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) August 29, 2018

Culp, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina	1-12597	56-1001967
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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. 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. 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,” “estimate,” “plan” and “project” and their derivatives, and include but are not limited to statements about expectations for our future operations, production levels, 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 measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. 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, as well as our success in finalizing acquisition negotiations, and integrating acquired businesses. 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. 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. 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.

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 August 29, 2018, we issued a news release to announce our financial results for our first quarter ended July 29, 2018. The news release is attached hereto as Exhibit 99(a).

Also on August 29, 2018, we released a Financial Information Release containing additional financial information and disclosures about our first quarter ended July 29, 2018. 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 income statement information with adjusted proforma results, which exclude restructuring and related charges and credits. The company has included this adjusted proforma information in order to show operational performance excluding the effects of restructuring and related charges that are not expected to occur on a regular basis. 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 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 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.

The news release and Financial Information Release contain 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 restructuring and related charges) 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 news release and 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. 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 (which can be volatile for our company as described above), 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 August 29, 2018

99(b) Financial Information Release dated August 29, 2018

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: August 29, 2018

EXHIBIT INDEX

Exhibit Number	Exhibit
99(a)	News Release dated August 29, 2018
99(b)	Financial Information Release dated August 29, 2018

Exhibit 99(a)

CULP

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 FIRST QUARTER FISCAL 2019

HIGH POINT, N.C. (August 29, 2018) ─ Culp, Inc. (NYSE: CULP) today reported financial and operating results for the first quarter ended July 29, 2018.

Fiscal 2019 First Quarter Highlights

- Net sales were $71.5 million, down 10.1 percent over the prior year, with mattress fabrics sales down 23.6 percent and upholstery fabrics sales up 10.9 percent.

- Pre-tax income was $1.9 million, compared with $6.7 million for the prior year period. Excluding restructuring and related charges of approximately $2.0 million, pre-tax income was $4.0 million for the first quarter of fiscal 2019. (See reconciliation table on page 6).

- Net income was $957,000, or $0.08 per diluted share, compared with net income of $5.0 million, or $0.40 per diluted share, in the prior year period. These results include the $2.0 million in restructuring and related charges noted above.

- The company's financial position reflected total cash and investments of $39.3 million and $4.0 million outstanding on the company's line of credit as of July 29, 2018, for a net cash position of $35.3 million. (See summary of cash and investments table on page 6).

- The company announced a quarterly cash dividend of $0.09 per share, payable in October.

- Completed the majority ownership investment in eLuxury, an e-commerce company offering bedding accessories and home goods direct to consumers.

Financial Outlook

- The projection for the second quarter of fiscal 2019 is for overall sales to be down approximately 5 percent compared to the same period last year. Pre-tax income is expected to be in the range of $3.6 million to $4.6 million, excluding any restructuring and related expenses and credits. Pre-tax income for the second quarter of fiscal 2018 was $6.2 million.

- The company's performance for the second half of fiscal 2019 is currently expected to be more in line with the results achieved during the second half of last fiscal year, assuming bedding industry relief materializes under U.S. trade laws.

Overview

For the first quarter ended July 29, 2018, net sales were $71.5 million, compared with $79.5 million a year ago. On a pre-tax basis, the company reported income of $1.9 million, compared with pre-tax income of $6.7 million for the first quarter of fiscal 2018. The company reported net income attributable to Culp, Inc. shareholders of $957,000, or $0.08 per diluted share, for the first quarter of fiscal 2019, compared with net income of $5.0 million, or $0.40 per diluted share, for the first quarter of fiscal 2018. The effective income tax rate was 46.5 percent for the quarter, compared to 24.3 percent for the first quarter of last fiscal year. The increase was primarily due to the mix of pre-tax income favoring the company's foreign income tax jurisdictions that are taxed at higher income and withholding tax rates compared to the U.S. federal statutory rate of 21.0 percent. The financial results for the first quarter of fiscal 2019 also included approximately $2.0 million in restructuring and related charges, due to the closure of the company's Anderson, South Carolina, production facility. Excluding these charges, pre-tax income for the first quarter of fiscal 2019 was $4.0 million.

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Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, “As expected, our results for the first quarter reflect challenging bedding industry conditions resulting primarily from the significant increase of low-priced imported mattresses from China. We estimate total mattress imports now represent approximately 20 percent of U.S. industry shipments. We are pleased that even with substantially lower sales of mattress fabrics from a year ago, we achieved an operating income margin in this business of close to eight percent. Additionally, we are optimistic that the U.S. bedding industry could benefit in the near term from relief under U.S. trade laws to address this situation. If and when such action would occur, we believe it will favorably affect our business and the domestic mattress industry going forward. With regard to our upholstery fabrics business, we were pleased with the improved sales performance for the first quarter, which included an additional contribution from Read Window Products (“RWP”), acquired at the end of fiscal 2018.

“Overall, our operating performance for the first quarter was affected by lower sales of mattress fabrics, an unfavorable currency exchange rate in China, and the impact of closing our Anderson, South Carolina, operations. While we are experiencing considerable headwinds, we are optimistic that we will begin to see improvement in our quarterly results in the second half of the fiscal year. The incremental sales from RWP in the upholstery fabrics business, and the expected contribution to our mattress fabrics sales from our investment in eLuxury, completed in the first quarter, will support our product-driven strategy. For both businesses, we remain focused on offering creative designs and innovative products that meet the changing demands of our customers. Importantly, we have the financial strength to support our business in this current environment, and we are well positioned for continued growth as market conditions evolve,” said Saxon.

Mattress Fabrics Segment

Mattress fabrics sales for the first quarter were $37.0 million, compared with $48.4 million for the first quarter of fiscal 2018.

“As expected, our sales for the first quarter reflect the significant disruptions and uncertainties surrounding the mattress industry compared with market conditions a year ago,” said Iv Culp, president of Culp’s mattress fabrics division. “We have continued to face very soft demand trends related to the rapid growth of low-cost imported mattresses from China. The influx of these products has significantly disrupted the domestic mattress business and affected many of our customers. As a leader in mattress fabrics and sewn covers, we felt a disproportionate impact with reduced orders from our major customers during the first quarter. In addition, ongoing changes with a large mattress retailer have created more uncertainty throughout the mattress industry supply chain, which affected our distribution. Despite these challenges, we continued to see consistent placements with our customers, and we have strong, established customer relationships and expect to see our business normalize as market conditions improve.

“We have remained focused on our product diversification strategy with a favorable product mix of mattress fabrics and sewn covers. Although we experienced lower sales for CLASS, our mattress cover business, as compared to the same period last year, we are pleased with the recent trends. We are expanding our business with existing customers, and we are also seeing orders from new customers in the growing boxed bedding space. We recently launched our new line of bedding accessories, marketed under the brand name, ‘Comfort Supply Company by Culp,’ and we remain excited about the opportunities to extend our market reach. As we have identified additional marketing channels, we have also implemented a new digital marketing strategy and expanded our social media presence to enhance Culp’s brand awareness and increase sales, especially with younger consumers.

“During the first quarter, we completed our previously announced majority ownership investment in eLuxury, an e-commerce company offering bedding accessories and home goods direct to consumers. This strategic investment substantially expands our addressable market, provides an important new sales channel for Culp in the bedding accessories and home goods categories, and expands our ability to participate in the rapidly growing e-commerce direct-to-consumer space. We have already developed and are beginning to launch our Phase One product offerings, and we are also creating innovative new items to be marketed through this exciting platform. We believe eLuxury will enhance our strong value proposition, and we expect to see a meaningful contribution from this new business category by the second half of fiscal 2019.

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“We have been aggressive over the past two years as we worked to create a sustainable, efficient platform with enhanced capacity and distribution capabilities,” added Culp. “The flexibility and scalability of this platform have served us well, especially during the difficult market conditions we faced in the first quarter. We continue to focus on maximizing the efficiency of our operations and aligning our costs in tandem with current and expected demand. In addition, we have reduced our capital expenditure budget for the year and deferred certain projects that were originally expected to be completed in fiscal 2019. Overall, our manufacturing and service platforms are in excellent condition worldwide, and we are excited about the benefits we will realize from our recent work.

“Looking ahead, we see continued uncertainty in the mattress industry that will affect short-term demand trends and our operating performance. We are optimistic that the proposed relief being sought by the bedding industry under U.S. trade laws to address the impact of imported, low-priced mattresses from China will be favorable for our business. Assuming such actions are successful, and factoring in the incremental sales from eLuxury, we expect our mattress fabrics sales and operating performance will improve in the second half of the fiscal year. We have a solid core business and a strong competitive position across all product categories from fabric to sewn covers. Furthermore, we have a comprehensive strategy in place to expand our market reach with complementary products and new sales channels, especially as the mattress industry begins to stabilize,” said Culp.

Upholstery Fabrics Segment

Sales for this segment were $34.5 million for the first quarter, compared with sales of $31.1 million in the first quarter of fiscal 2018.

“Our upholstery fabrics sales were in line with expectations for the first quarter of fiscal 2019, with a solid 10.9 percent growth in sales compared with the first quarter sales performance a year ago,” noted Boyd Chumbley, president of Culp’s upholstery fabrics division. “Our ability to execute our product-driven strategy and diversify our customer base has been the key driver of our sales performance. Culp’s creative designs and innovative products continue to resonate with our global customer base.

“Our results reflect consistent organic growth with our China produced fabrics, as we continued to see favorable demand trends for our popular line of ‘performance fabrics.’ Our sales for the quarter also included the first full quarter of financial results for RWP, and we are pleased with the successful integration of this window treatment business as we achieved our anticipated financial and operating objectives for the quarter. Looking ahead, we are excited about the additional growth opportunities RWP provides as we extend our reach into the hospitality market. We continue to diversify our sales with additional end-user markets and customers, as well as expand sales in certain other geographic markets. Additionally, we are pleased with the continued growth of our fabric sold for stationary furniture applications.

“As expected, our operating performance for the first quarter of fiscal 2019 was primarily affected by an unfavorable currency exchange rate in China, although we did see some benefit from a weakening currency late in the quarter. In addition, we incurred $2.0 million in restructuring and related charges for the previously announced closing of our Anderson, South Carolina, facility, which included approximately $1.5 million for inventory markdowns and $500,000 in severance and retention expenses. We expect to recover most of these costs over the next two quarters from the sale of the plant and equipment in Anderson with anticipated proceeds of $1.7 million to $2.0 million. We are on schedule to cease production in Anderson by the end of August.

“Looking ahead, currently the impact of the proposed tariffs and the associated geopolitical risks are uncertain. We are monitoring the situation and the potential impact on Culp’s business, and if additional tariffs are implemented, we will determine an appropriate response. Additionally, we continue to closely monitor the gradual increase in raw material costs in China. Despite these uncertainties, we believe Culp is well positioned to benefit from any uptick in demand for home furnishings and more stable market conditions,” added Chumbley.

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Balance Sheet

"Maintaining a strong financial position is one of Culp's top priorities for fiscal 2019," added Ken Bowling, senior vice president and chief financial officer of Culp, Inc. "We reported $39.3 million in total cash and investments and $4.0 million outstanding on the company's line of credit as of July 29, 2018, for a net cash position of $35.3 million. During the first quarter, we spent $2.2 million on capital expenditures, including vendor financed payments, funded $11.6 million for the eLuxury investment, and spent $1.1 million on regular dividends. Consistent with the first quarter in previous years, the company borrowed funds for working capital requirements at the beginning of the fiscal year, and we expect to reduce this outstanding debt as soon as possible."

Dividends and Share Repurchases

The company also announced that the Board of Directors approved the payment of the company's quarterly cash dividend of $0.09 per share. This payment will be made on October 15, 2018, to shareholders of record as of October 1, 2018. 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 3,000 shares at the end of the first quarter of fiscal 2019, leaving $4.9 million available under the share repurchase program approved by the Board in June 2016.

Since June 2011, the company has returned approximately $57.1 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

Financial Outlook

Commenting on the outlook for the second quarter of fiscal 2019, Bowling remarked, "We expect overall sales to be down approximately 5.0 percent compared with the second quarter of last year.

"We expect sales, operating income and margins in our mattress fabrics segment to show sequential improvement, but to be lower than the second quarter of fiscal 2018. Assuming the mattress industry stabilizes, bedding industry relief materializes under U.S. trade laws and business conditions improve, we expect to see more normalized trends in the second half of fiscal 2019 that are more in line with the prior year.

"In our upholstery fabrics segment, we expect sales to be slightly higher compared to the same time last year. Operating income and margins are expected to be slightly up compared with the same period a year ago, assuming more favorable trends in currency exchange rates and the elimination of operating losses associated with the Anderson facility.

"Considering these factors, the company expects to report pre-tax income for the second fiscal quarter of 2019 in the range of $3.6 million to $4.6 million, excluding any restructuring and related charges and credits. Pre-tax income for last year's second quarter was $6.2 million. Our performance for the second half of fiscal 2019 is currently expected to be more in line with the results achieved during the second half of last fiscal year.

"Based on our current budget, 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," 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.

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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. 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. 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," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about expectations for our future operations, production levels, 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 measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. 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, as well as our success in finalizing acquisition negotiations, and integrating acquired businesses. 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. 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. 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.

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CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	July 29, 2018	**July 30, 2017**
Net sales	$ 71,473,000	$ 79,533,000
Income before income taxes	$ 1,948,000	$ 6,742,000
Net income attributable to Culp, Inc.	$ 957,000	$ 4,984,000
Net income per share:		
Basic	$ 0.08	$ 0.40
Diluted	$ 0.08	$ 0.40
Average shares outstanding:		
Basic	12,510,000	12,399,000
Diluted	12,600,000	12,590,000

Adjusted Consolidated Statement of Operations
For Three Months Ended July 29, 2018
(Unaudited)

	As Reported July 29, 2018	**(1) Adjustments**	**July 29, 2018 Adjusted Results**
Net Sales	$ 71,473	$ -	$ 71,473
Cost of Sales (1)	60,914	(1,565)	59,349
Gross Profit	10,559	(1,565)	12,124
Selling, general, and administrative expenses	8,033	-	8,033
Restructuring expense (1)	451	(451)	-
Income from operations	2,075	(2,016)	4,091
Interest expense	20	-	20
Interest income	(150)	-	(150)
Other expense	257	-	257
Income before income taxes	$ 1,948	$ (2,016)	$ 3,964

(1) The $1.6 million adjustment for cost of sales represents a restructuring related charge for inventory markdowns. The $451 restructuring charge is for employee termination benefits. Both of these charges are associated with the closure of the company's Anderson, South Carolina, plant facility. The were no restructuring activities during the three month period ending July 30, 2017.

Summary of Cash and Investments
July 29, 2018, July 30, 2017, and April 29, 2018
(Unaudited)
(Amounts in Thousands)

	Amounts		
	July 29, 2018	**July 30, 2017**	**April 29, 2018 ***
Cash and cash equivalents	$ 8,593	$ 18,322	$ 21,228
Short-term investments - Available for Sale	-	2,469	2,451
Short-term investments - Held-To-Maturity	30,756	-	25,759
Long-term investments - Held-To-Maturity	-	30,907	5,035
Total cash and investments	$ 39,349	$ 51,698	$ 54,473

**Derived from audited financial statements.*

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CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED						
	Amounts				Percent of Sales	
	July 29, 2018		July 30 2017	% Over (Under)	**July 29, 2018**	July 30 2017
Net sales	**$ 71,473**		79,533	(10.1)%	**100.0**%	100.0%
Cost of sales	**60,914**	(1) (2)	63,068	(3.4)%	**85.2**%	79.3%
Gross profit	**10,559**		16,465	(35.9)%	**14.8**%	20.7
Selling, general and administrative expenses	**8,033**		9,501	(15.5)%	**11.2**%	11.9%
Restructuring expense	**451**	(2)	-	100.0%	**0.6**%	0.0%
Income from operations	**2,075**		6,964	(70.2)%	**2.9**%	8.8%
Interest expense	**20**		-	100.0%	**0.0**%	0.0%
Interest income	**(150)**		(131)	14.5%	**(0.2)**%	(0.2)%
Other expense	**257**		353	(27.2)%	**0.4**%	0.4%
Income before income taxes	**1,948**		6,742	(71.1)%	**2.7**%	8.5%
Income taxes*	**906**		1,640	(44.8)%	**46.5**%	24.3%
Loss from investment in unconsolidated joint venture	**77**		118	(34.7)%	**0.1**%	0.1%
Net income	**965**		4,984	(80.6)%	**1.4**%	6.3
Less: Net income attributable to non-controlling interest	**(8)**		-	(100.0)%	**(0.0)**%	0.0%
Net income attributable to Culp Inc. common shareholders	**$ 957**		4,984	(80.8)%	**1.3**%	6.3%
Net income attributable to Culp Inc. common shareholders per share-basic	**$ 0.08**		$ 0.40	(80.0)%		
Net income attributable to Culp Inc. common shareholders per share-diluted	**$ 0.08**		$ 0.40	(80.0)%		
Average shares outstanding-basic	**12,510**		12,399	0.9%		
Average shares outstanding-diluted	**12,600**		12,590	0.1%		

* 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 July 29, 2018 includes a $1.6 million restructuring related charge for inventory markdowns.

(2) See page 6 for detailed description of charges and adjusted statement of operations excluding restructuring expense and restructuring related charges incurred for the three-month period ending July 29, 2018. There were no restructuring activities noted for the three-month period ending July 30, 2017.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
July 29, 2018, JULY 30, 2017 AND APRIL 29, 2018
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	July 29, 2018	(Condensed) July 30, 2017	Dollars	Percent	* April 29, 2018
Current assets					
Cash and cash equivalents	$ **8,593**	18,322	(9,729)	(53.1)%	21,228
Short-term investments - Available for Sale	**-**	2,469	(2,469)	(100.0)%	2,451
Short-term investments - Held-To-Maturity	**30,756**	-	30,756	100.0%	25,759
Accounts receivable	**23,225**	22,140	1,085	4.9%	26,307
Inventories	**54,989**	55,227	(238)	(0.4)%	53,454
Other current assets	**3,852**	3,441	411	11.9%	2,870
Total current assets	**121,415**	101,599	19,816	19.5%	132,069
Property, plant & equipment, net	**53,178**	52,912	266	0.5%	51,794
Goodwill	**27,222**	11,462	15,760	137.5%	13,569
Deferred income taxes	**3,721**	436	3,285	753.4%	1,458
Long-term Investments - Held-To-Maturity	**-**	30,907	(30,907)	(100.0)%	5,035
Long-term Investments - Rabbi Trust	**7,671**	6,714	957	14.3%	7,326
Investment in unconsolidated joint venture	**1,525**	1,477	48	3.2%	1,501
Other assets	**11,640**	2,397	9,243	385.6%	5,232
Total assets	$ **226,372**	207,904	18,468	8.9%	217,984
Current liabilities					
Accounts payable - trade	$ **25,070**	29,112	(4,042)	(13.9)%	27,237
Accounts payable - capital expenditures	**862**	5,647	(4,785)	(84.7)%	1,776
Deferred revenue	**634**	-	634	100.0%	809
Accrued expenses	**8,176**	6,075	2,101	34.6%	9,325
Accrued restructuring costs	**445**	-	445	100.0%	-
Income taxes payable - current	**1,244**	884	360	40.7%	1,437
Total current liabilities	**36,431**	41,718	(5,287)	(12.7)%	40,584
Line of credit	**4,000**	5,000	(1,000)	(20.0)%	-
Accrued expenses - long-term	**749**	-	749	100.0%	763
Contingent consideration - Earn-Out Obligation	**5,600**	-	5,600	100.0%	-
Income taxes payable - long-term	**3,733**	487	3,246	666.5%	3,758
Deferred income taxes	**2,150**	4,253	(2,103)	(49.4)%	2,150
Deferred compensation	**7,679**	6,769	910	13.4%	7,353
Total liabilities	**60,342**	58,227	2,115	3.6%	54,608
Shareholders' equity					
Shareholders' equity attributable to Culp Inc.	**161,490**	149,677	11,813	7.9%	163,376
Non-controlling interest	**4,540**	-	4,540	100.0%	-
	166,030	149,677	16,353	10.9%	163,376
Total liabilities and shareholders' equity	$ **226,372**	207,904	18,468	8.9%	217,984
Shares outstanding	**12,522**	12,441	81	0.7%	12,450

** Derived from audited financial statements.*

CULP, INC. FINANCIAL INFORMATION RELEASE
SUMMARY OF CASH AND INVESTMENTS
JULY 29, 2018, JULY 30, 2017, AND APRIL 29, 2018
Unaudited
(Amounts in Thousands)

	Amounts		
	July 29, 2018	July 30, 2017	April 29, 2018*
Cash and cash equivalents	**$ 8,593**	$ 18,322	$ 21,228
Short-term investments - Available for Sale	-	2,469	2,451
Short-term investments - Held-To-Maturity	**30,756**	-	25,759
Long-term investments - Held-To-Maturity	-	30,907	5,035
Total Cash and Investments	**$ 39,349**	$ 51,698	$ 54,473

* *Derived from audited financial statements.*

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	July 29, 2018	July 30, 2017
Cash flows from operating activities:		
Net income	$ **965**	4,984
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	**2,015**	1,807
Amortization of assets	**145**	82
Stock-based compensation	**(501)**	757
Deferred income taxes	**(2,263)**	643
Realized loss on sale of short-term investments (Available for Sale)	**94**	-
Loss on sale of equipment	**35**	-
Loss from investment in unconsolidated joint venture	**77**	118
Foreign currency exchange gain (loss)	**(91)**	35
Changes in assets and liabilities, net of effects of acquisition of businesses:		
Accounts receivable	**2,837**	2,524
Inventories	**(429)**	(3,539)
Other current assets	**(989)**	(467)
Other assets	**34**	(47)
Accounts payable	**(2,494)**	(397)
Deferred revenue	**(175)**	-
Accrued expenses and deferrred compensation	**(1,566)**	(4,704)
Accrued restructuring costs	**445**	-
Income taxes	**(75)**	608
Net cash (used in) provided by operating activities	**(1,936)**	2,404
Cash flows from investing activities:		
Capital expenditures	**(757)**	(2,260)
Net cash paid for acquistion of businesses	**(11,971)**	-
Investment in unconsolidated joint venture	**(100)**	(489)
Proceeds from the sale of short-term investments (Available for Sale)	**2,458**	-
Purchase of short-term investments (Available for Sale)	**(10)**	(12)
Proceeds from the sale of long-term investments (Rabbi Trust)	-	49
Purchase of long-term investments (Rabbi Trust)	**(302)**	(1,267)
Net cash used in investing activities	**(10,682)**	(3,979)
Cash flows from financing activities:		
Proceeds from line of credit	**11,000**	5,000
Payments on line of credit	**(7,000)**	-
Payments on vendor-financed capital expenditures	**(1,412)**	(1,250)
Dividends paid	**(1,127)**	(3,608)
Common stock surrendered for withholding taxes payable	**(1,292)**	(1,135)
Common stock repurchased	**(72)**	-
Proceeds from common stock issued	-	5
Net cash provided by (used in) financing activities	**97**	(988)
Effect of exchange rate changes on cash and cash equivalents	**(114)**	90
Decrease in cash and cash equivalents	**(12,635)**	(2,473)
Cash and cash equivalents at beginning of period	**21,228**	20,795
Cash and cash equivalents at end of period	$ **8,593**	18,322
Free Cash Flow (1)	$ **(4,621)**	(2,723)

(1) Free Cash Flow reconciliation is as follows:

		FY 2019	FY 2018
A) Net cash provided by operating activities	$	**(1,936)**	2,404
B) Minus: Capital Expenditures		**(757)**	(2,260)
C) Minus: Investment in unconsolidated joint venture		**(100)**	(489)
D) Minus: Payments on vendor-financed capital expenditures		**(1,412)**	(1,250)
E) Plus: Proceeds from the sale of long-term investments (Rabbi Trust)		-	49
F) Minus: Purchase of long-term investments (Rabbi Trust)		**(302)**	(1,267)
G) Effects of exchange rate changes on cash and cash equivalents		**(114)**	90
	$	**(4,621)**	(2,723)

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
(Unaudited)
(Amounts in thousands)

	THREE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	**July 29, 2018**	July 30, 2017	% Over (Under)	**July 29, 2018**	July 30, 2017
Mattress Fabrics	$ **36,983**	48,429	(23.6)%	**51.7%**	60.9%
Upholstery Fabrics	**34,490**	31,104	10.9%	**48.3%**	39.1%
Net Sales	$ **71,473**	79,533	(10.1)%	**100.0%**	100.0%
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ **5,971**	9,760	(38.8)%	**16.1%**	20.2%
Upholstery Fabrics	**6,153**	6,705	(8.2)%	**17.8%**	21.6%
Subtotal	**12,124**	16,465	(26.4)%	**17.0%**	20.7%
Restructuring related charges	**(1,565)** (1)	-	100.0%	**(2.2)%**	0.0%
Gross Profit	$ **10,559**	16,465	(35.9)%	**14.8%**	20.7%
Selling, General and Administrative Expenses by Segment				Percent of Sales	
Mattress Fabrics	$ **3,148**	3,391	(7.2)%	**8.5%**	7.0%
Upholstery Fabrics	**3,626**	3,811	(4.9)%	**10.5%**	12.3%
Unallocated Corporate expenses	**1,259**	2,299	(45.2)%	**1.8%**	2.9%
Selling, General and Administrative Expenses	$ **8,033**	9,501	(15.5)%	**11.2%**	11.9%
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ **2,823**	6,368	(55.7)%	**7.6%**	13.1%
Upholstery Fabrics	**2,527**	2,895	(12.7)%	**7.3%**	9.3%
Unallocated corporate expenses	**(1,259)**	(2,299)	(45.2)%	**(1.8)%**	(2.9)%
Subtotal	$ **4,091**	6,964	(41.3)%	**5.7%**	8.8%
Restructuring expense and related charges	**(2,016)** (1)	-	100.0%	**(2.8)%**	0.0%
Operating income	**2,075**	6,964	(70.2)%	**2.9%**	8.8%
Return on Capital (2)					
Mattress Fabrics	**28.6%**	40.3%			
Upholstery Fabrics	**53.7%**	61.6%			
Unallocated Corporate	**N/A**	N/A			
Consolidated	**21.4%**	28.8%			
Capital Employed (2) (3)					
Mattress Fabrics	$ **83,471**	74,913	11.4%		
Upholstery Fabrics	**19,506**	19,508	(0.0)%		
Unallocated Corporate	**31,118**	13,801	125.5%		
Consolidated	$ **134,095**	108,222	23.9%		
Depreciation Expense by Segment					
Mattress Fabrics	$ **1,800**	1,612	11.7%		
Upholstery Fabrics	**215**	195	10.3%		

Depreciation Expense	**$ 2,015**	1,807	11.5%

Notes

(1) See page 6 for detailed description of charges.

(2) See pages 8 and 9 of this financial information release for calculations.

(3) The capital employed balances are as of July 29, 2018 and July 30, 2017.

CULP, INC.
ADJUSTED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017

	THREE MONTHS ENDED (UNAUDITED)										
	As Reported July 29, 2018	% of Sales	Adjustments	% of Sales		July 29, 2018 Adjusted Results	% of Sales	(3) **As Reported July 30, 2017**	% of Sales	% Over (Under)
Net sales	**$ 71,473**	100.0%	-	0.0%		71,473	100.0%	**79,533**	100.0%	-10.1%
Cost of sales	**60,914**	85.2%	(1,565)	-2.2%	(1)	59,349	83.0%	**63,068**	79.3%	-5.9%
Gross profit	**10,559**	14.8%	(1,565)	-2.2%		12,124	17.0%	**16,465**	20.7%	-26.4%
Selling, general and administrative expenses	**8,033**	11.2%	-	0.0%		8,033	11.2%	**9,501**	11.9%	-15.5%
Restructuring expense	**451**	0.6%	(451)	-0.6%	(2)	-	0.0%	-	0.0%	0.0%
Income from operations	**2,075**	2.9%	(2,016)	-2.8%		4,091	5.7%	**6,964**	8.8%	-41.3%
Interest expense	**20**	0.0%	-	0.0%		20	0.0%	-	0.0%	100.0%
Interest income	**(150)**	-0.2%	-	0.0%		(150)	-0.2%	**(131)**	-0.2%	14.5%
Other expense	**257**	0.4%	-	0.0%		257	0.4%	**353**	0.4%	-27.2%
Income before income taxes	**1,948**	2.7%	(2,016)	-2.8%		3,964	5.5%	**6,742**	8.5%	-41.2%

Notes

(1) The $1.6 million restructuring related charge represents inventory markdowns associated with the closure of our Anderson, SC plant facility.

(2) The $451 restructuring charge represents employee termination benefits associated with the closure of our Anderson, SC plant facility.

(3) Actual reported results were used for comparative purposes as there were no restructuring activities for the three month period ending July 30, 2017.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Quarter Ended				Trailing 12 Months
	10/29/2017	1/28/2018	4/29/2018	7/29/2018	7/29/2018
Net income (loss)	$ 3,976	$ (748)	$ 12,666	$ 957	$ 16,851
Income taxes	2,108	8,208	(6,217)	906	5,005
Interest income, net	(91)	(101)	(117)	(130)	(439)
Restructuring expense and related charges	-	-	-	2,016	2,016
Depreciation and amortization expense	1,990	2,048	2,096	2,160	8,294
Stock based compensation	801	864	(210)	(501)	954
Adjusted EBITDA	$ 8,784	$ 10,271	$ 8,218	$ 5,408	$ 32,681

	Quarter Ended				Trailing 12 Months
	10/30/2016	1/29/2017	4/30/2017	7/30/2017	7/30/2017
Net income	$ 4,475	$ 6,347	$ 6,198	$ 4,984	$ 22,004
Income taxes	2,684	643	778	1,640	5,745
Interest income, net	(15)	(124)	(134)	(131)	(404)
Restructuring expense and related charges	-	-	-	-	-
Depreciation and amortization expense	1,778	1,875	1,863	1,889	7,405
Stock based compensation	896	962	739	757	3,354
Adjusted EBITDA	$ 9,818	$ 9,703	$ 9,444	$ 9,139	$ 38,104
% Over (Under)	-10.5%	5.9%	-13.0%	-40.8%	-14.2%

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED JULY 29, 2018
(Amounts in Thousands)
(Unaudited)

	Operating Income Twelve Months Ended July 29, 2018 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 22,310	$ 77,999	28.6%
Upholstery Fabrics	10,592	19,715	53.7%
(less: Unallocated Corporate)	(8,314)	17,421	N/A
Total	$ 24,588	$ 115,134	21.4%

Average Capital Employed	**As of the three Months Ended July 29, 2018**				**As of the three Months Ended April 29, 2018**				**As of the three Months Ended January 28, 2018**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 98,064	37,386	90,922	226,372	$ 95,061	39,812	83,111	217,984	$ 93,827	43,458	79,559	216,844
Total liabilities (5)	(14,593)	(17,880)	(27,869)	(60,342)	(17,335)	(18,679)	(18,594)	(54,608)	(18,418)	(22,781)	(23,463)	(64,662)
Subtotal	$ 83,471	$ 19,506	$ 63,053	$ 166,030	$ 77,726	$ 21,133	$ 64,517	$ 163,376	$ 75,409	$ 20,677	$ 56,096	$ 152,182
Less:												
Cash and cash equivalents	-	-	(8,593)	(8,593)	-	-	(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	-	-	(30,756)	(30,756)	-	-	(25,759)	(25,759)	-	-	(17,206)	(17,206)
Long-term investments - Held-To-Maturity	-	-	-	-	-	-	(5,035)	(5,035)	-	-	(13,625)	(13,625)
Long-term investments - Rabbi Trust	-	-	(7,671)	(7,671)	-	-	(7,326)	(7,326)	-	-	(7,176)	(7,176)
Deferred income taxes - non-current	-	-	(3,721)	(3,721)	-	-	(1,458)	(1,458)	-	-	(1,942)	(1,942)
Income taxes payable - current	-	-	1,244	1,244	-	-	1,437	1,437	-	-	1,580	1,580
Income taxes payable - long-term	-	-	3,733	3,733	-	-	3,758	3,758	-	-	10,940	10,940
Deferred income taxes - non-current	-	-	2,150	2,150	-	-	2,150	2,150	-	-	2,096	2,096
Line of credit	-	-	4,000	4,000	-	-	-	-	-	-	-	-
Deferred compensation	-	-	7,679	7,679	-	-	7,353	7,353	-	-	7,216	7,216
Total Capital Employed	$ 83,471	$ 19,506	$ 31,118	$ 134,095	$ 77,726	$ 21,133	$ 15,958	$ 114,817	$ 75,409	$ 20,677	$ 13,079	$ 109,165

	As of the three Months Ended October 29, 2017				**As of the three Months Ended July 30, 2017**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 94,626	34,974	71,443	201,043	$ 99,190	34,491	74,223	207,904
Total liabilities (5)	(16,150)	(17,225)	(14,588)	(47,963)	(24,277)	(14,983)	(18,967)	(58,227)
Subtotal	$ 78,476	$ 17,749	$ 56,855	$ 153,080	$ 74,913	$ 19,508	$ 55,256	$ 149,677
Less:								
Cash and cash equivalents	-	-	(15,739)	(15,739)	-	-	(18,322)	(18,322)
Short-term investments - Available-For-Sale	-	-	(2,478)	(2,478)	-	-	(2,469)	(2,469)
Short-term investments - Held-To-Maturity	-	-	(4,015)	(4,015)	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	(26,853)	(26,853)	-	-	(30,907)	(30,907)
Long-term investments - Rabbi Trust	-	-	(6,921)	(6,921)	-	-	(6,714)	(6,714)
Deferred income taxes - non-current	-	-	(491)	(491)	-	-	(436)	(436)
Income taxes payable - current	-	-	692	692	-	-	884	884
Income taxes payable - long-term	-	-	487	487	-	-	487	487
Deferred income taxes - non-current	-	-	4,641	4,641	-	-	4,253	4,253
Line of credit	-	-	-	-	-	-	5,000	5,000
Deferred compensation	-	-	6,970	6,970	-	-	6,769	6,769
Total Capital Employed	$ 78,476	$ 17,749	$ 13,148	$ 109,373	$ 74,913	$ 19,508	$ 13,801	$ 108,222

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 77,999	$ 19,715	$ 17,421	$ 115,134

Notes:

(1) See reconciliation per page 10 of this financial information release.

(2) Return on average capital employed represents the last twelve months operating income as of July 29, 2018, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments - Available- For-Sale, short-term investments Held-To-Maturity, long-term investments Held-To-Maturity, long-term investments - Rabbi Trust, noncurrent deferred income tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(3) Average capital employed was computed using the quarterly five periods ending July 29, 2018, April 29, 2018, January 28, 2018, October 29, 2017, and July 30, 2017.

(4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therfore, 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 therfore, 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 JULY 30, 2017
(Amounts in Thousands)
(Unaudited)

	Operating Income Twelve Months Ended July 30, 2017 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 27,348	$ 67,847	40.3%
Upholstery Fabrics	10,998	17,867	61.6%
(less: Unallocated Corporate)	(9,978)	12,914	N/A
Total	$ 28,368	$ 98,628	28.8%

Average Capital Employed	**As of the three Months Ended July 30, 2017**				**As of the three Months Ended April 30, 2017**				**As of the three Months Ended January 29, 2017**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 99,190	34,491	74,223	$ 207,904	$ 98,087	$ 32,255	$ 75,292	$ 205,634	$ 90,197	$ 30,380	$ 70,479	$ 191,056
Total liabilities	(24,277)	(14,983)	(18,967)	(58,227)	(27,619)	(16,249)	(13,136)	(57,004)	(23,126)	(11,960)	(13,656)	(48,742)
Subtotal	$ 74,913	$ 19,508	$ 55,256	$ 149,677	$ 70,468	$ 16,006	$ 62,156	$ 148,630	$ 67,071	$ 18,420	$ 56,823	$ 142,314
Less:												
Cash and cash equivalents	-	-	(18,322)	(18,322)	-	-	(20,795)	(20,795)	-	-	(15,659)	(15,659)
Short-term investments - Available-For-Sale	-	-	(2,469)	(2,469)	-	-	(2,443)	(2,443)	-	-	(2,410)	(2,410)
Long-term investments - Held-To-Maturity	-	-	(30,907)	(30,907)	-	-	(30,945)	(30,945)	-	-	(30,832)	(30,832)
Long-term investments - Rabbi Trust	-	-	(6,714)	(6,714)	-	-	(5,466)	(5,466)	-	-	(5,488)	(5,488)
Income taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes - non-current	-	-	(436)	(436)	-	-	(419)	(419)	-	-	(422)	(422)
Income taxes payable - current	-	-	884	884	-	-	287	287	-	-	217	217
Income taxes payable - long-term	-	-	487	487	-	-	467	467	-	-	1,817	1,817
Deferred income taxes - non-current	-	-	4,253	4,253	-	-	3,593	3,593	-	-	2,924	2,924
Line of credit	-	-	5,000	5,000	-	-	-	-	-	-	-	-
Deferred compensation	-	-	6,769	6,769	-	-	5,520	5,520	-	-	5,327	5,327
Total Capital Employed	$ 74,913	$ 19,508	$ 13,801	$ 108,222	$ 70,468	$ 16,006	$ 11,955	$ 98,429	$ 67,071	$ 18,420	$ 12,297	$ 97,788

	As of the three Months Ended October 30, 2016				**As of the three Months Ended July 31, 2016**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 81,683	$ 29,361	$ 68,083	$ 179,127	$ 79,911	$ 33,550	$ 69,899	$ 183,360
Total liabilities	(18,499)	(11,180)	(13,499)	(43,178)	(16,313)	(16,329)	(19,283)	(51,925)
Subtotal	$ 63,184	$ 18,181	$ 54,584	$ 135,949	$ 63,598	$ 17,221	$ 50,616	$ 131,435
Less:								
Cash and cash equivalents	-	-	(13,910)	(13,910)	-	-	(45,549)	(45,549)
Short-term investments - Available-For-Sale	-	-	(2,430)	(2,430)	-	-	(2,434)	(2,434)
Long-term investments - Held-To-Maturity	-	-	(31,050)	(31,050)	-	-	-	-
Long-term investments - Rabbi Trust	-	-	(4,994)	(4,994)	-	-	(4,611)	(4,611)
Income taxes receivable	-	-	-	-	-	-	-	-
Deferred income taxes - non-current	-	-	(581)	(581)	-	-	(1,942)	(1,942)
Income taxes payable - current	-	-	513	513	-	-	358	358
Income taxes payable - long-term	-	-	3,734	3,734	-	-	3,779	3,779
Deferred income taxes - non-current	-	-	1,699	1,699	-	-	1,532	1,532
Line of credit	-	-	-	-	-	-	7,000	7,000
Deferred compensation	-	-	5,171	5,171	-	-	5,031	5,031
Total Capital Employed	$ 63,184	$ 18,181	$ 12,736	$ 94,101	$ 63,598	$ 17,221	$ 13,780	$ 94,599

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 67,847	$ 17,867	$ 12,914	$ 98,628

Notes:

(1) See reconciliation per page 10 of this financial information release.

(2) Return on average capital employed represents the last twelve months operating income as of July 30, 2018 divided by average capital employed. Average capital employed does not included cash and cash equivalents, short-term investments - Available-For-Sale, long-term investments - Held-To-Maturity, long-term investments - Rabbie Trust, noncurrent deferred tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(3) Average capital employed was computed using the five quarterly periods ending July 30, 2017, April 30, 2017 January 29, 2017, October 30, 2016, and July 31, 2016.

(4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therfore, 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
FOR THE TWELVE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Quarter Ended				
	10/29/2017	1/28/2018	4/29/2018	7/29/2018	Trailing 12 Months 7/29/2018
Mattress Fabrics	$ 6,562	$ 6,837	$ 6,088	$ 2,823	$ 22,310
Upholstery Fabrics	2,374	3,510	2,181	2,527	10,592
Unallocated Corporate	(2,547)	(2,703)	(1,805)	(1,259)	(8,314)
Subtotal	6,389	7,644	6,464	4,091	24,588
Restructuring expense and related charges	-	-	-	(2,016)	(2,016)
Operating income	$ 6,389	$ 7,644	$ 6,464	$ 2,075	$ 22,572

	Quarter Ended (1)				(1)
	10/30/2016	1/29/2017	4/30/2017	7/30/2017	Trailing 12 Months 7/30/2017
Mattress Fabrics	$ 7,460	$ 6,367	$ 7,153	$ 6,368	$ 27,348
Upholstery Fabrics	2,493	3,100	2,510	2,895	10,998
Unallocated Corporate	(2,654)	(2,532)	(2,493)	(2,299)	(9,978)
Operating income	$ 7,299	$ 6,935	$ 7,170	$ 6,964	$ 28,368
% Over (Under)	-12.5%	10.2%	-9.8%	-70.2%	-20.4%

Notes

(1) We did not have any restructuring activities for the three month periods ending October 30, 2016, January 29, 2017, April 30, 2017, and July 30, 2017.