

**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): March 21, 2023**

**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**  
(IRS Employer  
Identification No.)

**1823 Eastchester Drive**  
**High Point, North Carolina**  
(Address of Principal Executive Offices)

**27265**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: 336 889-5161**

(Former Name or Former Address, if Changed Since 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:

- 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))

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.05 per share	CULP	The New York Stock Exchange

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

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.

**Item 7.01 Regulation FD Disclosure.**

On March 21, 2023, Culp, Inc. (the "Company") posted an investor presentation to its website at <https://culpinc.gcs-web.com/> (the "Investor Presentation"). A copy of the Investor Presentation is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference. The Company expects to use the Investor Presentation from time to time, in whole or in part, and possibly with modifications, in connection with presentations to investors, analysts, and others.

The information contained in the Investor Presentation is summary information that should be considered within the context of the Company's filings with the Securities and Exchange Commission ("SEC") and other public announcements the Company may make by press release or otherwise from time to time. The Investor Presentation speaks only as of the date of this Current Report on Form 8-K. The Company undertakes no duty or obligation to publicly update or revise the information contained in the Investor Presentation, including without limitation any targets, estimates, goals, or other forward-looking statements, although it may do so from time to time. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases, or through other public disclosure.

The Investor Presentation contains statements intended as "forward-looking statements" that are subject to the cautionary statements about forward-looking statements set forth on Page 2 of the Investor Presentation. By furnishing the information contained in this Current Report on form 8-K, including Exhibit 99.1, the Company makes no admission as to the materiality of any such information.

The information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit Number</u>	<u>Exhibit</u>
99.1	<a href="#">2023 Culp Investor Presentation</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**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.

Date: 03/21/2023

By: /s/ Kenneth R. Bowling  
Chief Financial Officer  
(Principal Financial Officer)

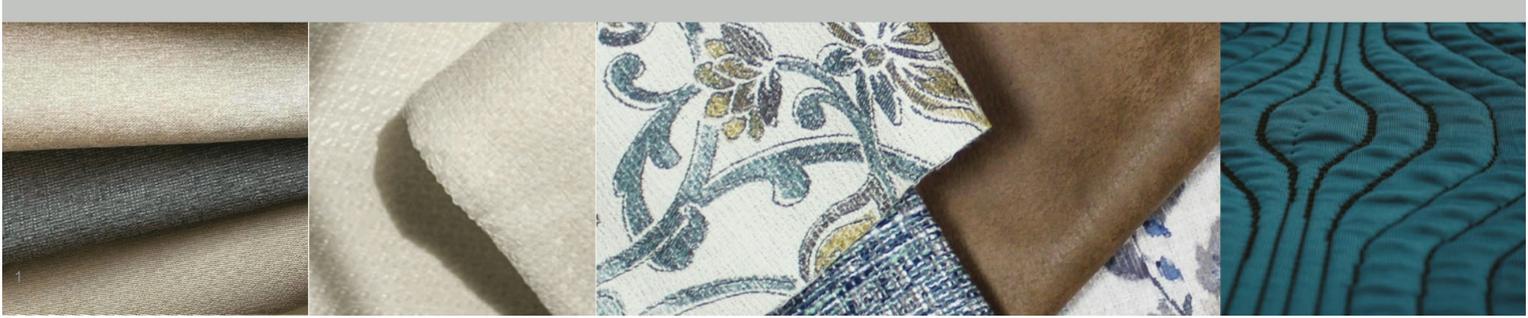
---



# CULP

## Investor Presentation

March 2023



# 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," "intend," "plan," "project," and their derivatives, and include but are not limited to statements about expectations, projections, targets, or trends for our future operations, strategic initiatives, production levels, new product launches, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, cost savings, 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 dividends, share repurchases, liquidity, use of cash and cash requirements, borrowing capacity, investments, potential acquisitions, future economic or industry trends, public health epidemics, or future developments. There can be no assurance that we will realize these expectations or meet our 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, including changes in U.S. trade enforcement priorities, 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 or 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. The impact of public health epidemics on employees, customers, suppliers, and the global economy, such as the global coronavirus pandemic currently affecting countries around the world, could also adversely affect our operations and financial performance. In addition, the impact of potential goodwill or intangible asset impairments could affect our financial results. Increases in freight costs, labor costs, and raw material prices, including increases in market prices for petrochemical products, can also significantly affect the prices we pay for shipping, labor, and raw materials, respectively, and in turn, increase our operating costs and decrease our profitability. Finally, disruption in our customers' supply chains for non-fabric components may cause declines in new orders and/or delayed shipping of existing orders while our customers wait for other components, which could adversely affect our financial results. 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 recent Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Additional risks and uncertainties that we do not presently know about or that we currently consider to be immaterial may also affect our business operations and financial results.

# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation



2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

4

Maintaining disciplined capital allocation

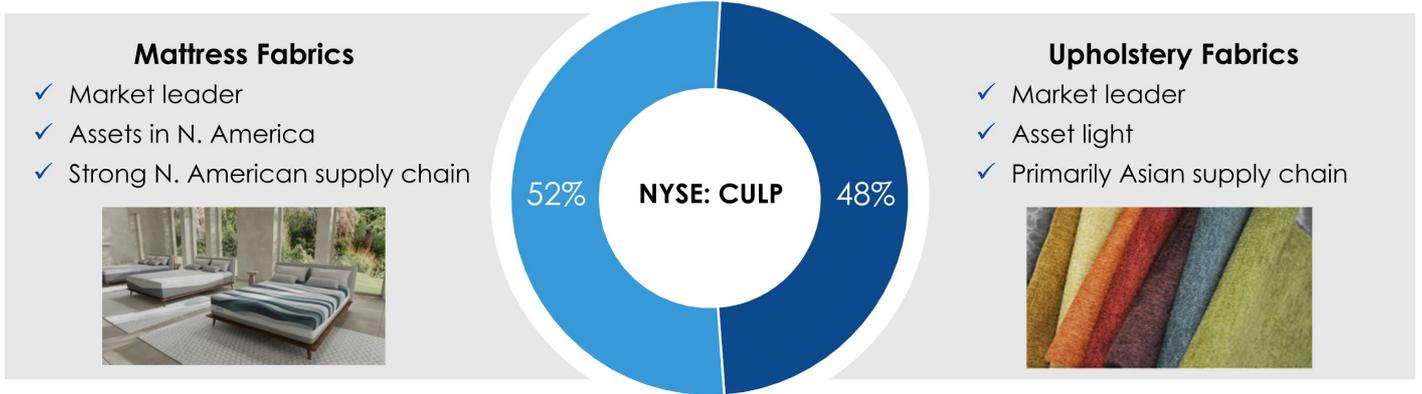
5

Clear road map to renewed growth



# Culp Today – Two Market Leading Businesses

## Revenue Breakdown FY 2022



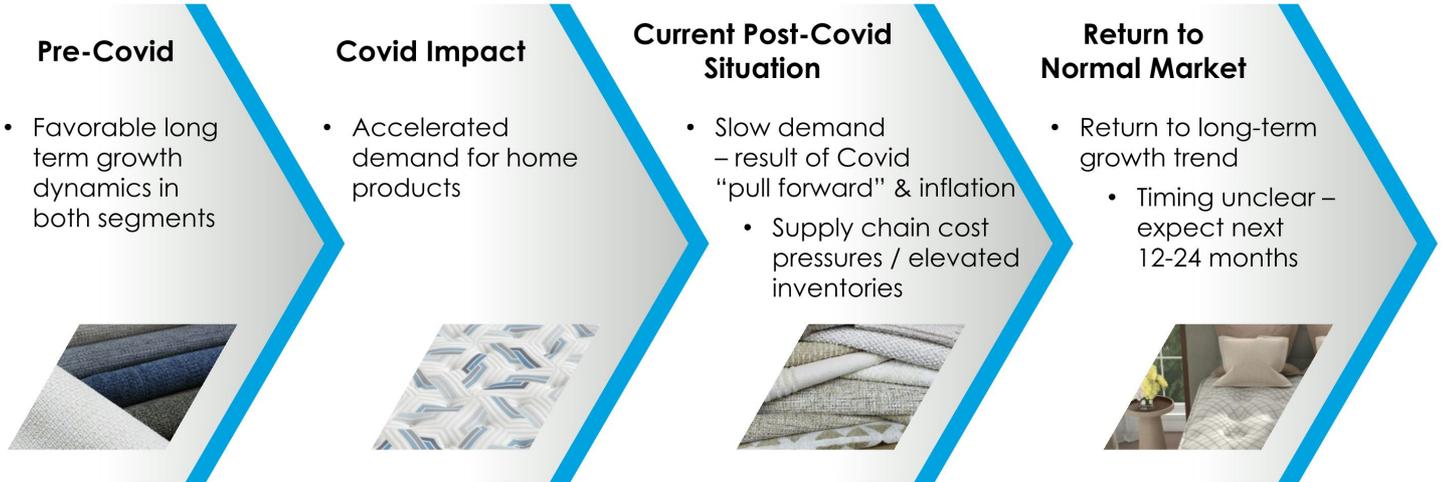
### Manufacturing + Sourcing

- US, Canada, Haiti, China, Vietnam, Turkey

### Key Metrics

- Market cap: \$64.9M<sup>1</sup>
- Employees: ~1,400<sup>1</sup>

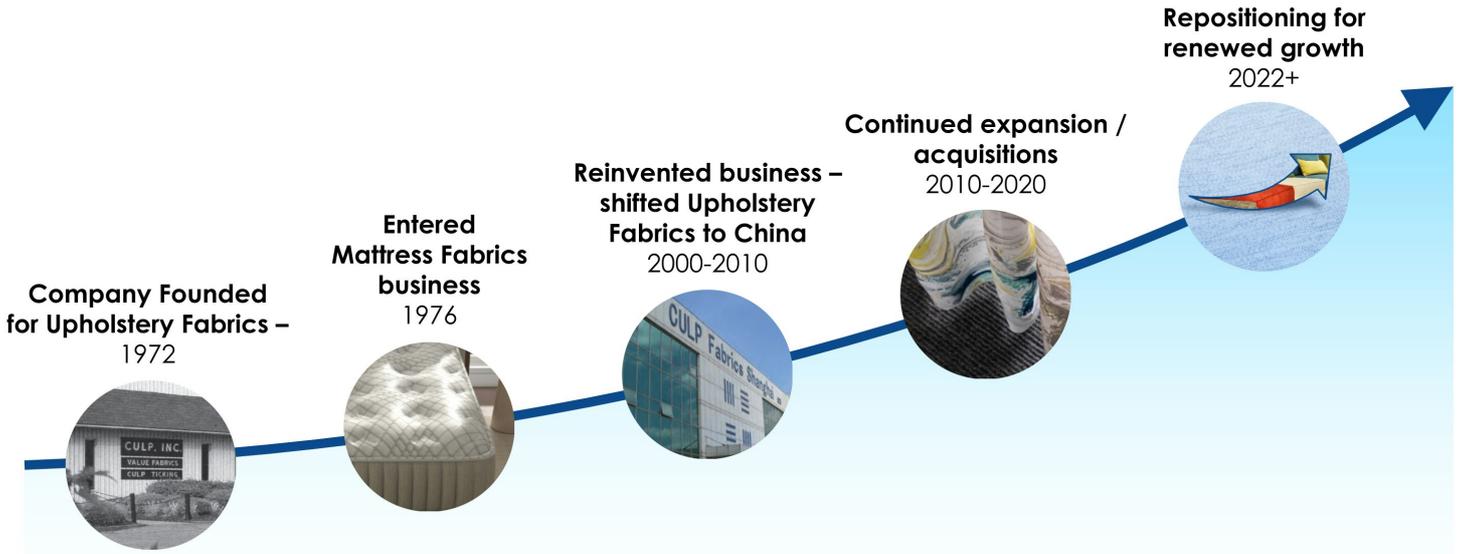
# Understanding the Current Macro Situation – Moving Towards a “Normal” Market Environment



# Why We are Confident in the Long-Term Future of Culp



# Culp – Record of Adapting Well to Changing Business Conditions and Customer Preferences



# Positioned in Healthy Growing Markets

## Pre-Covid: Solid Long Term Growth in Both Segments

**~5%**  
CAGR<sup>1</sup>



Domestic Mattress  
Wholesale Dollar Sales  
2001-2021

**~2%**  
CAGR<sup>2</sup>



Furniture  
Store Sales  
2001-2021

## Ongoing Mattress Replacements

**10-13%**  
of population replaces  
mattresses each year<sup>3</sup>



## Pent-Up Demand for Household Formations

**25%**  
of Millennials live  
with parents<sup>4</sup>



**1 in 8** moved back in last year<sup>4</sup>

1. Raymond James, ISPA, US ITC - See Appendix for details  
2. Statista 2023 - See Appendix for details  
3. Based on management estimates and ISPA 2022 research

4. <https://www.propertymanagement.com/high-rent-and-job-losses-forced-1-in-8-millennials-to-move-back-in-with-their-parents-this-year/>

# Our Powerful Innovation Engine – A Key Differentiator Driving Market Share Gains



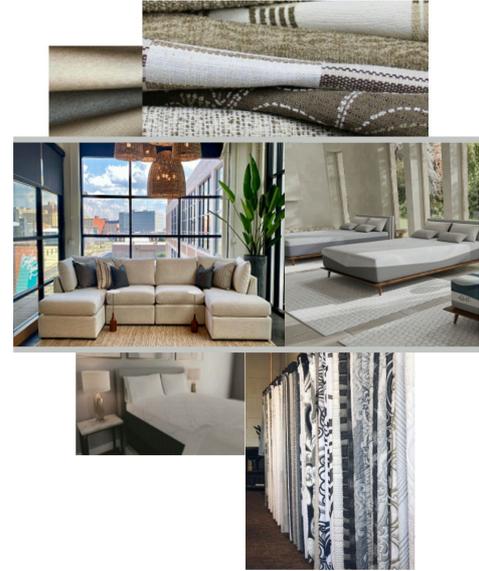
# Culp – THE Industry Innovator

## Upholstery Fabrics Segment

- **FIRST** to introduce suede upholstery fabrics to commercial residential market, followed by faux leather looks;
- **FIRST** with stain-resistant performance fabrics at mid-market price points, including iClean® and LiveSmart® brands
- **FIRST** to introduce performance + sustainability line of upholstery fabrics with LiveSmart Evolve® line
- **FIRST** to introduce Nanobionic® wellness-focused fabric for residential home furnishings industry

## Mattress Segment

- **FIRST** to adopt on-shore, near-shore, and off-shore strategy to best support mattress cover customers
- **FIRST** to introduce LiveFurnish 3-D visual rendering technology to showcase mattress fabric designs while also reducing sampling costs, enhancing customization, allowing faster to market
- **FIRST** / early innovator with cooling + sustainability-focused mattress fabrics



# Case Study: Culp Delivers Innovative Performance Fabrics

## Situation

### Consumer Preference

- Desire for cleanable fabric to withstand everyday living; additional desire for environmentally-friendly products

### Challenge

- Create child-friendly, pet-friendly, and stain resistant product at affordable pricing; enhance offering with sustainable fabric

### Culp Solution

- Developed superior, easy-to-clean performance product at price points accessible to mass market
- Added sustainable option for products made using recycled water bottles



## Results

**\$185M**

sales to residential customers since 2016

**~40%**

of upholstery fabrics sales today come from our portfolio of LiveSmart® and iClean® performance brands

**>100M**

plastic water bottles diverted from landfills since 2019



# Strong Balance Sheet and Cash Flow

## Strong Balance Sheet

Cash/  
Investments **\$16.7M<sup>1</sup>**

Debt **Zero<sup>1</sup>**



## Cash Returned to Shareholders<sup>2</sup> (Since June 2011)

**\$79.5M**

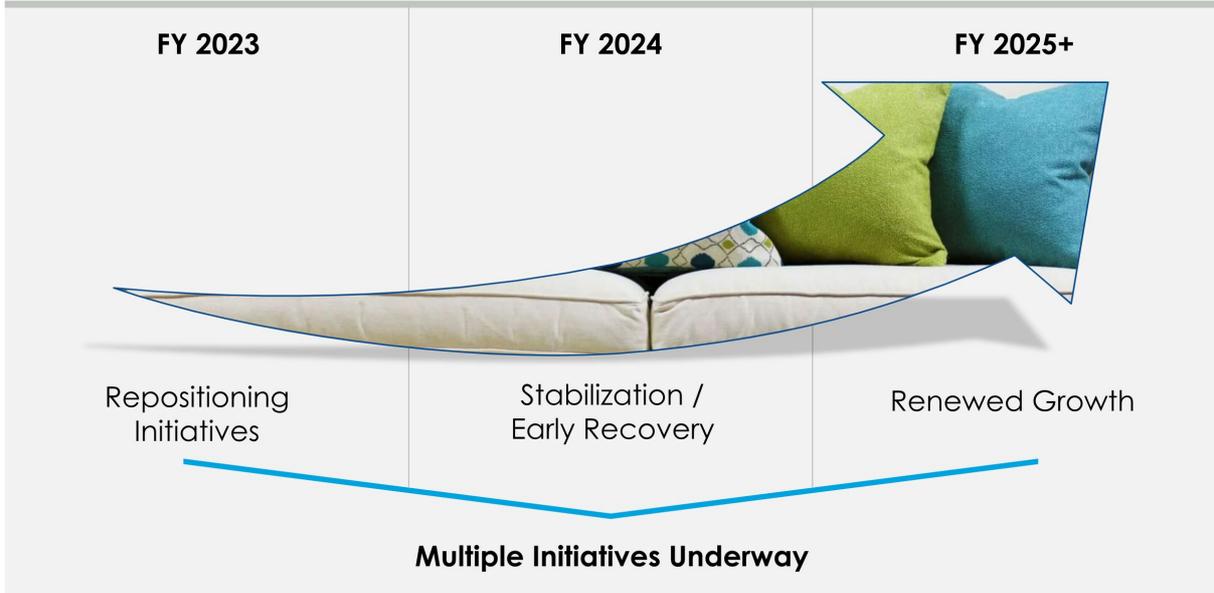


## Cash Flow from Operations and Free Cash Flow<sup>3</sup> (FY 2016 – FY 2023 YTD)



1. As of the end of the third quarter of fiscal 2023  
 2. Includes regular quarterly dividends, special dividends, and share repurchases  
 3. See reconciliation table in the appendix at the back of this presentation

# Multiple Initiatives Underway to Emerge Stronger when Markets Normalize



# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation

2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

4

Maintaining disciplined capital allocation

5

Clear road map to renewed growth



# Mattresses: Leading Market Share in a Consolidated Industry

## Strengths

- One of largest producer of mattress fabrics in N. America
- Global manufacturing and sourcing
  - U.S., Canada, Asia, Haiti, Turkey
- Innovative design capitalizing on:
  - Sleep trends
  - Cooling
  - Sustainability



## Leading Share in Large Market



**Culp Top 2 player<sup>1</sup>**

**CULP**

# Leading Products for Well-Known Brands

## Leading Products


## Well-Known Customers


# The New Mattress Segment We Are Building

Creating a High-Performance Organization		
Leadership	—————>	<b>Strengthened</b>
Organization	—————>	<b>Collaborative</b>
Goals and Accountability	—————>	<b>Clear</b>
Pricing	—————>	<b>Leading</b>
Marketing Strategy	—————>	<b>Targeted</b>
Operations	—————>	<b>Efficient</b>
Initiatives	—————>	<b>Focused</b>

A collage of images related to mattresses. On the left, a close-up of a quilted mattress with a textured pattern. In the center, a bedroom with three beds, each with a white mattress and a grey headboard, arranged in a row. On the right, another close-up of a mattress with a different quilted pattern.

# Key Initiatives Underway to Transform the Mattress Segment

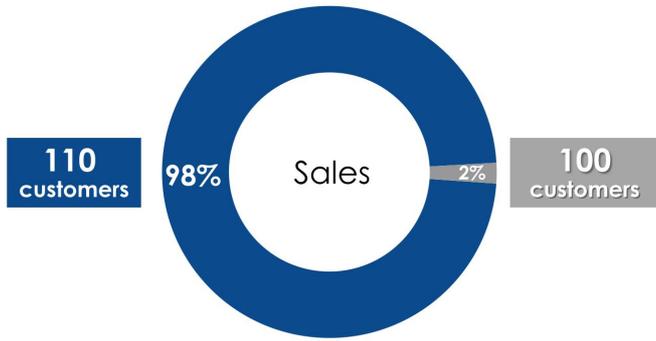
- ✓ Restructured leadership team
- ✓ Drive operating efficiencies
  - reposition U.S. Cut & Sew → ~\$2.0M savings
  - consolidate Haiti operations → ~\$0.75M savings
- ✓ New commercial approach including
  - customer, product, and design segmentation
  - focused selling strategy and sku rationalization
  - establishment of open line
- ✓ Executing operational plan including
  - restructured operations team
  - drive continuous improvement for quality and operations processes
  - invest in high ROI, quick payback projects to drive cost savings

## Transforming the Mattress Segment

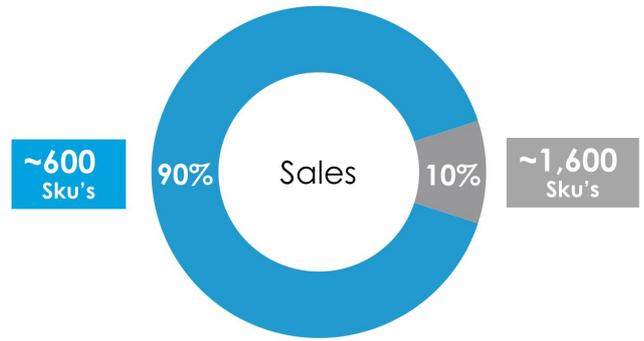


# Targeting Top 90%+ Customers and SKUs – That Drive the Business

### Sales by Customers\*



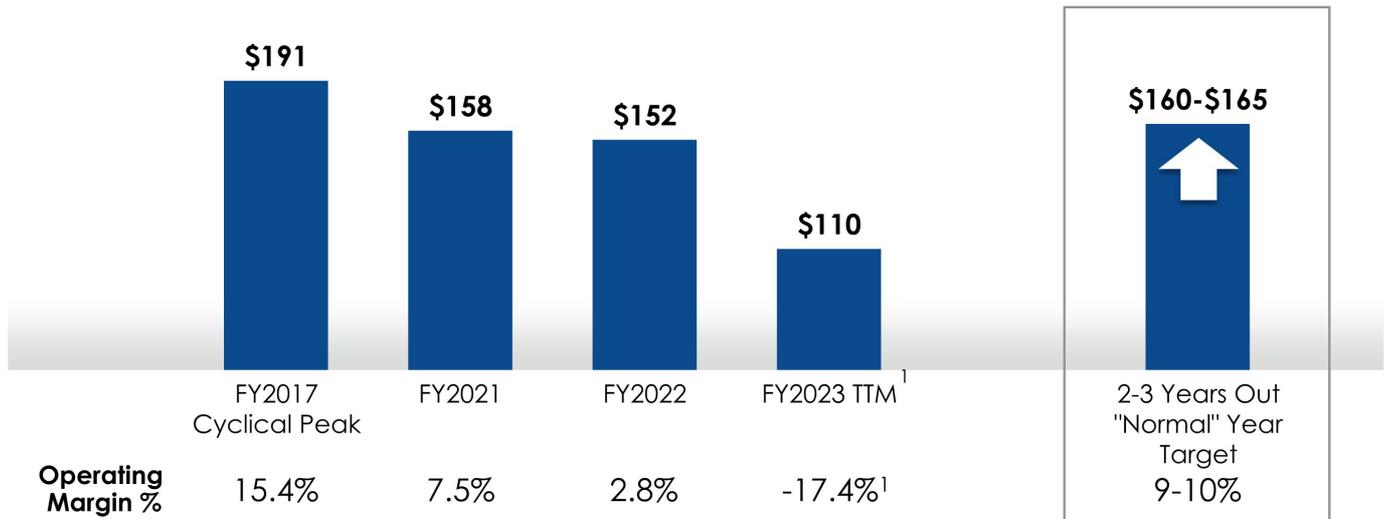
### Sales by Products



\* Based on FY23 Current Sales Run Rates (includes Closeout Customers)

# Mattress Segment: We Expect Strong Recovery as Market “Normalizes”

Sales (\$M) and Margin



# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation

2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

4

Maintaining disciplined capital allocation

5

Clear road map to renewed growth



# Upholstery Fabrics: Market Leader

CULP 22

## Strengths

- Leading position in fragmented market
- Asset light – flexible global platform
- Innovative performance products



## Leading Share



Culp Top 5 player¹

# Innovative Products for Top Customers

## Innovative Products



Focused on higher margin / growth segments

- performance products ~40% of total
- hospitality target at ~25% of total

## Top Customers



# Key Initiatives Underway to Improve Performance of Upholstery Fabrics Segment

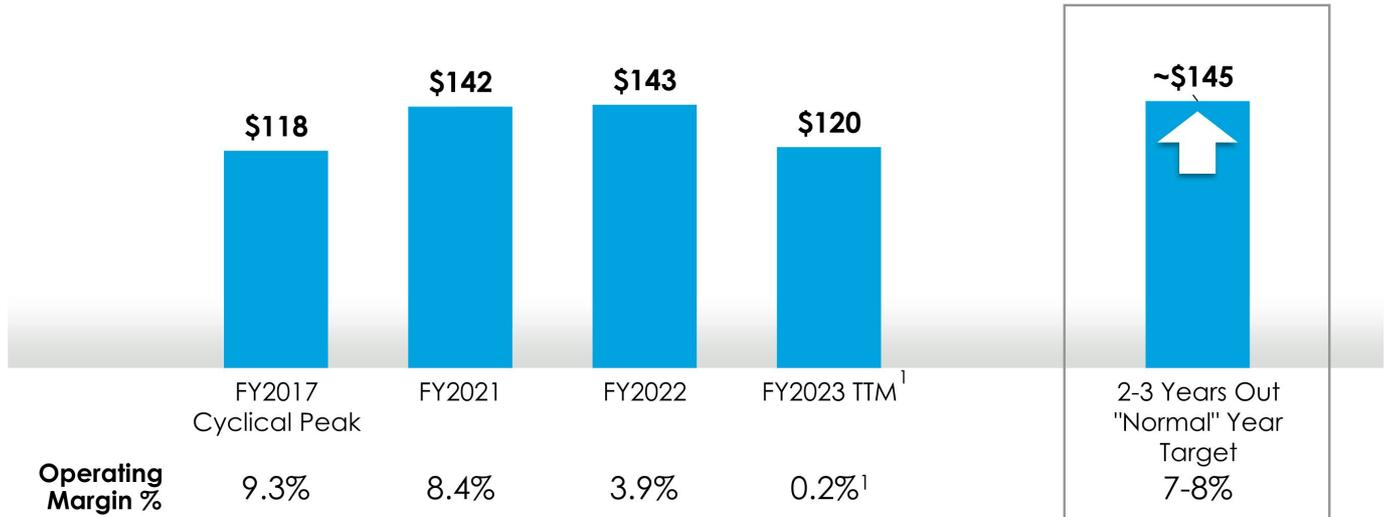
- ✓ Drive operating efficiencies
  - China Cut & Sew platform restructuring → ~\$900k savings
  - restructuring Haiti operations → ~\$1M savings
- ✓ Grow innovative products
  - LiveSmart® performance brand
  - LiveSmart Evolve®, performance plus recycled fibers
  - Nanobionic® wellness-focused technology
- ✓ Grow Hospitality segment
  - Targeting 25% of normalized sales, higher margin

Accelerating  
Segment  
Performance



# Upholstery Fabrics Segment: Expect Improved Results

Sales (\$M) and Margin



1. For the trailing twelve-month period ending as of the end of the third quarter of fiscal 2023

# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation

2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

4

Maintaining disciplined capital allocation

5

Clear road map to renewed growth



# Consistent Capital Allocation Priorities



# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation

2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

4

Maintaining disciplined capital allocation

5

Clear road map to renewed growth



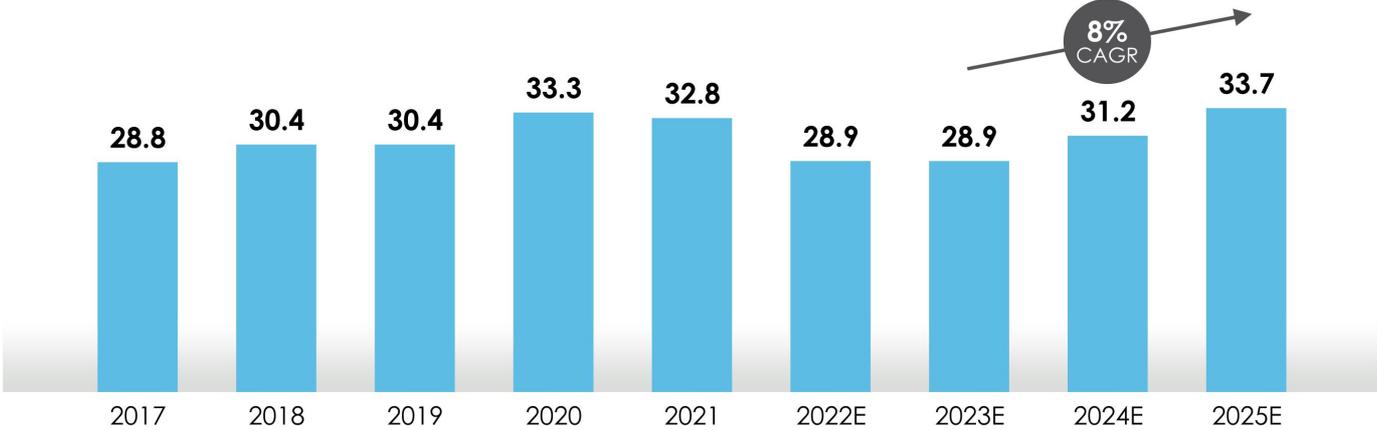
# Expect Improved Outlook FY'24 and Beyond

## Potential Tailwinds

- 
- ✓ Improved macro environment
  - ✓ New products, normalized margins
  - ✓ Impact of quality / efficiency improvements
  - ✓ Lower raw material costs (60-70% of total costs)

# Mattress Volumes Expected to Grow in 2024 and Beyond

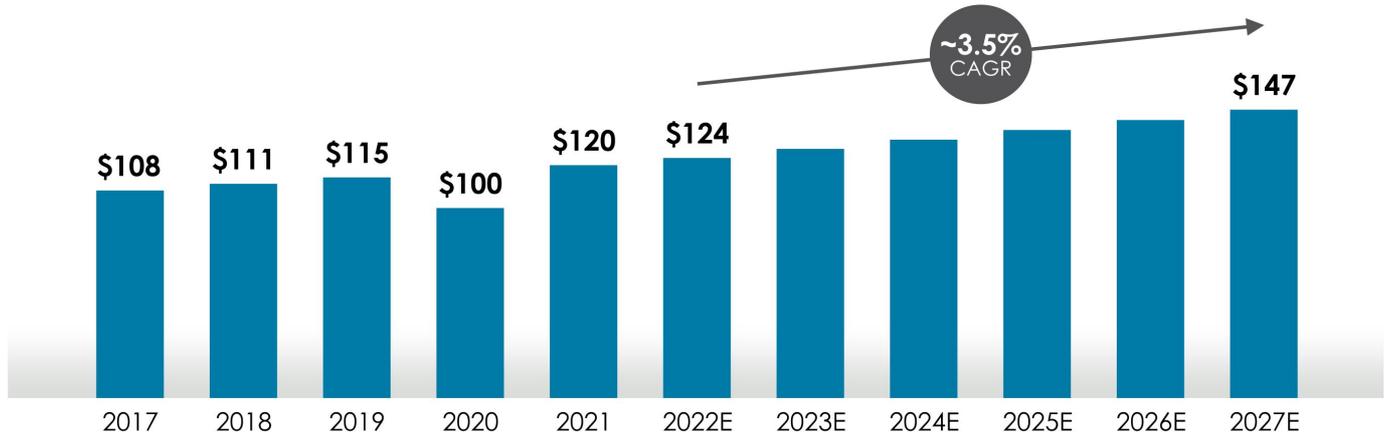
Mattress Units – Domestic Shipments (Millions)



30 | Source: For 2017 – 2021 data, ISPA; for 2022E – 2025E data, UBS Estimates

# Furniture and Bedding Sales Also Expected to Resume Growth

Furniture and Bedding Sales (\$B)  
(Domestic and Imported)

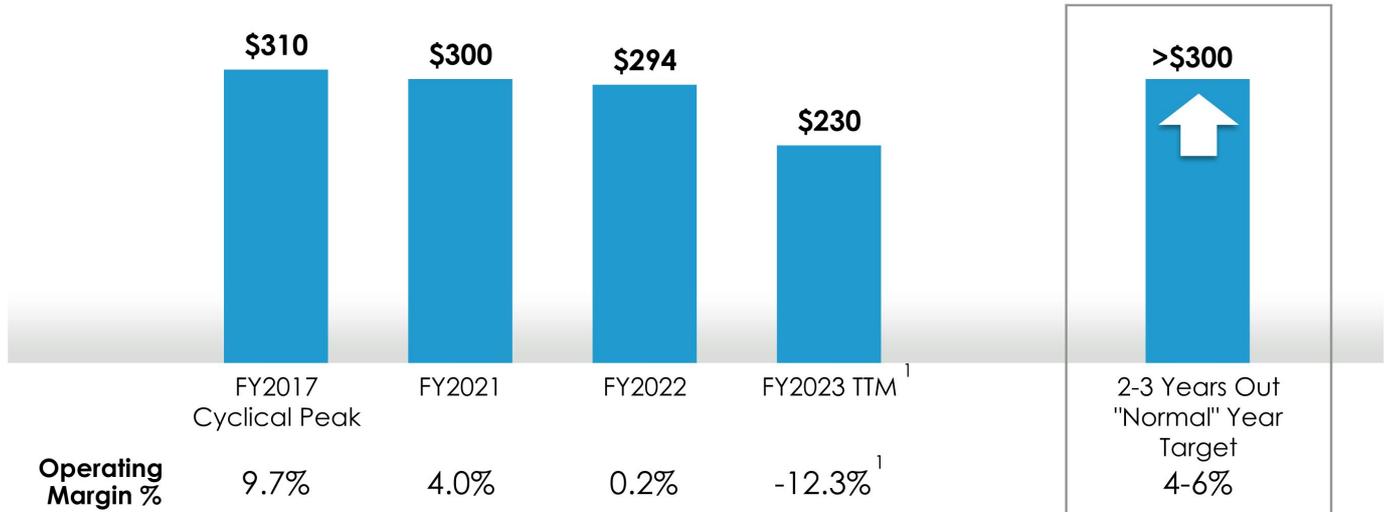


# Targeted Timeline to Renewed Growth



# Culp Target Outlook: Solid Recovery as Market Returns to "Normalized" Growth

Sales (\$M) and Margin



# How We Will Measure Progress Going Forward in FY24

Our targets and plans include:

- Meaningful consolidated sales growth, with stronger improvements in Mattress Fabrics
- Return to consolidated profitability, strengthening throughout the year
- Upholstery Fabrics consistently profitable with slow build throughout year
- Mattress Fabrics breakeven by mid part of FY24 to small profitability during back half
- Stable cash position with investment in working capital to support growth



# The Culp Story – Repositioning for Renewed Growth

1

Building on a strong foundation

2

Transforming our Mattress Fabrics segment

3

Accelerating execution in our Upholstery segment

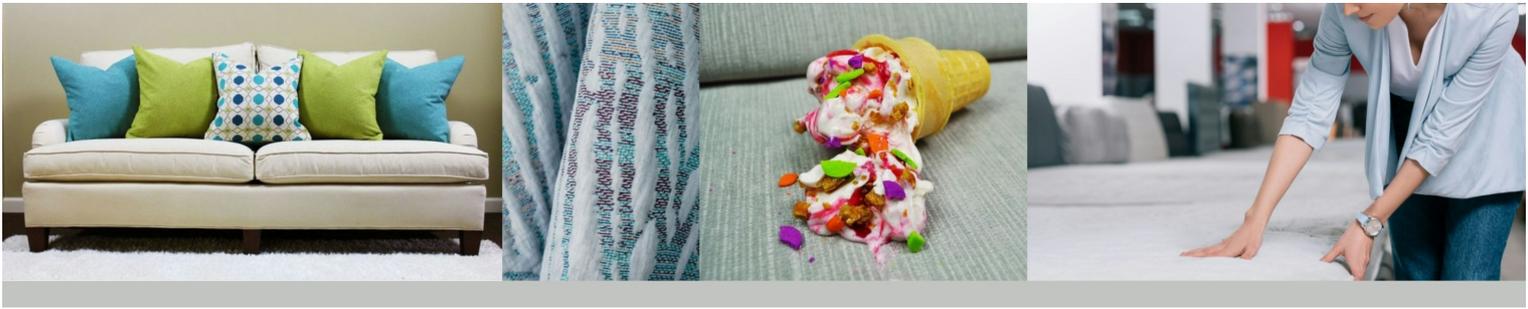
4

Maintaining disciplined capital allocation

5

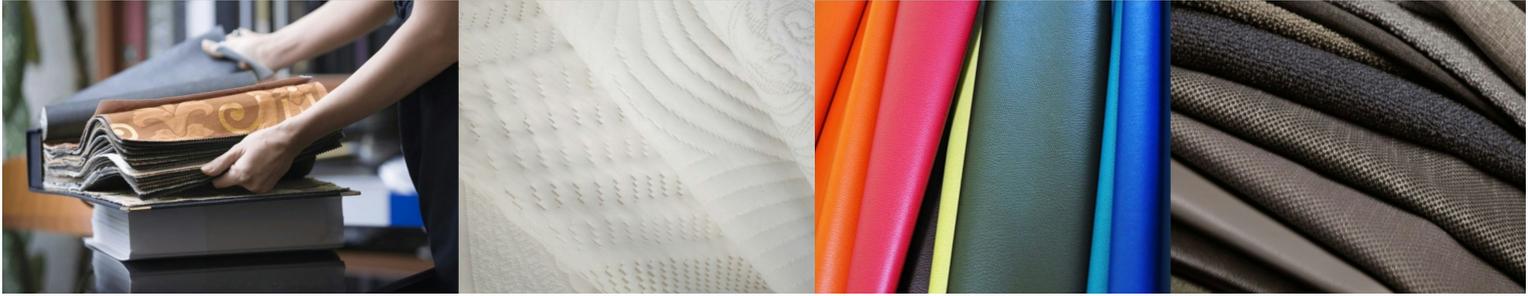
Clear road map to renewed growth





# CULP

# Appendix



## Board of Directors



Top (from L to R): Fred Jackson, Jonathan Kelly, Perry Davis

Bottom (from L to R): Sharon Decker, Frank Saxon, John Baugh, Kimberly Gatling, and Iv Culp

CULP

# Board of Directors (continued)

## Director Bios

### **John A. Baugh, CFA**

- Mr. Baugh is the vice president of investor relations for PROG Holdings, Inc., a publicly traded fintech holding company that provides transparent and competitive payment options to consumers. Prior to joining PROG Holdings, he was a sell-side analyst with Stifel Financial, serving as Managing Director, Senior Equity Research from 2005 – 2020, where he covered industries including home furnishings, retail, building products, and lease-town, including coverage of Culp, Inc. and many of its largest customers.
- Director since 2021
- Member of Compensation Committee; CG&N Committee; and Audit Committee (Chair)

### **Robert G. Culp, IV**

- Mr. Culp is the President and Chief Executive Officer of Culp, Inc. (since 2020). He has been employed with Culp since 1998. He was named President of Culp Home Fashions in 1994 and Chief Operating Officer in 2019.
- Director since 2020

### **Perry E. Davis**

- Mr. Davis is the retired executive vice president of the Residential and Industrial Product segments for Leggett & Platt, Incorporated, a diversified manufacturer that designs and produces engineered products found in most home and automobiles.
- Director since 2019
- Member of Compensation Committee (Chair); CG&N Committee; and Audit Committee

### **Sharon A. Decker**

- Ms. Decker is president of Tryon Equestrian Partners, Carolina Operations, an investment group responsible for the development and operation of a premiere sports complex and resort in Western North Carolina.
- Director since 2019
- Member of Compensation Committee; CG&N Committee (Chair); and Audit Committee

CULP

# Board of Directors (continued)

## **Kimberly B. Gatling**

Ms. Gatling is a partner and the Chief Diversity and Inclusion Officer at the law firm of Fox Rothschild LLP (formerly Smith Moore Leatherwood LLP).

Director since 2021

Member of Compensation Committee; CG&N Committee; and Audit Committee

## **Fred A. Jackson**

- Mr. Jackson is the retired chief executive officer of American & Efird LLC, a global manufacturer of sewing, thread, embroidery thread, and technical textiles.

- Director since 2016

- Lead Director; Member of Compensation Committee; CG&N Committee; Audit Committee; and Executive Committee

## **Jonathan L. Kelly**

- Mr. Kelly is the founder and chief executive officer of Asymmetric Holdings Worldwide, a Greensboro, North Carolina-based investment holding company focused on investment strategy and capital allocation.

- Director since 2021

- Member of Compensation Committee; CG&N Committee; and Audit Committee

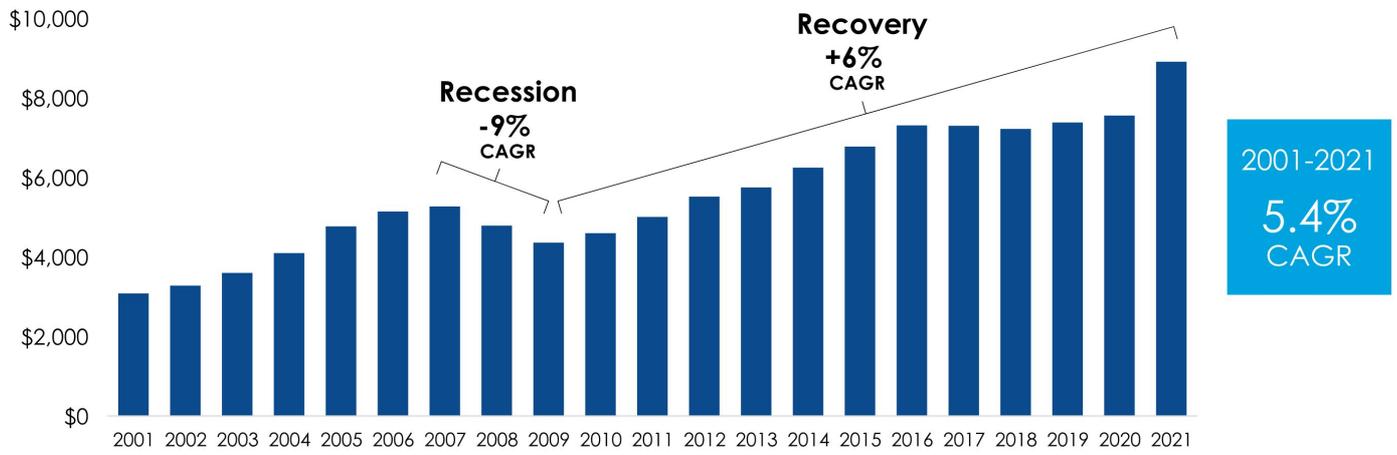
## **Franklin N. Saxon (Chairman of the Board)**

- Mr. Saxon was employed by Culp, Inc. from 1983 to 2022, serving in various senior management capacities, including Chief Executive Officer and Chief Financial Officer, President of Culp Velvets/prints division, and Chief Operating Officer. He served as President and Chief Executive Officer from 2007 through 2019 and as Executive Chairman from 2020 to 2022.

- Director since 1987

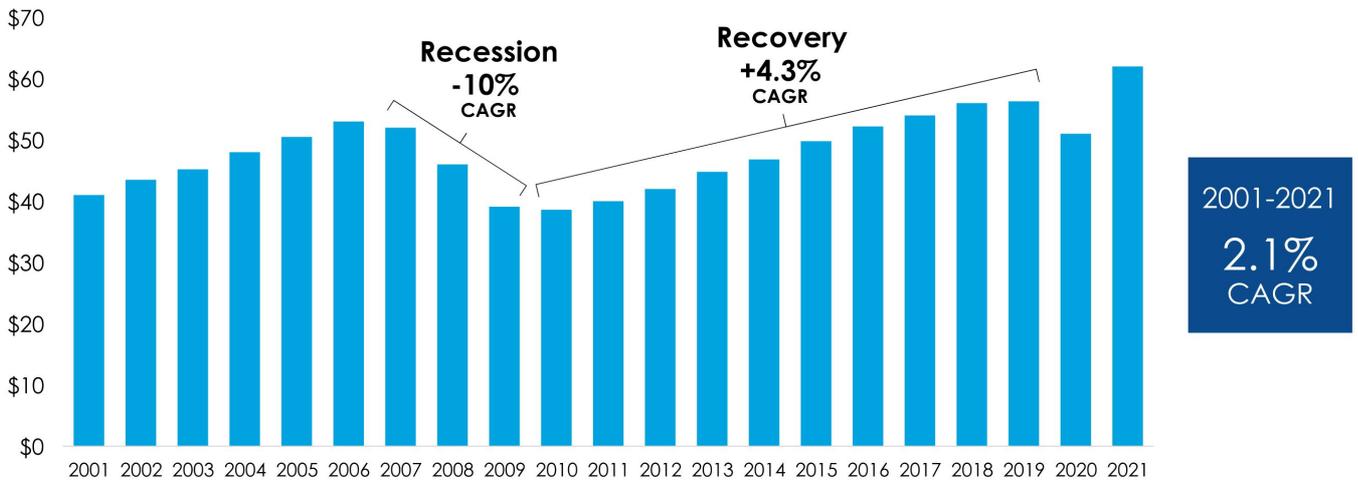
# Mattress Sales – Solid Long-Term Growth Trend

Domestic Wholesale Mattress Dollar Sales  
(\$Millions)



# Home Furnishing Sales – Solid Long-Term Growth Trend

Annual U.S. Home Furnishing Retail Sales 2001-2021  
(\$ Billions)



# Reconciliation of Free Cash Flow

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>YTD FY2023</u>
Net cash (used in) provided by operating activities	\$26,795	\$32,981	\$27,473	\$13,873	\$4,970	\$21,478	(\$17,441)	4,583
Minus: Capital Expenditures	(11,475)	(11,858)	(8,005)	(3,261)	(4,585)	(6,664)	(5,695)	(1,602)
Plus: Proceeds from the sale of property, plant and equipment	233	141	6	1,894	672	12	-	465
Plus: Proceeds from long-term note receivable associated with discontinued operation	-	-	-	-	1,523	-	-	-
Minus: Investment in unconsolidated joint venture	-	(1,129)	(661)	(120)	(220)	(90)	-	-
Plus: Proceeds from life insurance policy	-	-	-	394	-	-	-	-
Minus: Payments on vendor-financed capital expenditures	-	(1,050)	(3,750)	(1,412)	-	-	-	-
Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	-	-	57	1,233	-	157	56	70
Minus: Purchase of long-term investments (Rabbi Trust)	(1,649)	(1,351)	(1,902)	(1,011)	(788)	(619)	(1,088)	(870)
Minus: Premium payment on life insurance policy	(18)	(18)	(18)	-	-	-	-	-
Excess tax benefit related to stock options exercised	841	657	-	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	498	(56)	85	(93)	(119)	131	(91)	(149)
<b>Free Cash Flow</b>	<b>\$15,225</b>	<b>\$18,317</b>	<b>\$13,285</b>	<b>\$11,497</b>	<b>\$1,453</b>	<b>\$14,405</b>	<b>(\$24,259)</b>	<b>\$2,497</b>

## ABOUT NON-GAAP FINANCIAL INFORMATION

This document contains disclosures about free cash flow, a non-GAAP liquidity measure that we define as net cash provided by (used in) operating activities, less cash capital expenditures, plus any proceeds from sale of property, plant, and equipment, plus proceeds from long-term note receivable associated with discontinued operation, less investment in unconsolidated joint venture, plus proceeds from life insurance policies, less premium payments on life insurance policies, less payments on vendor-financed capital expenditures, plus proceeds from the sale of long-term investments associated with our rabbi trust, less the purchase of long-term investments associated with our rabbi trust, plus the excess tax benefit related to stock options exercised, and plus or minus the effects of foreign currency exchange rate changes on cash and cash equivalents, in each case to the extent any such amount is incurred during the period presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in this report. 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 investments. 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.