

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) February 27, 2019

**Culp, Inc.**

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction  
of Incorporation)

1-12597

(Commission File Number)

56-1001967

(I.R.S. Employer  
Identification No.)

1823 Eastchester Drive  
High Point, North Carolina 27265  
(Address of Principal Executive Offices)  
(Zip Code)

(336) 889-5161

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former name or address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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This report and the exhibits attached hereto contain “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.

#### **Item 2.02 – Results of Operations and Financial Condition**

The information set forth in this Item 2.02 of this Current Report, and in Exhibits 99(a) and 99(b), is intended to be “furnished” under Item 2.02 of Form 8-K. Such information shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On February 27, 2019, we issued a news release to announce our financial results for our third quarter and nine months ended January 27, 2019. The news release is attached hereto as Exhibit 99(a).

Also, on February 27, 2019, we released a Financial Information Release containing additional financial information and disclosures about our third quarter and nine months ended January 27, 2019. The Financial Information Release is attached hereto as Exhibit 99(b).

The news release and Financial Information Release contain 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 non-recurring 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 news release and financial information release. 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.

The news release and Financial Information Release contain 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 any proceeds from life insurance policies, 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 Financial Information Release. 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.

The Financial Information Release 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 Financial Information Release. 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.

The Financial Information Release 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 the Financial Information Release. 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.

**Item 9.01 (d) -- Exhibits**

99(a) News Release dated February 27, 2019

99(b) Financial Information Release dated February 27, 2019

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 hereunto duly authorized.

CULP, INC.  
(Registrant)

By: /s/ Kenneth R. Bowling  
Chief Financial Officer  
(principal financial officer)

By: /s/ Thomas B. Gallagher, Jr.  
Corporate Controller  
(principal accounting officer)

Dated: February 27, 2019

**EXHIBIT INDEX**

Exhibit  
Number

Exhibit

99(a)  
99(b)

News Release dated February 27, 2019  
Financial Information Release dated February 27, 2019



Investor Contact: Kenneth R. Bowling  
Chief Financial Officer  
336-881-5630

Media Contact: Teresa A. Huffman  
Vice President, Human Resources  
336-889-5161

### CULP ANNOUNCES RESULTS FOR THIRD QUARTER FISCAL 2019

HIGH POINT, N.C. (February 27, 2019) — Culp, Inc. (NYSE: CULP) today reported financial and operating results for the third quarter and nine months ended January 27, 2019.

#### Fiscal 2019 Third Quarter Highlights

- Net sales were \$77.2 million, down 9.5 percent over the prior year period, with mattress fabrics segment sales down 27.1 percent and upholstery fabrics segment sales up 2.3 percent.
- Net sales for the company's new business segment, Culp Home Accessories, were \$4.4 million, with no comparable prior-year sales. Culp Home Accessories includes eLuxury, Culp's e-commerce and finished products business offering bedding accessories and home goods direct to consumers and businesses.
- Pre-tax income was \$4.3 million, compared with \$7.5 million for the prior-year period. Excluding restructuring and related charges and credits and other non-recurring items resulting in a net charge of approximately \$769,000, pre-tax income was \$5.0 million for the third quarter of fiscal 2019. (See reconciliation tables on page 8).
- Net income (GAAP) attributable to Culp, Inc. shareholders was \$3.2 million, or \$0.25 per diluted share, compared with a net loss of \$748,000, or \$0.06 per diluted share, in the prior-year period.
- Adjusted net income (non-GAAP) attributable to Culp, Inc. shareholders was \$3.3 million, or \$0.27 per diluted share, compared with \$5.2 million, or \$0.42 per diluted share, in the prior-year period. (See reconciliation tables on page 8).
- The company's financial position reflected total cash and investments of \$40.0 million and no debt. (See summary of cash and investments table on page 7).

#### Fiscal 2019 Year to Date Highlights

- Net sales were \$225.7 million, down 8.1 percent over the prior year, with mattress fabrics segment sales down 26.5 percent and upholstery fabrics segment sales up 7.2 percent.
- Net sales for the company's new business segment, Culp Home Accessories, were \$11.8 million since the June 2018 investment date in eLuxury, with no comparable prior-year sales to date.
- Pre-tax income was \$10.5 million, compared with \$20.4 million for the prior-year period. Excluding restructuring and related charges and credits and other non-recurring items of approximately \$2.2 million, pre-tax income was \$12.7 million for the year to date period. (See reconciliation tables on page 9).
- Net income (GAAP) attributable to Culp, Inc. shareholders was \$7.0 million, or \$0.56 per diluted share, compared with net income of \$8.2 million, or \$0.65 per diluted share, in the prior-year period.

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- Adjusted net income (non-GAAP) attributable to Culp, Inc. shareholders was \$8.7 million, or \$0.69 per diluted share, compared with \$14.2 million, or \$1.12 per diluted share in the prior-year period. (See reconciliation tables on page 9).

## Financial Outlook

- The projection for the fourth quarter of fiscal 2019 is for overall sales to be slightly down compared to the same period last year. Pre-tax income is expected to be in the range of \$4.2 million to \$4.9 million. Pre-tax income for the fourth quarter of fiscal 2018 was \$6.5 million.
- Free cash flow for fiscal 2019 is expected to be comparable to last year's results, even with significant headwinds in the mattress fabrics segment.

## Overview

For the third quarter ended January 27, 2019, net sales were \$77.2 million, compared with \$85.3 million a year ago. On a pre-tax basis, the company reported income of \$4.3 million, compared with pre-tax income of \$7.5 million for the third quarter of fiscal 2018. The financial results for the third quarter of fiscal 2019 included approximately \$769,000 in restructuring and related charges and credits and other non-recurring items, due mostly to the closure of the company's Anderson, South Carolina, production facility. Excluding this net charge, pre-tax income for the third quarter of fiscal 2019 was \$5.0 million.

The company reported net income (GAAP) attributable to Culp, Inc. shareholders of \$3.2 million, or \$0.25 per diluted share, for the third quarter of fiscal 2019, compared with a net loss of \$748,000, or \$0.06 per diluted share, for the third quarter of fiscal 2018. The company reported adjusted net income (non-GAAP) attributable to Culp, Inc. shareholders of \$3.3 million, or \$0.27 per diluted share, for the third quarter of fiscal 2019, compared with \$5.2 million, or \$0.42 per diluted share, for the third quarter of fiscal 2018. These adjusted results for the current period exclude the \$769,000 in restructuring and related charges and credits and non-recurring items noted above. The current and prior periods also exclude provisional adjustments associated with the Tax Cuts and Jobs Act ("TCJA") totaling to a \$593,000 income tax benefit and \$5.9 million income tax charge, respectively.

Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, "As expected, our results for the third quarter reflect the ongoing significant challenges for the bedding industry, primarily related to the high volume of low-priced imported mattresses from China. The current supply of these products has disrupted the market and affected most of our major customers and the industry, which has continued to reduce demand for our mattress fabrics and covers. We are pleased that our upholstery fabrics business had another solid performance for the third quarter, supported by a meaningful sales contribution from Read Window Products ("RWP"), acquired at the end of fiscal 2018.

"We continue to believe the domestic mattress industry will ultimately benefit from relief sought under U.S. trade laws to address the low-priced imported mattresses from China. However, delays resulting from the recent U.S. government shutdown have affected the timing of expected punitive measures against Chinese importers, with a preliminary ruling now expected in May 2019. And, although the March 1, 2019, deadline for additional tariffs has been delayed, we continue to monitor the ongoing tariff discussions and the potential impact any additional tariffs will have for our upholstery fabrics business. We remain focused on innovation and creative designs in all businesses, and we are confident in our product-driven strategy and our ability to meet the changing demands of our customers. Despite the continued headwinds facing the bedding industry, we are pleased with our positive product showings with customers and the sequential improvements we are seeing in our mattress fabrics business. We also have additional opportunities to expand our market reach through RWP in the upholstery fabrics business and with Culp Home Accessories, our finished products business offering bedding accessories and home goods direct to both consumers and to businesses.

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“Importantly, we have the financial strength to support our growth strategy, and we believe Culp is well positioned for the long term with our expanded product offering, new sales channels, and a highly competitive global manufacturing platform,” said Saxon.

### **Mattress Fabrics Segment**

Sales for this segment were \$35.7 million for the third quarter of fiscal 2019, compared with \$49.0 million for the prior year period.

“Our mattress fabric sales for the third quarter of fiscal 2019 were affected by the significant ongoing disruptions surrounding the mattress industry,” said Iv Culp, chief operating officer and president of Culp’s mattress fabrics division. “With the high volume of low-priced imported mattresses, the industry has been dealing with a significant amount of excess inventory, which affected demand for mattress fabric and sewn covers from our customers during the quarter. Additionally, our third quarter sales were affected by weather disruptions and the usual seasonal slowdown for the holidays, compounded by the weak retail and e-commerce sales environment.

“In spite of the challenges we faced, our operating performance showed sequential improvement in the third quarter. With the substantial investments in our platform, we have efficient production and distribution capabilities that provide a full complement of mattress fabrics and sewn covers, with the flexibility to adapt to evolving customer needs. We are especially pleased with the continued progress for CLASS, our mattress cover business with repetitive production capabilities in North Carolina, Haiti, and our Culp China platform. Demand trends for mattress covers have been favorable, and we continue to develop new products with both new and existing customers and reach growing market segments, especially the popular boxed bedding space. We remain energized and optimistic about the future growth opportunities for CLASS as we maximize our full potential from fabric design and production to finished cover.

“Culp also had a very favorable showing at the recent Las Vegas market, and we are excited about the positive response from customers. We are well positioned to meet changing demand trends, and we are focused on the opportunities ahead to expand our market reach with complementary products and new sales channels, especially as the mattress industry begins to stabilize.

“Looking ahead, we believe the anti-dumping measures against Chinese importers will ultimately benefit our customers and our business. Import activity appears to be slowing, and some customers are beginning to alter supply chains away from China, although there remains a large excess of inventory of late 2018 imports that will likely take at least through the fourth quarter to sell off. Nevertheless, we are already noticing some positive developments and improvement in sequential demand trends as our design strengths, coupled with our efficient manufacturing platform, are providing steady market share gains and improved operating results,” said Culp.

### **Upholstery Fabrics Segment**

Sales for this segment were \$37.1 million for the third quarter, compared with sales of \$36.3 million in the third quarter of fiscal 2018.

“Our upholstery fabrics business delivered a solid performance for the third quarter, in line with our expectations,” noted Boyd Chumbley, president of Culp’s upholstery fabrics division. “We are especially pleased with our sales improvement over last year’s third quarter, which was a strong sales quarter. We achieved these results in spite of the loss of a sales contribution from our Anderson, South Carolina, facility, which was closed in our second quarter, and the timing of the Chinese New Year holiday. Our sales were supported by a meaningful contribution from RWP, and we are excited about the potential growth opportunities as we expand our product portfolio for the hospitality market. We continued to drive sales with our wide array of innovative products, creative designs, and our ability to expand our customer base in both the residential and hospitality markets.

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“Culp enjoyed strong acceptance for our recent fabric showings with customers in December. Our ‘performance’ line of highly durable, stain-resistant fabrics continues to be very popular with both existing and new customers. Our product-driven strategy and ability to reach more customers and new end-user markets have served us well in today’s global marketplace.

“Our operating income for the third quarter of fiscal 2019 was also in line with expectations. We were able to benefit from a more favorable currency exchange rate in China compared with the same period last year. With the closure of our Anderson, South Carolina, operation, we incurred an additional \$340,000 in net restructuring and related charges. Notably, we sold our building and property during the third quarter, in addition to the previously announced sale of all related equipment in Anderson.

“Looking ahead, the potential for additional tariffs in 2019 and associated geopolitical risks remains uncertain. We continue to monitor the situation and the related impact on Culp’s business, and if additional tariffs are implemented, we will determine an appropriate response. Despite these uncertainties, we are confident in our ability to deliver another solid performance in fiscal 2019,” added Chumbley.

### **Culp Home Accessories Segment**

The company is now reporting financial and operating results for a new business segment, known as Culp Home Accessories, which includes the operations of eLuxury, Culp’s e-commerce and finished products business offering bedding accessories and home goods. Sales for this segment were \$4.4 million for the third quarter of fiscal 2019.

“Since investing in eLuxury, we have worked hard to establish Culp Home Accessories and create a combined platform that supports both business-to-consumer and business-to-business sales of finished products,” added Culp. “We have continued to develop and create innovative bedding and other home accessory items through our global manufacturing platform and in coordination with all of Culp’s other divisions. While we are still working through the typical product roll-out, sampling and marketing issues, which pressured our operating results for the quarter, we now have an exciting array of new products in inventory, which we look forward to introducing to the marketplace. We are excited about this important new sales channel for Culp.”

### **Balance Sheet**

“We have continued to maintain a strong financial position throughout fiscal 2019, despite the ongoing challenges we’ve faced in the mattress fabrics business,” added Ken Bowling, senior vice president and chief financial officer of Culp, Inc. “We reported \$40.0 million in total cash and investments and no debt as of January 27, 2019. During the first nine months of this fiscal year, we have spent \$4.4 million on capital expenditures, including vendor financed payments, funded \$12.1 million for acquisition-related expenses and returned \$6.8 million to shareholders in regular dividends and share repurchases.”

### **Dividends and Share Repurchases**

The company also announced that the board of directors has approved the payment of a quarterly cash dividend of \$0.10 per share. This compares with \$0.09 per share paid for the same period last year, reflecting an increase of 11.0 percent. This payment will be made on April 15, 2019, to shareholders of record as of April 1, 2019. Future dividend payments are subject to board approval and may be adjusted at the board’s discretion as business needs or market conditions change.

The company repurchased approximately 124,000 shares during the third quarter of fiscal 2019, with a total of approximately 160,000 shares repurchased during the first nine months of fiscal 2019, leaving \$1.7 million available under the share repurchase program.

Since June 2011, the company has returned approximately \$64 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

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## Financial Outlook

Commenting on the outlook for the fourth quarter of fiscal 2019, Bowling remarked, “We expect overall sales to be slightly down compared with the fourth quarter of last year.

“We expect sales, operating income and margins in our mattress fabrics segment to show sequential improvement over the third quarter, but to be moderately down compared with the fourth quarter of fiscal 2018 due to the continuing headwinds associated with Chinese imported mattresses.

“In our upholstery fabrics segment, we expect sales to be slightly up compared with the fourth quarter last year. Operating income and margins are also expected to be slightly up compared with the same period a year ago. However, our projections are contingent upon any potential additional tariffs that could be imposed in the future and could therefore affect our operating costs.

“In our Culp Home Accessories segment, we expect sales to be slightly up compared with the third quarter of fiscal 2019. We expect an operating loss for the fourth quarter, with sequential improvement compared with the third quarter of fiscal 2019.

“Considering these factors, the company expects to report pre-tax income for the fourth fiscal quarter of 2019 in the range of \$4.2 million to \$4.9 million. Pre-tax income for last year’s fourth quarter was \$6.5 million.

“Based on our current projection, capital expenditures for fiscal 2019 are now expected to be in the \$6.0 million to \$6.5 million range, as we have moved to a more maintenance level of capital expenditures. Additionally, free cash flow for fiscal 2019 is expected to be comparable to last year’s results, even with the significant headwinds we are facing in our mattress fabrics segment,” added Bowling.

## About the Company

Culp, Inc. is one of the world's largest marketers of mattress fabrics for bedding and upholstery fabrics for residential and commercial furniture. The company markets a variety of fabrics to its global customer base of leading bedding and furniture companies, including fabrics produced at Culp’s manufacturing facilities and fabrics sourced through other suppliers. Culp has operations located in the United States, Canada, China and Haiti.

*This release 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.*

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*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. 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.*

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**CULP, INC.**  
**Condensed Financial Highlights**  
(Unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>January 27, 2019</b>	<b>January 28, 2018</b>	<b>January 27, 2019</b>	<b>January 28, 2018</b>
Net sales	\$ 77,226,000	\$ 85,310,000	\$ 225,705,000	\$ 245,541,000
Income before income taxes	\$ 4,262,000	\$ 7,516,000	\$ 10,485,000	\$ 20,416,000
Net income (loss) attributable to Culp, Inc.	\$ 3,154,000	\$ (748,000)	\$ 7,044,000	\$ 8,211,000
Net income (loss) attributable to Culp, Inc. per share:				
Basic	\$ 0.25	\$ (0.06)	\$ 0.56	\$ 0.66
Diluted	\$ 0.25	\$ (0.06)	\$ 0.56	\$ 0.65
Average shares outstanding:				
Basic	12,438,000	12,436,000	12,488,000	12,425,000
Diluted	12,465,000	12,436,000	12,593,000	12,626,000

**CULP, INC.**  
**Summary of Cash and Investments**  
**January 27, 2019, January 28, 2018, and April 29, 2018**  
(Unaudited)  
*(Amounts in Thousands)*

	<b>Amounts</b>		
	<b>January 27, 2019</b>	<b>January 28, 2018</b>	<b>April 29, 2018*</b>
Cash and cash equivalents	\$ 26,418	\$ 22,428	\$ 21,228
Short-term investments - Available for Sale	-	2,472	2,451
Short-term investments - Held-To-Maturity	13,544	17,206	25,759
Long-term investments - Held-To-Maturity	-	13,625	5,035
Total cash and investments	<u>\$ 39,962</u>	<u>\$ 55,731</u>	<u>\$ 54,473</u>

\*Derived from audited financial statements.

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**CULP, INC.**  
**Reconciliation of Selected Income Statement Information to Adjusted Results**  
**For Three Months Ended January 27, 2019**  
**(Unaudited)**

<i>(Amounts in Thousands)</i>	<b>As Reported January 27, 2019</b>	<b>Adjustments</b>	<b>January 27, 2019 Adjusted Results</b>
Gross Profit <sup>(1)</sup>	\$ 14,123	\$ 514	\$ 14,637
Selling, general, and administrative expenses <sup>(3)</sup>	10,038	(469)	9,569
Restructuring credit <sup>(2)</sup>	(214)	214	-
Income from operations	<u>4,299</u>	<u>769</u>	<u>5,068</u>
Income before income taxes	4,262	769	5,031
Income taxes <sup>(4)</sup>	1,225	593	1,818
Net income	3,060	176	3,236
Net loss attributable to non-controlling interest	94	-	94
Net income attributable to Culp Inc. common shareholders	<u>\$ 3,154</u>	<u>\$ 176</u>	<u>\$ 3,330</u>
Net income attributable to Culp Inc. common shareholders per share- diluted	<u>\$ 0.25</u>	<u>\$ 0.01</u>	<u>\$ 0.27</u>

- (1) The \$514 represents restructuring related charges for other operating costs associated with our closed Anderson, SC upholstery fabrics plant facility.
- (2) The \$214 restructuring credit represents a \$362 gain on the sale of a building and land associated with our closed Anderson, SC upholstery fabrics plant facility, partially offset by a charge of \$148 for employee termination benefits.
- (3) The \$469 represents a non-recurring charge 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.
- (4) The \$593 income tax benefit represents provisional adjustments associated with the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017.

**CULP, INC.**  
**Reconciliation of Selected Income Statement Information to Adjusted Results**  
**For Three Months Ended January 28, 2018**  
**(Unaudited)**

<i>(Amounts in Thousands)</i>	<b>As Reported January 28, 2018</b>	<b>Adjustments</b>	<b>January 28, 2018 Adjusted Results</b>
Gross Profit	\$ 17,603	\$ -	\$ 17,603
Selling, general, and administrative expenses	9,959	-	9,959
Income from operations	<u>7,644</u>	<u>-</u>	<u>7,644</u>
Income before income taxes	7,516	-	7,516
Income taxes <sup>(1)</sup>	8,208	(5,939)	2,269
Net (loss) income	<u>\$ (748)</u>	<u>\$ 5,939</u>	<u>\$ 5,191</u>
Net (loss) income per share - diluted	<u>\$ (0.06)</u>	<u>\$ 0.48</u>	<u>\$ 0.42</u>

- (1) The \$5.9 million income tax charge represents provisional adjustments associated with the TCJA enacted on December 22, 2017.

- MORE -

**CULP, INC.**  
**Reconciliation of Selected Income Statement Information to Adjusted Results**  
**For Nine Months Ended January 27, 2019**  
**(Unaudited)**

<i>(Amounts in Thousands)</i>	<b>As Reported January 27, 2019</b>	<b>Adjustments</b>	<b>January 27, 2019 Adjusted Results</b>
Gross Profit <sup>(1)</sup>	\$ 38,008	\$ 2,508	\$ 40,516
Selling, general, and administrative expenses <sup>(3)</sup>	28,174	(558)	27,616
Restructuring credit <sup>(2)</sup>	(825)	825	-
Income from operations	<u>10,659</u>	<u>2,241</u>	<u>12,900</u>
Income before income taxes	\$ 10,485	\$ 2,241	\$ 12,726
Income taxes <sup>(4)</sup>	3,407	593	4,000
Net income	6,969	1,648	8,617
Net loss attributable to non-controlling interest	75	-	75
Net income attributable to Culp Inc. common shareholders	<u>\$ 7,044</u>	<u>\$ 1,648</u>	<u>\$ 8,692</u>
Net income attributable to Culp Inc. common shareholders per share - diluted	<u>\$ 0.56</u>	<u>\$ 0.13</u>	<u>\$ 0.69</u>

- (1) The \$2.5 million represents a restructuring related charge of \$1.6 million for inventory markdowns and \$784 for other operating costs associated with our closed Anderson, SC upholstery fabrics 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) The \$593 income tax benefit represents provisional adjustments associated with the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017.

**CULP, INC.**  
**Reconciliation of Selected Income Statement Information to Adjusted Results**  
**For Nine Months Ended January 28, 2018**  
**(Unaudited)**

<i>(Amounts in Thousands)</i>	<b>As Reported January 28, 2018</b>	<b>Adjustments</b>	<b>January 28, 2018 Adjusted Results</b>
Gross Profit	\$ 49,873	\$ -	\$ 49,873
Selling, general, and administrative expenses	28,876	-	28,876
Income from operations	<u>20,997</u>	<u>-</u>	<u>20,997</u>
Income before income taxes	20,416	-	20,416
Income taxes <sup>(1)</sup>	11,956	(5,939)	6,017
Net Income	<u>\$ 8,211</u>	<u>\$ 5,939</u>	<u>\$ 14,150</u>
Net income per share – diluted	<u>\$ 0.65</u>	<u>\$ 0.47</u>	<u>\$ 1.12</u>

- (1) The \$5.9 million income tax charge represents provisional adjustments associated with the TCJA enacted on December 22, 2017.

- END -



**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)**  
**FOR THREE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**  
**(Amounts in Thousands, Except for Per Share Data)**

	<b>THREE MONTHS ENDED</b>					
	(5)	Amounts	(5)	Percent of Sales		
	<b>January 27, 2019</b>		January 28, 2018	% Over (Under)	<b>January 27, 2019</b>	January 28, 2018
Net sales	\$ 77,226		85,310	(9.5)%	<b>100.0</b> %	100.0 %
Cost of sales	(1) 63,103		67,707	(6.8)%	<b>81.7</b> %	79.4 %
Gross profit	<u>14,123</u>		<u>17,603</u>	(19.8)%	<b>18.3</b> %	20.6 %
Selling, general and administrative expenses	(3) 10,038		9,959	0.8 %	<b>13.0</b> %	11.7 %
Restructuring credit	(2) (214)		-	100.0 %	<b>(0.3)</b> %	0.0 %
Income from operations	<u>4,299</u>		<u>7,644</u>	(43.8)%	<b>5.6</b> %	9.0 %
Interest expense	-		31	(100.0)%	<b>0.0</b> %	0.0 %
Interest income	(251)		(132)	90.2 %	<b>(0.3)</b> %	(0.2)%
Other expense	<u>288</u>		<u>229</u>	25.8 %	<b>0.4</b> %	0.3 %
Income before income taxes	<u>4,262</u>		<u>7,516</u>	(43.3)%	<b>5.5</b> %	8.8 %
Income taxes*	(4) 1,225	(4)	8,208	(85.1)%	<b>28.7</b> %	109.2 %
(Income) loss from investment in unconsolidated joint venture	<u>(23)</u>		<u>56</u>	(141.1)%	<b>(0.0)</b> %	0.1 %
Net income (loss)	<u>3,060</u>		<u>(748)</u>	(509.1)%	<b>4.0</b> %	(0.9)%
Plus: Net loss attributable to non-controlling interest	<u>94</u>		<u>-</u>	100.0 %	<b>0.1</b> %	0.0 %
Net income (loss) attributable to Culp Inc. common shareholders	<u>\$ 3,154</u>		<u>(748)</u>	(521.7)%	<b>4.1</b> %	(0.9)%
Net income (loss) attributable to Culp Inc. common shareholders per share - basic	\$ 0.25		\$ (0.06)	(516.7)%		
Net income (loss) attributable to Culp Inc. common shareholders per share - diluted	\$ 0.25		\$ (0.06)	(516.7)%		
Average shares outstanding-basic	<u>12,438</u>		<u>12,436</u>	0.0 %		
Average shares outstanding-diluted	<u>12,465</u>		<u>12,436</u>	0.2 %		

\* Percent of sales column for income taxes is calculated as a % of income before income taxes.

#### Notes

- (1) Cost of sales for the three-month period ending January 27, 2019, includes a \$514 restructuring related charge for operating costs associated with our closed upholstery fabrics plant facility located in Anderson, SC.
- (2) The \$214 restructuring credit represents a \$362 gain on the sale of the building and land associated with our closed Anderson, SC upholstery fabrics plant facility, partially offset by a \$148 charge for employee termination benefits.
- (3) Selling, general, and administrative expenses for the three-month period ending January 27, 2019, includes a \$469 non-recurring charge 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.
- (4) Income taxes for the three-month periods ending January 27, 2019 and January 28, 2018, include provisional adjustments related to the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017. We recorded an income tax benefit of \$593 and an income tax charge of \$5.9 million for the three month periods ending January 27, 2019 and January 28, 2018, respectively.
- (5) See page 8 for our reconciliation of selected income statement information to adjusted results for the three-month periods ending January 27, 2019 and January 28, 2018, that exclude the adjustments noted above.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED STATEMENTS OF NET INCOME**  
**FOR NINE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**  
**(Amounts in Thousands, Except for Per Share Data)**

	NINE MONTHS ENDED					
	(6)	Amounts	(6)	Percent of Sales		
	January 27, 2019		January 28, 2018	% Over (Under)	January 27, 2019	January 28, 2018
Net sales	\$ 225,705		245,541	(8.1)%	100.0 %	100.0 %
Cost of sales	(1)(3) 187,697		195,668	(4.1)%	83.2 %	79.7 %
Gross profit	38,008		49,873	(23.8)%	16.8 %	20.3 %
Selling, general and administrative expenses	(3)(4) 28,174		28,876	(2.4)%	12.5 %	11.8 %
Restructuring credit	(2) (825)		-	100.0%	(0.4)%	0.0 %
Income from operations	10,659		20,997	(49.2)%	4.7%	8.6 %
Interest expense	38		69	(44.9)%	0.0 %	0.0 %
Interest income	(552)		(391)	41.2 %	(0.2)%	(0.2)%
Other expense	688		903	(23.8)%	0.3 %	0.4 %
Income before income taxes	10,485		20,416	(48.6)%	4.6 %	8.3 %
Income taxes*	(5) 3,407	(5)	11,956	(71.5)%	32.5 %	58.6 %
Loss from investment in unconsolidated joint venture	109		249	(56.2)%	0.0 %	0.1 %
Net income	6,969		8,211	(15.1)%	3.1 %	3.3 %
Plus: Net loss attributable to non-controlling interest	75		-	(100.0)%	0.0 %	0.0 %
Net income attributable to Culp Inc. common shareholders	\$ 7,044		8,211	(14.2)%	3.1 %	3.3 %
Net income attributable to Culp Inc. common shareholders per share - basic	\$ 0.56		\$ 0.66	(15.2)%		
Net income attributable to Culp Inc. common shareholders per share - diluted	\$ 0.56		\$ 0.65	(13.8)%		
Average shares outstanding-basic	12,488		12,425	0.5 %		
Average shares outstanding-diluted	12,593		12,626	(0.3)%		

\* Percent of sales column for income taxes is calculated as a % of income before income taxes.

Notes

- (1) Cost of sales for the nine-month period ending January 27, 2019, includes restructuring related charges totaling \$2.3 million, of which \$1.6 million pertains to inventory markdowns and \$784 pertains to operating costs associated with our closed upholstery fabrics plant facility located in Anderson, SC.
- (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) During the nine-month period ending January 27, 2019, our mattress fabrics segment incurred non-recurring charges totaling \$248 that pertained to employee termination benefits and other operational reorganization costs. Of the \$248 total non-recurring charge, \$159 and \$89 were recorded in cost of sales and selling, general, and administrative expenses, respectively.
- (4) Selling, general, and administrative expenses for the nine-month period ending January 27, 2019, includes a \$469 non-recurring charge 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.
- (5) Income taxes for the nine-month periods ending January 27, 2019 and January 28, 2018, include provisional adjustments related to the TCJA enacted on December 22, 2017. We recorded an income tax benefit of \$593 and an income tax charge of \$5.9 million for the nine month periods ending January 27, 2019 and January 28, 2018, respectively.
- (6) See page 9 for our reconciliation of selected income statement information to adjusted results for the nine-month periods ending January 27, 2019 and January 28, 2018, that exclude the adjustments noted above.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED BALANCE SHEETS**  
**JANUARY 27, 2019, JANUARY 28, 2018 AND APRIL 29, 2018**  
**Unaudited**  
**(Amounts in Thousands)**

	<b>Amounts</b>		Increase		* April 29, 2018
	(Condensed)		(Decrease)		
	January 27, 2019	January 28, 2018	Dollars	Percent	
<b>Current assets</b>					
Cash and cash equivalents	\$ 26,418	22,428	3,990	17.8 %	21,228
Short-term investments - Available for Sale	-	2,472	(2,472)	(100.0)%	2,451
Short-term investments - Held-To-Maturity	13,544	17,206	(3,662)	(21.3)%	25,759
Accounts receivable	26,142	26,097	45	0.2 %	26,307
Inventories	55,415	55,651	(236)	(0.4)%	53,454
Other current assets	2,954	3,114	(160)	(5.1)%	2,870
Total current assets	<u>124,473</u>	<u>126,968</u>	<u>(2,495)</u>	<u>(2.0)%</u>	<u>132,069</u>
Property, plant & equipment, net	50,129	51,838	(1,709)	(3.3)%	51,794
Goodwill	27,222	11,462	15,760	137.5%	13,569
Intangible assets	10,542	1,397	9,145	654.6%	4,275
Deferred income taxes	3,224	1,942	1,282	66.0%	1,458
Long-term Investments - Held-To-Maturity	-	13,625	(13,625)	(100.0)%	5,035
Long-term Investments - Rabbi Trust	6,834	7,176	(342)	(4.8)%	7,326
Investment in unconsolidated joint venture	1,512	1,518	(6)	(0.4)%	1,501
Other assets	972	918	54	5.9%	957
Total assets	<u>\$ 224,908</u>	<u>216,844</u>	<u>8,064</u>	<u>3.7%</u>	<u>217,984</u>
<b>Current liabilities</b>					
Accounts payable - trade	\$ 28,401	32,434	(4,033)	(12.4)%	27,237
Accounts payable - capital expenditures	91	1,554	(1,463)	(94.1)%	1,776
Deferred revenue	492	-	492	100.0%	809
Accrued expenses	9,740	8,842	898	10.2%	9,325
Accrued restructuring costs	228	-	228	100.0%	-
Income taxes payable - current	642	1,580	(938)	(59.4)%	1,437
Total current liabilities	<u>39,594</u>	<u>44,410</u>	<u>(4,816)</u>	<u>(10.8)%</u>	<u>40,584</u>
Accrued expenses - long-term	-	-	-	0.0%	763
Contingent consideration - Earn-Out Obligation	5,781	-	5,781	100.0%	-
Income taxes payable - long-term	3,294	10,940	(7,646)	(69.9)%	3,758
Deferred income taxes	2,225	2,096	129	6.2%	2,150
Deferred compensation	6,782	7,216	(434)	(6.0)%	7,353
Total liabilities	<u>57,676</u>	<u>64,662</u>	<u>(6,986)</u>	<u>(10.8)%</u>	<u>54,608</u>
<b>Shareholders' equity</b>					
Shareholders' equity attributable to Culp Inc.	162,775	152,182	10,593	7.0%	163,376
Non-controlling interest	4,457	-	4,457	100.0%	-
Total liabilities and shareholders' equity	<u>\$ 224,908</u>	<u>216,844</u>	<u>8,064</u>	<u>3.7%</u>	<u>217,984</u>
Shares outstanding	<u>12,368</u>	<u>12,450</u>	<u>(82)</u>	<u>(0.7)%</u>	<u>12,450</u>

\* Derived from audited financial statements.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**SUMMARY OF CASH AND INVESTMENTS**  
**JANUARY 27, 2019, JANUARY 28, 2018, AND APRIL 29, 2018**  
**Unaudited**  
**(Amounts in Thousands)**

	Amounts		
	January 27, 2019	January 28, 2018	April 29, 2018*
Cash and cash equivalents	\$ 26,418	\$ 22,428	\$ 21,228
Short-term investments - Available for Sale	-	2,472	2,451
Short-term investments - Held-To-Maturity	13,544	17,206	25,759
Long-term investments - Held-To-Maturity	-	13,625	5,035
Total Cash and Investments	<b>\$ 39,962</b>	<b>\$ 55,731</b>	<b>\$ 54,473</b>

\* Derived from audited financial statements.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**Unaudited**  
**(Amounts in Thousands)**

	<b>NINE MONTHS ENDED</b>	
	Amounts	
	<b>January 27, 2019</b>	<b>January 28, 2018</b>
Cash flows from operating activities:		
Net income	\$ 6,969	8,211
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,087	5,679
Amortization	592	248
Stock-based compensation	373	2,422
Deferred income taxes	(1,691)	(3,020)
Realized loss on sale of short-term investments (Available for Sale)	94	-
Gain on sale of property, plant, and equipment	(1,456)	-
Loss from investment in unconsolidated joint venture	109	249
Foreign currency exchange loss	12	133
Changes in assets and liabilities, net of effects of acquisition of businesses:		
Accounts receivable	(38)	(923)
Inventories	(658)	(3,275)
Other current assets	(43)	(27)
Other assets	6	(37)
Accounts payable	486	1,715
Deferred revenue	(317)	-
Accrued expenses and deferred compensation	(1,513)	(1,608)
Accrued restructuring costs	228	-
Income taxes	(1,155)	11,702
Net cash provided by operating activities	<b>8,085</b>	<b>21,469</b>
Cash flows from investing activities:		
Net cash paid for acquisition of businesses	(12,096)	-
Capital expenditures	(2,954)	(6,657)
Proceeds from the sale of property, plant, and equipment	1,894	6
Investment in unconsolidated joint venture	(120)	(661)
Proceeds from the sale of short-term investments (Held to Maturity)	17,150	-
Proceeds from the sale of short-term investments (Available for Sale)	2,458	-
Purchase of short-term investments (Available for Sale)	(10)	(37)
Proceeds from the sale of long-term investments (Rabbi Trust)	1,233	57
Purchase of long-term investments (Rabbi Trust)	(795)	(1,699)
Premium payment on life insurance policy	-	(18)
Net cash provided by (used in) investing activities	<b>6,760</b>	<b>(9,009)</b>
Cash flows from financing activities:		
Proceeds from line of credit	12,000	10,000
Payments on line of credit	(12,000)	(10,000)
Payments on vendor-financed capital expenditures	(1,412)	(3,750)
Dividends paid	(3,493)	(5,722)
Common stock surrendered for withholding taxes payable	(1,303)	(1,530)
Common stock repurchased	(3,316)	-
Payments of debt issuance costs	(50)	-
Proceeds from common stock issued	-	111
Net cash used in financing activities	<b>(9,574)</b>	<b>(10,891)</b>
Effect of exchange rate changes on cash and cash equivalents	(81)	64
Increase in cash and cash equivalents	5,190	1,633
Cash and cash equivalents at beginning of period	21,228	20,795
Cash and cash equivalents at end of period	<b>\$ 26,418</b>	<b>22,428</b>
Free Cash Flow (1)	<b>\$ 5,850</b>	<b>8,811</b>

**(1) Free Cash Flow reconciliation is as follows:**

	<b>FY 2019</b>	<b>FY 2018</b>
A) Net cash provided by operating activities	\$ <b>8,085</b>	21,469
B) Minus: Capital Expenditures	<b>(2,954)</b>	(6,657)
C) Plus: Proceeds from the sale of property, plant, and equipment	<b>1,894</b>	6
D) Minus: Capital ExpendituresInvestment in unconsolidated joint venture	<b>(120)</b>	(661)
E) Minus: Capital ExpendituresPayments on vendor-financed capital expenditures	<b>(1,412)</b>	(3,750)
F) Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	<b>1,233</b>	57
G) Minus: Purchase of long-term investments (Rabbi Trust)	<b>(795)</b>	(1,699)
H) Minus: Premium payment on life insurance policy	-	(18)
I) Effects of exchange rate changes on cash and cash equivalents	<b>(81)</b>	64
	<b>\$ 5,850</b>	<b>8,811</b>

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**STATEMENTS OF OPERATIONS BY SEGMENT**  
**FOR THE THREE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(Unaudited)**  
**(Amounts in thousands)**

	<b>THREE MONTHS ENDED</b>				
	Amounts			Percent of Total Sales	
	January 27, 2019	January 28, 2018	% Over (Under)	January 27, 2019	January 28, 2018
<b>Net Sales by Segment</b>					
Mattress Fabrics	\$ 35,732	49,042	(27.1)%	46.3%	57.5%
Upholstery Fabrics	37,104	36,268	2.3%	48.0%	42.5%
Home Accessories	4,390	-	100.0%	5.7%	0.0%
Net Sales	<u>\$ 77,226</u>	<u>85,310</u>	<u>(9.5)%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Gross Profit by Segment</b>					
Mattress Fabrics	\$ 5,963	10,146	(41.2)%	16.7%	20.7%
Upholstery Fabrics	7,624	7,457	2.2%	20.5%	20.6%
Home Accessories	1,050	-	100.0%	23.9%	0.0%
Subtotal	<u>14,637</u>	<u>17,603</u>	<u>(16.8)%</u>	<u>19.0%</u>	<u>20.6%</u>
Restructuring related charges	(1) (514)	-	100.0%	(0.7)%	0.0%
Gross Profit	<u>14,123</u>	<u>17,603</u>	<u>(19.8)%</u>	<u>18.3%</u>	<u>20.6%</u>
<b>Selling, General and Administrative Expenses by Segment</b>					
Mattress Fabrics	\$ 2,755	3,309	(16.7)%	7.7%	6.7%
Upholstery Fabrics	3,825	3,947	(3.1)%	10.3%	10.9%
Home Accessories	1,361	-	100.0%	31.0%	0.0%
Unallocated Corporate expenses	1,628	2,703	(39.8)%	2.1%	3.2%
Subtotal	<u>9,569</u>	<u>9,959</u>	<u>(3.9)%</u>	<u>12.4%</u>	<u>11.7%</u>
Other non-recurring charges	(1) 429	-	100.0%	0.6%	0.0%
Restructuring related charges	(1) 40	-	100.0%	0.1%	0.0%
Selling, General and Administrative Expenses	<u>\$ 10,038</u>	<u>9,959</u>	<u>0.8%</u>	<u>13.0%</u>	<u>11.7%</u>
<b>Operating Income (loss) by Segment</b>					
Mattress Fabrics	\$ 3,208	6,837	(53.1)%	9.0%	13.9%
Upholstery Fabrics	3,799	3,510	8.2%	10.2%	9.7%
Home Accessories	(311)	-	100.0%	(7.1)%	0.0%
Unallocated corporate expenses	(1,628)	(2,703)	(39.8)%	(2.1)%	(3.2)%
Subtotal	<u>\$ 5,068</u>	<u>7,644</u>	<u>(33.7)%</u>	<u>6.6%</u>	<u>9.0%</u>
Other non-recurring charges	(1) (429)	-	100.0%	(0.6)%	0.0%
Restructuring credit and related charges	(1) (340)	-	100.0%	(0.4)%	0.0%
Operating income	<u>4,299</u>	<u>7,644</u>	<u>(43.8)%</u>	<u>5.6%</u>	<u>9.0%</u>
<b>Depreciation Expense by Segment</b>					
Mattress Fabrics	\$ 1,752	1,757	(0.3)%		
Upholstery Fabrics	182	209	(12.9)%		
Home Accessories	97	-	100.0%		
Depreciation Expense	<u>\$ 2,031</u>	<u>1,966</u>	<u>3.3%</u>		

## Notes

(1) See page 8 for detailed description of charges.





**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**STATEMENTS OF OPERATIONS BY SEGMENT**  
**FOR THE NINE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(Unaudited)**  
**(Amounts in thousands)**

	<b>NINE MONTHS ENDED</b>				
	Amounts			Percent of Total Sales	
	January 27, 2019	January 28, 2018	% Over (Under)	January 27, 2019	January 28, 2018
<b>Net Sales by Segment</b>					
Mattress Fabrics	\$ 107,335	146,072	(26.5)%	47.6%	59.5%
Upholstery Fabrics	106,611	99,469	7.2%	47.2%	40.5%
Home Accessories	11,759	-	100.0%	5.2%	0.0%
Net Sales	<u>\$ 225,705</u>	<u>245,541</u>	<u>(8.1)%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Gross Profit by Segment</b>					
			<b>Gross Profit Margin</b>		
Mattress Fabrics	\$ 17,050	29,641	(42.5)%	15.9%	20.3%
Upholstery Fabrics	20,031	20,232	(1.0)%	18.8%	20.3%
Home Accessories	3,435	-	100.0%	29.2%	0.0%
Subtotal	<u>40,516</u>	<u>49,873</u>	<u>(18.8)%</u>	<u>18.0%</u>	<u>20.3%</u>
Other non-recurring charges	(1) (159)	-	100.0%	(0.1)%	0.0%
Restructuring related charges	(1) (2,349)	-	100.0%	(1.0)%	0.0%
Gross Profit	<u>38,008</u>	<u>49,873</u>	<u>(23.8)%</u>	<u>16.8%</u>	<u>20.3%</u>
<b>Selling, General and Administrative Expenses by Segment</b>					
			<b>Percent of Sales</b>		
Mattress Fabrics	\$ 8,141	9,868	(17.5)%	7.6%	6.8%
Upholstery Fabrics	10,985	11,458	(4.1)%	10.3%	11.5%
Home Accessories	3,690	-	100.0%	3.5%	0.0%
Unallocated Corporate expenses	4,800	7,550	(36.4)%	2.1%	3.1%
Subtotal	<u>27,616</u>	<u>28,876</u>	<u>(4.4)%</u>	<u>12.2%</u>	<u>11.8%</u>
Other non-recurring charges	(1) 518	-	100.0%	0.2%	0.0%
Restructuring related charges	(1) 40	-	100.0%	0.0%	0.0%
Selling, General and Administrative Expenses	<u>\$ 28,174</u>	<u>28,876</u>	<u>(2.4)%</u>	<u>12.5%</u>	<u>11.8%</u>
<b>Operating Income (loss) by Segment</b>					
			<b>Operating Income (Loss) Margin</b>		
Mattress Fabrics	\$ 8,910	19,774	(54.9)%	8.3%	13.5%
Upholstery Fabrics	9,044	8,773	3.1%	8.5%	8.8%
Home Accessories	(254)	-	100.0%	(2.2)%	0.0%
Unallocated corporate expenses	(4,800)	(7,550)	(36.4)%	(2.1)%	(3.1)%
Subtotal	<u>\$ 12,900</u>	<u>20,997</u>	<u>(38.6)%</u>	<u>5.7%</u>	<u>8.6%</u>
Other non-recurring charges	(1) (678)	-	(100.0)%	(0.3)%	0.0%
Restructuring credit and related charges	(1) (1,563)	-	(100.0)%	(0.7)%	0.0%
Operating income	<u>10,659</u>	<u>20,997</u>	<u>(49.2)%</u>	<u>4.7%</u>	<u>8.6%</u>
<b>Return on Capital (2)</b>					
Mattress Fabrics	19.4%	36.7%			
Upholstery Fabrics	56.3%	61.1%			
Home Accessories	N.M.	N/A			
Unallocated Corporate	N/A	N/A			
Consolidated	<u>15.7%</u>	<u>26.9%</u>			
<b>Capital Employed (2) (3)</b>					
Mattress Fabrics	\$ 75,103	75,409	(0.4)%		
Upholstery Fabrics	20,614	20,677	(0.3)%		

Home Accessories	3,439	-	N.M.
Unallocated Corporate	30,999	13,079	137.0%
Consolidated	<u>\$ 130,155</u>	<u>109,165</u>	<u>19.2%</u>

Depreciation Expense by Segment

Mattress Fabrics	\$ 5,265	5,068	3.9%
Upholstery Fabrics	595	611	(2.6)%
Home Accessories	227	-	100.0%
Depreciation Expense	<u>\$ 6,087</u>	<u>5,679</u>	<u>7.2%</u>

Notes

- (1) See page 9 for detailed description of charges.
- (2) See pages 11 and 12 of this financial information release for calculations.
- (3) The capital employed balances are as of January 27, 2019 and January 28, 2018.

**CULP, INC**  
**RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS**  
**FOR THE THREE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**

	<b>THREE MONTHS ENDED</b>							
	<b>As Reported January 27, 2019</b>	Adjustments	<b>Adjusted January 27, 2019</b>	<b>As Reported January 28, 2018</b>	Adjustments	<b>Adjusted January 28, 2018</b>		
Gross profit	14,123	(1)	514	14,637	17,603	-	17,603	
Selling, general and administrative expenses	10,038	(3)	(469)	9,569	9,959	-	9,959	
Restructuring credit	(214)	(2)	214	-	-	-	-	
Income from operations	<b>4,299</b>		769	5,068	<b>7,644</b>	-	7,644	
Income before income taxes	<b>4,262</b>		769	5,031	<b>7,516</b>	-	7,516	
Income Taxes	1,225	(4)	593	1,818	8,208	(4)	(5,939)	2,269
Net income (loss)	<b>3,060</b>		176	3,236	<b>(748)</b>	5,939	5,191	
Plus: Net loss attributable to non-controlling interest	<b>94</b>		-	94	-	-	-	
Net income (loss) attributable to Culp Inc. common shareholders	<b>\$ 3,154</b>		176	3,330	<b>(748)</b>	5,939	5,191	
Net income (loss) attributable to Culp Inc. common shareholders per share - basic	\$ 0.25	\$	0.01	\$ 0.27	\$ (0.06)	\$ 0.48	\$ 0.42	
Net income (loss) attributable to Culp Inc. common shareholders per share - diluted	\$ 0.25	\$	0.01	\$ 0.27	\$ (0.06)	\$ 0.48	\$ 0.42	
Average shares outstanding-basic	12,438		12,438	12,438	12,436	12,436	12,436	
Average shares outstanding-diluted	12,465		12,465	12,465	12,436	12,436	12,436	

**Notes**

- (1) The \$514 represents restructuring related charges for other operating costs associated with our closed Anderson, SC upholstery fabrics plant facility.
- (2) The \$214 restructuring credit represents a \$362 gain on the sale of the building and land associated with our closed Anderson, SC upholstery fabrics plant facility, partially offset by a charge of \$148 for employee termination benefits.
- (3) The \$469 represents a non-recurring charge 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.
- (4) Amounts represent provisional adjustments associated with the TCJA enacted on December 22, 2017.

**CULP, INC.**  
**RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS**  
**FOR THE NINE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**

	NINE MONTHS ENDED							
	As Reported January 27, 2019	Adjustments	Adjusted January 27, 2019	As Reported January 28, 2018	Adjustments	Adjusted January 28, 2018		
Gross profit	38,008	(1)	2,508	40,516	49,873	-	49,873	
Selling, general and administrative expenses	28,174	(3)	(558)	27,616	28,876	-	28,876	
Restructuring credit	(825)	(2)	825	-	-	-	-	
Income from operations	<b>10,659</b>		2,241	12,900	<b>20,997</b>	-	20,997	
Income before income taxes	<b>10,485</b>		2,241	12,726	<b>20,416</b>	-	20,416	
Income Taxes	3,407	(4)	593	4,000	11,956	(4)	(5,939)	6,017
Loss from investment in unconsolidated joint venture	109		-	109	249	-	249	
Net income	<b>6,969</b>		1,648	8,617	<b>8,211</b>	5,939	<b>14,150</b>	
Plus: Net loss attributable to non-controlling interest	75		-	75	-	-	-	
Net income attributable to Culp Inc. common shareholders	<b>\$ 7,044</b>		1,648	8,692	<b>8,211</b>	5,939	<b>14,150</b>	
Net income attributable to Culp Inc. common shareholders per share - basic	<b>\$ 0.56</b>		\$ 0.13	\$ 0.70	<b>\$ 0.66</b>	\$ 0.48	\$ 1.14	
Net income attributable to Culp Inc. common shareholders per share - diluted	<b>\$ 0.56</b>		\$ 0.13	\$ 0.69	<b>\$ 0.65</b>	\$ 0.47	\$ 1.12	
Average shares outstanding-basic	<b>12,488</b>		12,488	12,488	<b>12,425</b>	12,425	12,425	
Average shares outstanding-diluted	<b>12,593</b>		12,593	12,593	<b>12,626</b>	12,626	12,626	

**Notes**

- (1) The \$2.5 million represents a restructuring related charge of \$1.6 million for inventory markdowns and \$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) Amounts represent provisional adjustments associated with the TCJA enacted on December 22, 2017.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA**  
**FOR THE TWELVE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**  
**(AMOUNTS IN THOUSANDS)**

	Quarter Ended				Trailing 12 Months 1/27/2019
	4/29/2018	7/29/2018	10/28/2018	1/27/2019	
Net income	\$ 12,666	\$ 965	\$ 2,944	\$ 3,060	\$ 19,635
Income taxes	(6,217)	906	1,276	1,225	(2,810)
Interest income, net	(117)	(128)	(134)	(251)	(630)
Other non-recurring charges	-	-	249	429	678
Restructuring expense (credit) and related charges	-	2,014	(791)	340	1,563
Depreciation and amortization expense	2,096	2,160	2,287	2,232	8,775
Stock based compensation	(210)	(501)	395	479	163
Adjusted EBITDA	<u>\$ 8,218</u>	<u>\$ 5,416</u>	<u>\$ 6,226</u>	<u>\$ 7,514</u>	<u>\$ 27,374</u>
% Net sales	<u>10.5%</u>	<u>7.6%</u>	<u>8.1%</u>	<u>9.7%</u>	<u>9.0%</u>

	Quarter Ended				Trailing 12 Months 1/28/2018
	4/30/2017	7/30/2017	10/29/2017	1/28/2018	
Net income (loss)	\$ 6,198	\$ 4,984	\$ 3,976	\$ (748)	\$ 14,410
Income taxes	778	1,640	2,108	8,208	12,734
Interest income, net	(134)	(131)	(91)	(101)	(457)
Other non-recurring charges	-	-	-	-	-
Restructuring expense (credit) and related charges	-	-	-	-	-
Depreciation and amortization expense	1,863	1,889	1,990	2,048	7,790
Stock based compensation	739	757	801	864	3,161
Adjusted EBITDA	<u>\$ 9,444</u>	<u>\$ 9,139</u>	<u>\$ 8,784</u>	<u>\$ 10,271</u>	<u>\$ 37,638</u>
% Net sales	<u>12.2%</u>	<u>11.5%</u>	<u>10.9%</u>	<u>12.0%</u>	<u>11.7%</u>
% Over (Under)	<u>-13.0%</u>	<u>-40.7%</u>	<u>-29.1%</u>	<u>-26.8%</u>	<u>-27.3%</u>

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**RETURN ON CAPITAL EMPLOYED BY SEGMENT**  
**FOR THE TWELVE MONTHS ENDED JANUARY 27, 2019**  
(Amounts in Thousands)  
(Unaudited)

	<b>Operating</b>			
	<b>Income</b>			
	<b>Twelve Months Ended</b>	<b>Average Capital Employed</b>	<b>Return on Avg. Capital Employed</b>	
<b>January 27, 2019 (1)</b>	<b>(3)</b>	<b>(2)</b>		
Mattress Fabrics Upholstery Fabrics Home Accessories (less: Unallocated Corporate)	\$ 14,993	\$ 77,132	19.4%	
	11,229	19,945	56.3%	
	(254)	1,887	N.M.	
	(6,605)	24,653	N/A	
<b>Total</b>	<b>\$ 19,363</b>	<b>\$ 123,617</b>	<b>15.7%</b>	

	<b>As of the three Months Ended January 27, 2019</b>					<b>As of the three Months Ended October 28, 2018</b>					<b>As of the three Months Ended July 29, 2018</b>				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 86,707	43,097	5,607	89,497	224,908	\$ 86,494	37,442	5,203	93,072	222,211	\$ 93,601	37,386	4,463	90,922	226,372
Total liabilities (5)	(11,604)	(22,483)	(2,168)	(21,421)	(57,676)	(9,790)	(19,646)	(1,960)	(23,346)	(54,742)	(12,883)	(17,880)	(1,710)	(27,869)	(60,342)
<b>Subtotal</b>	<b>\$ 75,103</b>	<b>\$ 20,614</b>	<b>\$ 3,439</b>	<b>\$ 68,076</b>	<b>\$ 167,232</b>	<b>\$ 76,704</b>	<b>\$ 17,796</b>	<b>\$ 3,243</b>	<b>\$ 69,726</b>	<b>\$ 167,469</b>	<b>\$ 80,718</b>	<b>\$ 19,506</b>	<b>\$ 2,753</b>	<b>\$ 63,053</b>	<b>\$ 166,030</b>
Less:															
Cash and cash equivalents	-	-	-	(26,418)	(26,418)	-	-	-	(14,768)	(14,768)	-	-	-	(8,593)	(8,593)
Short-term investments - Available-For-Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term investments - Held-To-Maturity	-	-	-	(13,544)	(13,544)	-	-	-	(26,719)	(26,719)	-	-	-	(30,756)	(30,756)
Long-term investments - Held-To-Maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term investments - Rabbi Trust	-	-	-	(6,834)	(6,834)	-	-	-	(7,851)	(7,851)	-	-	-	(7,671)	(7,671)
Deferred income taxes - non-current	-	-	-	(3,224)	(3,224)	-	-	-	(3,614)	(3,614)	-	-	-	(3,721)	(3,721)
Deferred compensation - current	-	-	-	-	-	-	-	-	714	714	-	-	-	-	-
Income taxes payable - current	-	-	-	642	642	-	-	-	2,044	2,044	-	-	-	1,244	1,244
Income taxes payable - long-term	-	-	-	3,294	3,294	-	-	-	3,233	3,233	-	-	-	3,733	3,733
Deferred income taxes - non-current	-	-	-	2,225	2,225	-	-	-	2,225	2,225	-	-	-	2,150	2,150
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	
Deferred compensation - non-current	-	-	-	6,782	6,782	-	-	-	7,120	7,120	-	-	-	7,679	7,679
<b>Total Capital Employed</b>	<b>\$ 75,103</b>	<b>\$ 20,614</b>	<b>\$ 3,439</b>	<b>\$ 30,999</b>	<b>\$ 130,155</b>	<b>\$ 76,704</b>	<b>\$ 17,796</b>	<b>\$ 3,243</b>	<b>\$ 32,110</b>	<b>\$ 129,853</b>	<b>\$ 80,718</b>	<b>\$ 19,506</b>	<b>\$ 2,753</b>	<b>\$ 31,118</b>	<b>\$ 134,095</b>

	<b>As of the three Months Ended April 29, 2018</b>					<b>As of the three Months Ended January 28, 2018</b>				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 95,061	39,812	-	83,111	217,984	\$ 93,827	43,458	-	79,559	216,844
Total liabilities (5)	(17,335)	(18,679)	-	(18,594)	(54,608)	(18,418)	(22,781)	-	(23,463)	(64,662)
<b>Subtotal</b>	<b>\$ 77,726</b>	<b>\$ 21,133</b>	<b>\$ -</b>	<b>\$ 64,517</b>	<b>\$ 163,376</b>	<b>\$ 75,409</b>	<b>\$ 20,677</b>	<b>\$ -</b>	<b>\$ 56,096</b>	<b>\$ 152,182</b>
Less:										
Cash and cash equivalents	-	-	-	(21,228)	(21,228)	-	-	-	(22,428)	(22,428)
Short-term investments - Available-For-Sale	-	-	-	(2,451)	(2,451)	-	-	-	(2,472)	(2,472)
Short-term investments - Held-To-Maturity	-	-	-	(25,759)	(25,759)	-	-	-	(17,206)	(17,206)

Held-To-Maturity Long-term investments -										
Held-To-Maturity Long-term investments - Rabbi Trust	-	-	(5,035)	(5,035)	-	-	(13,625)	(13,625)		
Deferred income taxes - non-current	-	-	(7,326)	(7,326)	-	-	(7,176)	(7,176)		
Deferred compensation - current	-	-	(1,458)	(1,458)	-	-	(1,942)	(1,942)		
Income taxes payable - current	-	-	-	-	-	-	-	-		
Income taxes payable - long-term	-	-	1,437	1,437	-	-	1,580	1,580		
Deferred income taxes - non-current	-	-	3,758	3,758	-	-	10,940	10,940		
Line of credit	-	-	2,150	2,150	-	-	2,096	2,096		
Deferred compensation - non-current	-	-	-	-	-	-	-	-		
	-	-	7,353	7,353	-	-	7,216	7,216		
<b>Total Capital Employed</b>	<b>\$ 77,726</b>	<b>\$ 21,133</b>	<b>\$ -</b>	<b>\$ 15,958</b>	<b>\$ 114,817</b>	<b>\$ 75,409</b>	<b>\$ 20,677</b>	<b>\$ -</b>	<b>\$ 13,079</b>	<b>\$ 109,165</b>

	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
<b>Average Capital Employed (3)</b>	<b>\$ 77,132</b>	<b>\$ 19,945</b>	<b>\$ 1,887</b>	<b>\$ 24,653</b>	<b>\$ 123,617</b>

**Notes:**

- (1) See reconciliation per page 13 of this financial information release.
- (2) Return on average capital employed represents the last twelve months operating income as of January 27, 2019, 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 current and noncurrent deferred compensation.
- (3) Average capital employed was computed using the quarterly five periods ending January 27, 2019, October 28, 2018, July 29, 2018, April 29, 2018, and January 28, 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 on capital employed for both our mattress fabrics and upholstery fabrics segments.
- (5) Accrued restructuring costs and certain obligations associated with our acquisitions are included in unallocated coporate for all periods presented and therefore, have no affect on capital employed and return on capital employed for both our mattress fabrics and upholstery fabrics segments.

**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**RETURN ON CAPITAL EMPLOYED BY SEGMENT**  
**FOR THE TWELVE MONTHS ENDED JANUARY 28, 2018**  
(Amounts in Thousands)  
(Unaudited)

	<b>Operating Income Twelve Months Ended January 28, 2018 (1)</b>	<b>Average Capital Employed (3)</b>	<b>Return on Avg. Capital Employed (2)</b>																	
Mattress Fabrics	\$ 26,920	\$ 73,267	36.7%																	
Upholstery Fabrics	11,289	18,472	61.1%																	
(less: Unallocated Corporate)	(10,042)	12,856	N/A																	
<b>Total</b>	<b>\$ 28,167</b>	<b>\$ 104,595</b>	<b>26.9%</b>																	
<b>Average Capital Employed</b>																				
	<b>As of the three Months Ended January 28, 2018</b>				<b>As of the three Months Ended October 29, 2017</b>				<b>As of the three Months Ended July 30, 2017</b>											
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total								
Total assets (4)	\$ 93,827	43,458	79,559	\$ 216,844	\$ 94,626	34,974	71,443	\$ 201,043	\$ 99,190	34,491	74,223	\$ 207,904								
Total liabilities	(18,418)	(22,781)	(23,463)	(64,662)	(16,150)	(17,225)	(14,588)	(47,963)	(24,277)	(14,983)	(18,967)	(58,227)								
<b>Subtotal</b>	<b>\$ 75,409</b>	<b>\$ 20,677</b>	<b>\$ 56,096</b>	<b>\$ 152,182</b>	<b>\$ 78,476</b>	<b>\$ 17,749</b>	<b>\$ 56,855</b>	<b>\$ 153,080</b>	<b>\$ 74,913</b>	<b>\$ 19,508</b>	<b>\$ 55,256</b>	<b>\$ 149,677</b>								
Less:																				
Cash and cash equivalents	-	-	(22,428)	(22,428)	-	-	(15,739)	(15,739)	-	-	(18,322)	(18,322)								
Short-term investments - Available-For-Sale	-	-	(2,472)	(2,472)	-	-	(2,478)	(2,478)	-	-	(2,469)	(2,469)								
Short-term investments - Held-To-Maturity	-	-	(17,206)	(17,206)	-	-	(4,015)	(4,015)	-	-	-	-								
Long-term investments - Held-To-Maturity	-	-	(13,625)	(13,625)	-	-	(26,853)	(26,853)	-	-	(30,907)	(30,907)								
Long-term investments - Rabbi Trust	-	-	(7,176)	(7,176)	-	-	(6,921)	(6,921)	-	-	(6,714)	(6,714)								
Deferred income taxes - non-current	-	-	(1,942)	(1,942)	-	-	(491)	(491)	-	-	(436)	(436)								
Income taxes payable - current	-	-	1,580	1,580	-	-	692	692	-	-	884	884								
Income taxes payable - long-term	-	-	10,940	10,940	-	-	487	487	-	-	487	487								
Deferred income taxes - non-current	-	-	2,096	2,096	-	-	4,641	4,641	-	-	4,253	4,253								
Line of credit	-	-	-	-	-	-	-	-	-	-	5,000	5,000								
Deferred compensation	-	-	7,216	7,216	-	-	6,970	6,970	-	-	6,769	6,769								
<b>Total Capital Employed</b>	<b>\$ 75,409</b>	<b>\$ 20,677</b>	<b>\$ 13,079</b>	<b>\$ 109,165</b>	<b>\$ 78,476</b>	<b>\$ 17,749</b>	<b>\$ 13,148</b>	<b>\$ 109,373</b>	<b>\$ 74,913</b>	<b>\$ 19,508</b>	<b>\$ 13,801</b>	<b>\$ 108,222</b>								
	<b>As of the three Months Ended April 30, 2017</b>				<b>As of the three Months Ended January 29, 2017</b>															
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total												
Total assets (4)	\$ 98,087	\$ 32,255	\$ 75,292	\$ 205,634	\$ 90,197	\$ 30,380	\$ 70,479	\$ 191,056												
Total liabilities	(27,619)	(16,249)	(13,136)	(57,004)	(23,126)	(11,960)	(13,656)	(48,742)												
<b>Subtotal</b>	<b>\$ 70,468</b>	<b>\$ 16,006</b>	<b>\$ 62,156</b>	<b>\$ 148,630</b>	<b>\$ 67,071</b>	<b>\$ 18,420</b>	<b>\$ 56,823</b>	<b>\$ 142,314</b>												
Less:																				
Cash and cash equivalents	-	-	(20,795)	(20,795)	-	-	(15,659)	(15,659)												
Short-term investments - Available-For-Sale	-	-	(2,443)	(2,443)	-	-	(2,410)	(2,410)												
Short-term investments - Held-To-Maturity	-	-	-	-	-	-	-	-												
Long-term investments - Held-To-Maturity	-	-	(30,945)	(30,945)	-	-	(30,832)	(30,832)												
Long-term investments - Rabbi Trust	-	-	(5,466)	(5,466)	-	-	(5,488)	(5,488)												
Deferred income taxes - non-current	-	-	(419)	(419)	-	-	(422)	(422)												
Income taxes payable - current	-	-	287	287	-	-	217	217												
Income taxes payable - long-term	-	-	467	467	-	-	1,817	1,817												
Deferred income taxes - non-current	-	-	3,593	3,593	-	-	2,924	2,924												
Line of credit	-	-	-	-	-	-	-	-												
Deferred compensation	-	-	5,520	5,520	-	-	5,327	5,327												
<b>Total Capital Employed</b>	<b>\$ 70,468</b>	<b>\$ 16,006</b>	<b>\$ 11,955</b>	<b>\$ 98,429</b>	<b>\$ 67,071</b>	<b>\$ 18,420</b>	<b>\$ 12,297</b>	<b>\$ 97,788</b>												
<b>Average Capital Employed (3)</b>	<b>\$ 73,267</b>	<b>\$ 18,472</b>	<b>\$ 12,856</b>	<b>\$ 104,595</b>																

**Notes:**

- (1) See reconciliation per page 13 of this financial information release.
- (2) Return on average capital employed represents the last twelve months operating income as of January 28, 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 January 28, 2018, October 29, 2017, July 30, 2017, April 30, 2017, and January 29, 2017.
- (4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therefore, have no affect on capital employed and return on capital employed for both our mattress fabrics and upholstery fabrics segments.





**CULP, INC. FINANCIAL INFORMATION RELEASE**  
**CONSOLIDATED STATEMENTS OF OPERATING INCOME (LOSS)**  
**FOR THE TWELVE MONTHS ENDED JANUARY 27, 2019 AND JANUARY 28, 2018**  
**(UNAUDITED)**  
**(AMOUNTS IN THOUSANDS)**

	Quarter Ended				Trailing 12 Months 1/27/2019
	4/29/2018	7/29/2018	10/28/2018	1/27/2019	
Mattress Fabrics	\$ 6,088	\$ 2,798	\$ 2,899	\$ 3,208	\$ 14,993
Upholstery Fabrics	2,181	2,527	2,722	3,799	11,229
Home Accessories	-	23	34	(311)	(254)
Unallocated Corporate	(1,805)	(1,259)	(1,913)	(1,628)	(6,605)
Subtotal	6,464	4,089	3,742	5,068	19,363
Other non-recurring charges	-	-	(249)	(429)	(678)
Restructuring (expense) credit and related charges	-	(2,014)	791	(340)	(1,563)
Operating income	\$ 6,464	\$ 2,075	\$ 4,284	\$ 4,299	\$ 17,122

  

	Quarter Ended (1)				(1) Trailing 12 Months 1/28/2018
	4/30/2017	7/30/2017	10/29/2017	1/28/2018	
Mattress Fabrics	\$ 7,153	\$ 6,368	\$ 6,562	\$ 6,837	\$ 26,920
Upholstery Fabrics	2,510	2,895	2,374	3,510	11,289
Unallocated Corporate	(2,493)	(2,299)	(2,547)	(2,703)	(10,042)
Operating income	\$ 7,170	\$ 6,964	\$ 6,389	\$ 7,644	\$ 28,167
% Over (Under)	-9.8%	-70.2%	-32.9%	-43.8%	-39.2%

## Notes

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