESSORIES

- Established e-commerce and finished goods business offering innovative bedding accessories, pillows, fabric by the yard and other home goods, including eLUXURY products
- Combined platform that supports both business-to-consumer and business-tobusiness sales of finished products
- Developed through Culp's global manufacturing platform and in coordination with other company divisions
- Important new sales channel for Culp



## FABRIC BY THE YARD

Culp fabrics sold direct to consumers online through eLUXURY on branded website, Amazon and other marketplaces


## HOME ACCESSORIES HIGHLIGHTS*

## (\$ in millions)

|  |  |  | Change |  |
| :--- | :---: | :---: | :---: | :---: |
|  |  |  | FY18* | $\$$ |
| Sales | $\$ 16.0$ | $N / M$ | $N / M$ | $N / M$ |
| Operating income | $(0.7)$ | $N / M$ | $N / M$ | $N / M$ |
| Operating income margin | $(4.6) \%$ | $N / M$ | $N / M$ | $N / M$ |
| Depreciation | $\$ 0.3$ | $N / M$ | $N / M$ | $N / M$ |

* This business segment is associated with a majority investment that was completed during fiscal 2019.


## CULP, INC.

## Overall Financial Highlights

## NET SALES



## OPERATING INCOME AND MARGIN



## PRE-TAX INCOME AND MARGIN



## CASH FLOW FROM OPERATIONS AND GROSS CASH FLOW



[^3]
## FREE CASH FLOW AND GROSS CASH FLOW



## EBITDA AND EBITDA MARGIN



## FISCAL 2019 HIGHLIGHTS

## (\$ in millions)

| GAAP | FY19 | FY18 | Change |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | \$ | \% |
| Sales | \$296.7 | \$323.7 | \$(27.1) | (8.4)\% |
| Operating income | \$12.6* | \$27.5 | \$(14.8) | (54.1)\% |
| Operating income margin | 4.3\%* | 8.5\% |  | (420) bp |
| Pre-tax income | \$12.0* | \$26.9 | \$(14.9) | (55.4)\% |
| Pre-tax margin | 4.0\%* | 8.3\% |  | (430) bp |
| Net income** | \$5.7** | \$20.8** | \$(15.1) | (72.8)\% |
| Net income per diluted share** | \$0.45** | \$1.65** | \$(1.20) | (72.7)\% |

*These amounts include $\$ 2.2$ million of restructuring and related charges, as well as other non-recurring charges. Pre-tax income also includes a $\$ 500$ non-recurring charge for an endowed scholarship to the University of North Carolina Chapel Hill in honor of our Co-Founder and former Chairman of the Board. See the Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation for additional details.
**Net income and net income per diluted share represent the amounts attributable to Culp, Inc. common shareholders. In addition to the amounts noted in the footnote above, the results for the twelve months ended April 28, 2019 also include an income tax benefit of $\$ 2.0$ million, associated with provisional adjustments related to the Tax Cuts and Jobs Act ("TCJA"). See the Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation for additional details.

## FISCAL 2019 HIGHLIGHTS

## (\$ in millions)

|  |  |  | Change |  |
| :--- | :---: | :---: | :---: | :---: |
| Adjusted (Non-GAAP)* | FY19 | FY18 | $\$$ |  |
| Adjusted Operating income |  |  | $\$(12.6)$ | $(45.9) \%$ |
| Adj Operating income margin | $5.0 \% * *$ | $8.5 \%$ |  | $(350)$ bp |
| Adjusted Pre-tax income | $\$ 14.7 * *$ | $\$ 26.9$ | $\$(12.1)$ | $(45.2) \%$ |
| Adj Pre-tax margin | $5.0 \% * *$ | $8.3 \%$ |  | $(330)$ bp |

*Refer to preceding Slide 8 for GAAP presentation as well as Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation.
**These amounts exclude $\$ 2.2$ million of restructuring and related charges, as well as other non-recurring charges. Pre-tax income also excludes a $\$ 500$ non-recurring charge for an endowed scholarship to the University of North Carolina at Chapel Hill in honor of our Co-Founder and former Chairman of the Board. See the Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation for additional details.

## FISCAL 2019 SALES BRIDGE*

(\$ in millions)

| Sales | Change |  |
| :--- | :---: | :---: |
|  | $\$$ | $\%$ |
| FY 2018 | $\$ 323.7$ |  |
| Mattress fabrics decrease | $(47.5)$ | $(24.7) \%$ |
| Upholstery fabrics increase | 4.5 | $3.5 \%$ |
| Home Accessories increase* | 16.0 | N/M |
| FY 2019 | $\$ 296.7$ | $(8.4 \%)$ |

* For the twelve month periods ended April 28, 2019 and April 29, 2018.
** This business segment is associated with a majority investment that was completed during fiscal 2019.


## FISCAL 2019 OPERATING INCOME BRIDGE

## (\$ in millions)

| Operating Income |  | $\%$ |
| :--- | :---: | :---: |
| FY 2018 | $\$ 27.5$ | $8.5 \%$ |
| Mattress fabrics decrease | $(14.3)$ |  |
| Upholstery fabrics decrease | $(0.1)$ |  |
| Home Accessories decrease * | $\mathbf{( 0 . 7 )}$ |  |
| Unallocated corporate expense decrease | 2.5 |  |
| FY 2019 ** | $\$ 14.9$ | $4.3 \%$ |

* For the twelve month periods ended April 28, 2019 and April 29, 2018.
** This business segment is associated with a majority investment that was completed during fiscal 2019.
*** The financial results exclude restructuring and related charges and credits as well as other non-recurring charges and credits. See Slide $\mathbf{8 6}$ for GAAP presentation as well as Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation.


## FREE CASH FLOW*

## (\$ in millions)

|  | FY19 | FY18 |
| :---: | :---: | :---: |
| Net income | 5.5 | \$20.9 |
| Depreciation, amortization, \& stock-based compensation | 9.0 | 10.2 |
| Deferred taxes, other | 0.8 | (2.1) |
| Gross cash flow | 15.3 | \$29.0 |
| Cash flow from working capital and changes in others assets/liabilities | (1.4) | (1.5) |
| Cash flow from operations | 13.9 | \$27.5 |
| Capital expenditures and payments on vendor financed capital expenditures | (4.7) | (11.8) |
| Investment in unconsolidated joint venture | (0.1) | (0.7) |
| Other | 2.4 | (1.7) |
| Free cash flow | \$11.5 | \$13.3 |

* See reconciliation at the back of this presentation.


## RETURN ON CAPITAL*

## (\$ in millions)

|  | April 28, 2019 | April 29, 2018 |
| :--- | :---: | :---: |
| Return on capital: |  |  |
| Mattress fabrics | $15.2 \%$ | $34.3 \%$ |
| Upholstery fabrics | $55.0 \%$ | $58.1 \%$ |
| Home Accessories | N/M | N/A |
| Unallocated corporate | N/A | N/A |
| Consolidated | $\mathbf{1 1 . 7 \%}$ | $\mathbf{2 5 . 4 \%}$ |
|  |  |  |

Capital employed:

| Mattress fabrics | $\$ 72.4$ | $\$ 77.7$ |
| :--- | :---: | :---: |
| Upholstery fabrics | $\$ 19.4$ | $\$ 20.4$ |
| Home Accessories | $\$ 3.4$ | N/A |
| Unallocated corporate | $\$ 30.1$ | $\$ 16.7$ |
| Consolidated | $\$ 125.3$ | $\$ 114.8$ |

[^4]
## OPERATING WORKING CAPITAL

(\$ in millions)

|  | April 28, 2019 | April 29, 2018 | \% Change |
| :--- | :---: | :---: | :---: |
| Accounts receivable, net | $\$ 23.8$ | $\$ 26.3$ | $(9.7) \%$ |
| Inventories, net | 50.9 | 53.5 | $(4.9) \%$ |
| Accounts payable | $(24.4)$ | $(27.2)$ | $(10.5) \%$ |
| Accounts payable - capital expenditures | $(0.1)$ | $(1.8)$ | $(95.6) \%$ |
|  | $\$ 50.2$ | $\$ 50.7$ | $(1.2) \%$ |
| Operating working capital | $16.9 \%$ | $15.7 \%$ | 120 bp |
| Percent of sales* | 29.9 | 29.7 | $\mathbf{0 . 9 \%}$ |
| Days sales outstanding | 4.6 | 4.8 | $(4.2) \%$ |
| Inventory turns | 37.9 | 41.6 | $(8.9) \%$ |
| Days accounts payable outstanding** |  |  |  |

[^5]
## NET CASH, INVESTMENTS and EQUITY

(\$ and share amounts in millions)

|  | FY19 | FY18 | \% Change |
| :--- | :---: | :---: | :---: |
| Cash and cash equivalents | $\$ 40.0$ | $\$ 21.2$ | $88.5 \%$ |
| Short-term investments (Available for Sale) | 0.0 | 2.5 | $(100.0) \%$ |
| Short-term investments (Held-to-Maturity) | 5.0 | 25.8 | $(80.6) \%$ |
| Long-term investments (Held-to-Maturity) | 0.0 | 5.0 | $(100.0) \%$ |
| Total cash and investments | $\$ 45.0$ | $\$ 54.5$ | $(17.4) \%$ |
| Total debt | $\$ 0.7$ | $\$ 0.0$ | $100.0 \%$ |
| Net cash and investments | $\$ 44.3$ | $\$ 54.5$ | $(18.7) \%$ |
|  |  |  |  |
| Shareholders' equity attributable to Culp, Inc. | $\$ 159.9$ | $\$ 163.4$ | $(2.1) \%$ |
| Shares outstanding | 12,391 | 12.450 | $(0.5) \%$ |
| Book value per share | $\$ 12.91$ | $\$ 13.12$ | $(1.6) \%$ |

## ADJUSTED EBITDA

## Reconciliation of Net Income to Adjusted EBITDA

(unaudited, \$ in thousands)

$$
\begin{aligned}
& \text { CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA } \\
& \text { FOR THE TWELVE MONTHS ENDED APRIL 28, } 2019 \text { AND APRIL 29, } 2018 \\
& \text { (UNAUDITED) } \\
& \text { (AMOUNTS IN THOUSANDS) }
\end{aligned}
$$

|  |  |  |  | Quar | End |  |  |  | $\begin{gathered} \text { Trailing } 12 \\ \text { Months } \\ 4 / 28 / 2019 \\ \hline \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 7/29/2018 |  | 10/28/2018 |  | 1/27/2019 |  | 4/28/2019 |  |  |  |
| Net income (loss) | \$ | 965 | \$ | 2,944 | \$ | 3,060 | \$ | $(1,511)$ | \$ | 5,458 |
| Income taxes |  | 906 |  | 1,276 |  | 1,225 |  | 3,017 |  | 6,424 |
| Interest income, net |  | (129) |  | (134) |  | (251) |  | (210) |  | (724) |
| Other non-recurring charges |  | - |  | 249 |  | 429 |  | 500 |  | 1,178 |
| Restructuring expense (credit) and related charges |  | 2,014 |  | (791) |  | 340 |  | - |  | 1,563 |
| Depreciation and amortization expense |  | 2,160 |  | 2,287 |  | 2,232 |  | 2,218 |  | 8,897 |
| Stock based compensation |  | (501) |  | 395 |  | 479 |  | (243) |  | 130 |
| Adjusted EBITDA | \$ | 5,415 | \$ | 6,226 | \$ | 7,514 | \$ | 3,771 | \$ | 22,926 |
| \% Net Sales | 7.6\% |  | 8.1\% |  | 9.7\% |  | 5.3\% |  | 7.7\% |  |
|  | Quarter Ended |  |  |  |  |  |  |  | $\begin{aligned} & \text { Trailing } 12 \\ & \text { Months } \\ & \text { 4/29/2018 } \\ & \hline \end{aligned}$ |  |
|  | 7/30/2017 |  | 10/29/2017 |  | 1/28/2018 |  | 4/29/2018 |  |  |  |
| Net income (loss) | \$ | 4,983 | \$ | 3,976 | \$ | (748) | \$ | 12,666 | \$ | 20,877 |
| Income taxes |  | 1,641 |  | 2,108 |  | 8,208 |  | $(6,217)$ |  | 5,740 |
| Interest income, net |  | (131) |  | (91) |  | (101) |  | (117) |  | (440) |
| Other non-recurring charges |  | - |  | - |  | - |  | - |  | - |
| Restructuring expense (credit) and related charges |  | - |  | - |  | - |  | - |  | - |
| Depreciation and amortization expense |  | 1,889 |  | 1,990 |  | 2,048 |  | 2,096 |  | 8,023 |
| Stock based compensation |  | 757 |  | 801 |  | 864 |  | (210) |  | 2,212 |
| Adjusted EBITDA | \$ | 9,139 | \$ | 8,784 | \$ | 10,271 | \$ | 8,218 | \$ | 36,412 |
| \% Net Sales | 11.5\% |  | 10.9\% |  | 12.0\% |  |  | .5\% |  | 11.2\% |
| \% Over (Under) | -40.7\% |  | -29.1\% |  | -26.8\% |  | -54.1\% |  | -37.0\% |  |

## KEY INVESTMENT POINTS

$\downarrow$ Profitable mattress fabrics and upholstery fabrics businesses with a leading market share
$\uparrow$ Strong economy with growth in U. S. housing

- 100\% owned, scalable China platform
- Significant free cash flow generation over multiple years
- Strong balance sheet position and disciplined use of capital
- Since June 2011, the company has returned approximately $\$ 65$ million to shareholders in regular quarterly and special dividends and share repurchases


## FORWARD LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties that may cause actual events and results to differ materially from such statements. Further, forward looking statements are intended to speak only as of the date on which they are made, and we disclaim any duty to update such statements to reflect any changes in management's expectations or any change in the assumptions or circumstances on which such statements are based, whether due to new information, future events, or otherwise. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "anticipate," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about expectations for our future operations, production levels, new product launches, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, income taxes, SG\&A or other expenses, pre-tax income, earnings, cash flow, and other performance or liquidity measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. There can be no assurance that the company will realize these expectations, meet its guidance, or that these beliefs will prove correct.

Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on our business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect us adversely. The future performance of our business depends in part on our success in conducting and finalizing acquisition negotiations and integrating acquired businesses into our existing operations. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, or changes in the value of the U.S. dollar versus other currencies, could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our products less competitive on the basis of price in markets outside the United States, and strengthening of currencies in Canada and China can have a negative impact on our sales of products produced in those places. Also, economic and political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. Finally, increases in market prices for petrochemical products can significantly affect the prices we pay for raw materials, and in turn, increase our operating costs and decrease our profitability. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on July 13, 2018 for the fiscal year ended April 29, 2018, and our subsequent periodic reports filed with the Securities and Exchange Commission.

## ADDITIONAL DISCLOSURE

This presentation contains adjusted income statement information, a non-GAAP performance measure that reconciles reported and projected income statement information with adjusted results, which exclude restructuring and related charges and credits, other non-recurring charges, and provisional income tax adjustments associated with the Tax Cuts and Jobs Act (the Tax Act) enacted on December 22, 2017. The company has included this adjusted information in order to show operational performance excluding the effects of restructuring and related charges and credits, other nonrecurring charges, and the provisional income tax adjustments associated with the Tax Act that are not expected to occur on a regular basis. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. Management believes this presentation aids in the comparison of financial results among comparable financial periods. In addition, this information is used by management to make operational decisions about the company's business and is used by the company as a financial goal for purposes of determining management incentive compensation. We note, however, that this adjusted income statement information should not be viewed in isolation or as a substitute for income calculated in accordance with GAAP, as restructuring and related charges and credits, other non-recurring charges, and the provisional income tax adjustments associated with the Tax Act, do have an effect on our financial performance.

This presentation contains disclosures about disclosures about free cash flow, a non-GAAP liquidity measure that we define as net cash provided by operating activities, less cash capital expenditures, less investment in unconsolidated joint venture, plus any proceeds from sales of property, plant, and equipment, plus proceeds from our life insurance policy, less premium payments on our life insurance policy, less payments on vendor-financed capital expenditures, less the purchase of long-term investments associated with our Rabbi Trust, plus proceeds from the sale of long-term investments associated with our Rabbi Trust, and plus or minus the effects of exchange rate changes on cash and cash equivalents. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. Management believes the disclosure of free cash flow provides useful information to investors because it measures our available cash flow for potential debt repayment, stock repurchases, dividends, and additions to cash and cash equivalents. We note, however, that not all of the company's free cash flow is available for discretionary spending, as we may have mandatory debt payments and other cash requirements that must be deducted from our cash available for future use. In operating our business, management uses free cash flow to make decisions about what commitments of cash to make for operations, such as capital expenditures (and financing arrangements for these expenditures), purchases of inventory or supplies, SG\&A expenditure levels, compensation, and other commitments of cash, while still allowing for adequate cash to meet known future commitments for cash, such as debt repayment, and also for making decisions about dividend payments and share repurchases. For forward-looking non-GAAP information, the comparable GAAP and reconciling information is not available without unreasonable efforts, and its significance is similar to the significance of the historical information.

## ADDITIONAL DISCLOSURE (2)

This presentation contains disclosures about return on capital, both for the entire company and for individual business segments. We now define return on capital as adjusted operating income (measured on a trailing twelve months basis and excluding certain non-recurring charges and credits) divided by average capital employed (excluding goodwill and intangibles and obligations related to acquisitions at the divisional level only). Operating income excludes certain non-recurring charges, and average capital employed is calculated over rolling five fiscal periods, depending on which quarter is being presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. We believe return on capital is an accepted measure of earnings efficiency in relation to capital employed, but it is a non-GAAP performance measure that is not defined or calculated in the same manner by all companies. This measure should not be considered in isolation or as an alternative to net income or other performance measures, but we believe it provides useful information to investors by comparing the operating income we produce to the asset base used to generate that income. Also, operating income on a trailing twelve months basis does not necessarily indicate results that would be expected for the full fiscal year or for the following twelve months. We note that, particularly for return on capital measured at the segment level, not all assets and expenses are allocated to our operating segments, and there are assets and expenses at the corporate (unallocated) level that may provide support to a segment's operations and yet are not included in the assets and expenses used to calculate that segment's return on capital. Thus, the average return on capital for the company's segments will generally be different from the company's overall return on capital. Management uses return on capital to evaluate the company's earnings efficiency and the relative performance of its segments.

This presentation contains disclosures about our Adjusted EBITDA, which is a non-GAAP performance measure that reflects net income excluding tax expenses and net interest expense, as well as depreciation and amortization expense and stock-based compensation expense. This measure also excludes restructuring and related charges and credits as well as other non-recurring charges and credits associated with our business. Details of these calculations and a reconciliation to information from our GAAP financial statements is set forth in this presentation. We believe presentation of Adjusted EBITDA is useful to investors because earnings before interest, income taxes, depreciation and amortization, and similar performance measures that exclude certain charges from earnings, are often used by investors and financial analysts in evaluating and comparing companies in our industry. We note, however, that such measures are not defined uniformly by various companies, with differing expenses being excluded from net income to calculate these performance measures. For this reason, Adjusted EBITDA should not be viewed in isolation by investors and should not be used as a substitute for net income calculated in accordance with GAAP, nor should it be used for direct comparisons with similarly titled performance measures reported by other companies. Use of Adjusted EBITDA as an analytical tool has limitations in that this measure does not reflect all expenses that are necessary to fund and operate our business, including funds required to pay taxes, service our debt, and fund capital expenditures, among others. Management uses Adjusted EBITDA to help it analyze the company's earnings and operating performance, by excluding the effects of expenses that depend upon capital structure and debt level, tax provisions, and non-cash items such as depreciation, amortization and stock-based compensation expense that do not require immediate uses of cash.

## Q4 YTD RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

## CULP, INC.

## Reconciliation of selected income statement information to adjusted result

 FOR THE TWELVE MONTHS ENDED APRIL 28, 2019 AND APRIL 29, 2018
## (UNAUDITED)

Gross profit
Selling, general and
administrative expenses
Restructuring credit
Income from operations
Other expense
Income before income taxes
Income Taxes
Net income
Plus: Net loss attributable to non-controlling interest
Net income attributable to Culp Inc. common shareholders

TWELVE MONTHS ENDED


Notes
(1) The $\$ 2.5$ million represents a restructuring related charge of $\$ 1.6$ million for inventory markdowns, $\$ 784$ for other operating costs associated with our closed Anderson, SC plant facility, and $\$ 159$ for employee termination benefits and other operational reorganization costs associated with our mattress fabrics segment.
(2) The $\$ 825$ restructuring credit represents a $\$ 1.5$ million gain on the sale of property, plant, and equipment associated with our closed Anderson, SC upholstery fabrics plant facility, partially offset by a charge of $\$ 661$ for employee termination benefits
(3) The $\$ 558$ consists of a non-recurring charge totaling $\$ 469$ that was associated with the accelerated vesting of certain stock-based compensation agreements. Of this $\$ 469$ non-recurring charge, $\$ 429$ and $\$ 40$ pertain to unallocated corporate expenses and a restructuring related charge associated with our closed Anderson, SC upholstery fabrics plant facility. Additionally, the $\$ 558$ consists of a non-recurring charge of $\$ 89$ for employee termination benefits and operational reorganization costs associated with our mattress fabrics segment.
(4) Other expense for the year ending Apri 28, 2019, included a $\$ 500$ non-recurring charge for an endowed scholarship to the University of North Carolina at Chapel Hill in honor of our Co-Founder and former Chairman of the Board. This charitable contribution will be paid over a period of three years

## RECONCILIATION OF FREE CASH FLOW

## Reconciliation of Free Cash Flow For the Twelve Months Ended April 28, 2019, and April 29, 2018 <br> (Unaudited) <br> (Amounts in thousands)

(1) Free Cash Flow reconciliation is as follows:
A) Net cash provided by operating activities
B) Minus: Capital Expenditures

|  | FY 2019 | FY 2018 |
| :---: | :---: | :---: |
| \$ | 13,873 | 27,473 |
|  | $(3,261)$ | $(8,005)$ |
|  | 1,894 | 6 |
|  | (120) | (661) |
|  | $(1,412)$ | $(3,750)$ |
|  | 1,233 | 57 |
|  | $(1,011)$ | $(1,902)$ |
|  | 394 | - |
|  | - | (18) |
|  | (93) | 85 |
| \$ | 11,497 | 13,285 |

## RETURN ON CAPITAL EMPLOYED BY SEGMENT



Notes:
(1) See
Return on average of twelve month operating income included at the back of this presentation.


(3) Average capital employed was computed using the quarteriy five periods ending April 28 , 2019 , January 27,2019 , October 28,2018 , JulV 29, 2018, and April 29,2018
(4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therefore, have no affect on the capital employed and return o
(4) intangibe assets and goodwitl are include in unallocted corporate for all periods presented.
capital employed for our matress fabrics, upholstery fabricics, and home accessories segments.
(5) Accrued restructuring costs and derrain obigations associated with our acquisitions are inclucted in unallocated coporate for all periods presented and the refore
have no affect on capital emploved and return on capital employed for our mattress fabricc, upholstery fabrics, and home accessories segments.

## RETURN ON CAPITAL EMPLOYED BY SEGMENT



Notes:
Notes:

1) See reconciliation of twelve month operating income included at the back of this presentation.
(2) Return on average capital employed represents the last twelve months operating income as of April 29,2018 , divided by average capital employed. Average capital
employed does not include cash and cash equivalents, short-term investments - Available- For-Sale, short-term investments Held-To-Maturity, long-term investments
Held-To-Maturity, long-term investments- Rabbi Trust, noncurrent deferred income tax assets and liabilities, income taxes payable, line of credit, and deferred compensation.
(3) Average capital employed was computed using the five quarterly periods ending April 29, 2018, January 28,2018 , October 29, 2017, July 30, 2017, and April $\mathbf{3 0}$, 2017 ,
2) Intangible assets and goodwill are included in unallocated corporate for all perio
capital employed for both our mattress fabrics and upholstery fabrics segments.

## CONSOLIDATED STATEMENTS OF OPERATING INCOME LTM

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF OPERATING INCOME (LOSS)
FOR THE TWELVE MONTHS ENDED APRIL 28, 2019 AND APRIL 29, 2018
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

|  | Quarter Ended |  |  |  |  |  |  |  | Trailing 12 Months 4/28/2019 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 7/29/2018 |  | 10/28/2018 |  | 1/27/2019 |  | 4/28/2019 |  |  |  |
| Mattress Fabrics | \$ | 2,803 | \$ | 2,899 | \$ | 3,208 | \$ | 2,698 | \$ | 11,608 |
| Upholstery Fabrics |  | 2,525 |  | 2,722 |  | 3,799 |  | 1,777 |  | 10,823 |
| Home Accessories |  | 21 |  | 34 |  | (311) |  | (479) |  | (735) |
| Unallocated Corporate |  | $(1,259)$ |  | $(1,913)$ |  | $(1,628)$ |  | $(2,037)$ |  | $(6,837)$ |
| Subtotal |  | 4,090 |  | 3,742 |  | 5,068 |  | 1,959 |  | 14,859 |
| Other non-recurring charges |  | - |  | (249) |  | (429) |  | - |  | (678) |
| Restructuring (expense) credit and related charges |  | $(2,014)$ |  | 791 |  | (340) |  | - |  | $(1,563)$ |
| Operating income | \$ | 2,076 | \$ | 4,284 | \$ | 4,299 | \$ | 1,959 | \$ | 12,618 |
|  | Quarter Ended |  |  |  |  |  |  |  |  |  |
|  | 7/30/2017 |  | 10/29/2017 |  | 1/28/2018 |  | 4/29/2018 |  | $\begin{gathered} \hline \text { Trailing } 12 \\ \text { Months } \\ 4 / 29 / 2018 \\ \hline \end{gathered}$ |  |
| Mattress Fabrics | \$ | 6,374 | \$ | 6,562 | \$ | 6,837 | \$ | 6,088 | \$ | 25,861 |
| Upholstery Fabrics |  | 2,891 |  | 2,374 |  | 3,510 |  | 2,181 |  | 10,956 |
| Unallocated Corporate |  | $(2,301)$ |  | $(2,547)$ |  | $(2,703)$ |  | $(1,805)$ |  | $(9,356)$ |
| Operating income | \$ | 6,964 | \$ | 6,389 | \$ | 7,644 | \$ | 6,464 | \$ | 27,461 |
| \% Over (Under) | -70.2\% |  | -32.9\% |  | -43.8\% |  | -69.7\% |  | -54.1\% |  |

## Notes

(1) We did not have any restructuring activities or non-recurring charges associated for the three-month periods ending July 30, 2017, October 29, 2017, January 28, 2018 and April 29, 2018.
$\qquad$
$\qquad$


[^0]:    Source: - International Sleep Products Association (ISPA) 2017 Annual Sales Survey

[^1]:    Source - International Sleep Products Association (ISPA) 2017 Mattress Industry Report of Sales \& Trends and Q2 2018 Bedding Market Quarterly

[^2]:    * For the twelve month periods ended April 28, 2019 and April 29, 2018.
    **Excludes non-recurring charges totaling $\$ 248$ that pertained to employee termination benefits and other reorganization costs that were recorded during the second quarter of fiscal 2019. Of the $\$ 248$ total non-recurring charges, $\$ 159$ and $\$ 89$ were recorded in costs of sales and selling, general, and administrative expenses, respectively.

[^3]:    * See Reconciliation tables in previous Form 8-k's filed with the SEC.

[^4]:    *See reconciliation at the back of this presentation

[^5]:    * Sales used in the calculation is an annualized amount derived from the year-to-date net sales.
    ** Accounts payable also includes accounts payable - capital expenditures.

