

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 13, 1995

CULP, INC.
(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation)	0-12781 (Commission File No.)	56-1001967 (IRS Employer Identification No.)
---	----------------------------------	--

101 South Main Street
High Point, North Carolina 27260
(Address of principal executive offices)
(910) 889-5161
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Item 5. Other Events

See Press Release related to third quarter earnings dated February 13, 1995 (attached).

See Financial Information Release related to third quarter ended January 29, 1995 (attached).

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: Franklin N. Saxon
Franklin N. Saxon
Vice President and
Chief Financial Officer

By: Stephen T. Hancock

Stephen T. Hancock
General Accounting Manager

Dated: February 13, 1995

-2-

FOR IMMEDIATE RELEASE

CULP REPORTS HIGHER QUARTERLY SALES AND EARNINGS

EARNINGS PER SHARE UP 43% FOR FIRST NINE MONTHS OF FISCAL 1995

HIGH POINT, North Carolina (February 13, 1995)---Culp, Inc. (Nasdaq/NM:CULP) today reported record sales and earnings for the third fiscal quarter ended January 29, 1995.

Net sales for the quarter increased 16% to \$77.8 million compared with \$67.0 million a year ago. Net income for the quarter rose 18% to \$2.1 million, or \$0.19 per share, compared with \$1.8 million, or \$0.16 per share, in the third quarter of fiscal 1994.

The gains for the third quarter brought net sales for the first nine months to \$222.6 million, up 33% from \$167.6 million in the first nine months of fiscal 1994. Net income for the first nine months rose 42% to \$6.4 million, or \$0.57 per share, up from \$4.5 million, or \$0.40 per share, in the year-earlier period.

"These results mark the highest third-quarter sales and net income ever for Culp," said Robert G. Culp, III, chief executive officer. "We have benefited throughout the current fiscal year from favorable-year-to-year comparisons at each of the Company's business units. Mattress ticking and exports of upholstery fabrics have shown particularly sharp growth, and each of those categories remained very strong in the third quarter. Since the Rossville/Chromatex division was included in most of the third quarter a year ago, we are particularly pleased with the 16% gain recorded in sales."

Culp remarked, "We did not receive any contribution in the quarter from the acquisition of Rayonese Textile since that acquisition is not expected to close until next month. We have progressed in plans for a significant capital expansion program at Rayonese to capitalize on the increasing global demand for wide jacquard fabrics. That incremental spending should bring the Company's total capital expenditures for fiscal 1995 to approximately \$21 million, up from \$16.8 million in fiscal 1994.

-MORE-

"We have been aided thus far in fiscal 1995 by a favorable underlying trend in consumer spending on home furnishings. Although there is concern about the possible impact of the higher prevailing interest rates on demand for residential furniture, our focus remains on building Culp's fundamental competitive position. The acquisition of Rossville/Chromatex a year ago and the most recent announcement regarding the purchase of Rayonese Textile represent only the latest in a series of strategic steps over the last several years to strengthen the Company's market stance in an industry which is continuing to consolidate. We are finding Culp's expanded resources to be a definite asset in working with large furniture and bedding manufacturers which are accounting for an ever-increasing percentage of total shipments.

Culp concluded, "We recognize the ongoing importance of containing operating costs and achieving higher manufacturing productivity. We also must maintain a sound financial position in order to have modern equipment and facilities and to have the flexibility to seize additional opportunities to expand our existing operations."

Culp, Inc. is a leading manufacturer and marketer of fabrics for the furniture, bedding and institutional furnishings markets.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	January 29, 1995	January 30, 1994
Net sales	\$ 77,791,000	\$ 67,031,000
Net income	2,100,000	1,775,000
Earnings per share	\$ 0.19	\$ 0.16
	Nine Months Ended	
	January 29, 1995	January 30, 1994
Net sales	\$222,585,000	\$167,600,000
Net income	6,350,000	4,465,000
Earnings per share	\$ 0.57	\$ 0.40

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE

INCOME STATEMENTS

FOR THE THREE MONTHS & NINE MONTHS ENDED JANUARY 29, 1995 AND JANUARY 30, 1994

(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)

	Amounts			Percent of Sales	
	January 29, 1995	January 30, 1994	% Over (Under)	1995	1994
Net sales	77,791	67,031	16.1 %	100.0 %	100.0 %
Cost of sales	64,785	55,350	17.0 %	83.3 %	82.6 %
Gross profit	13,006	11,681	11.3 %	16.7 %	17.4 %
Selling, general and administrative expenses	8,295	7,798	6.4 %	10.7 %	11.6 %
Income from operations	4,711	3,883	21.3 %	6.1 %	5.8 %
Interest expense	1,120	899	24.6 %	1.4 %	1.3 %
Interest income	(14)	(11)	27.3 %	(0.0)%	(0.0)%
Other expense (income), net	245	91	169.2 %	0.3 %	0.1 %
Income before income ta	3,360	2,904	15.7 %	4.3 %	4.3 %
Income taxes *	1,260	1,129	11.6 %	37.5 %	38.9 %
Net income	2,100	1,775	18.3 %	2.7 %	2.6 %
Average shares outstanding	11,205	11,098	1.0 %		
Earnings per share	\$0.19	\$0.16	18.8 %		
Dividends per share	\$0.025	\$0.020	25.0 %		

NINE MONTHS ENDED (UNAUDITED)

	Amounts			Percent of Sales	
	January 29, 1995	January 30, 1994	% Over (Under)	1995	1994
Net sales	222,585	167,600	32.8 %	100.0 %	100.0 %
Cost of sales	184,306	139,931	31.7 %	82.8 %	83.5 %
Gross profit	38,279	27,669	38.3 %	17.2 %	16.5 %
Selling, general and administrative expenses	24,227	19,189	26.3 %	10.9 %	11.4 %
Income from operations	14,052	8,480	65.7 %	6.3 %	5.1 %
Interest expense	3,341	1,632	104.7 %	1.5 %	1.0 %
Interest income	(61)	(56)	8.9 %	(0.0)%	(0.0)%
Other expense (income), net	612	(75)	**	0.3 %	(0.0)%
Income before income ta	10,160	6,979	45.6 %	4.6 %	4.2 %
Income taxes *	3,810	2,514	51.6 %	37.5 %	36.0 %
Net income	6,350	4,465	42.2 %	2.9 %	2.7 %
Average shares	11,203	11,043	1.4 %		
Earnings per share	\$0.57	\$0.40	42.5 %		
Dividends per share	\$0.075	\$0.06	25.0 %		

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

** Measurement is not meaningful.

CULP, INC. FINANCIAL INFORMATION RELEASE
BALANCE SHEETS
JANUARY 29, 1995, JANUARY 30, 1994 AND MAY 1, 1994

(Unaudited, Amounts in Thousands)

	Amounts		Increase (Decrease) Dollars	Percent	* May 1, 1994
	January 29, 1995	January 30, 1994			
Current assets					
Cash and cash investments	317	287	30	10.5 %	2,693
Accounts receivable	40,547	35,024	5,523	15.8 %	36,743
Inventories	44,314	39,668	4,646	11.7 %	36,596
Other current assets	2,920	2,285	635	27.8 %	2,227
Total current assets	88,098	77,264	10,834	14.0 %	78,259
Restricted investments	1,602	3,577	(1,975)	(55.2)%	2,923
Property, plant & equipment, net	69,373	60,333	9,040	15.0 %	64,004
Cost in excess of net assets of business acquired, net	18,850	16,886	1,964	11.6 %	18,706
Other assets	1,215	933	282	30.2 %	1,056
Total assets	179,138	158,993	20,145	12.7 %	164,948
Current Liabilities					
Current maturities of long-term debt	6,100	2,674	3,426	128.1 %	3,050
Accounts payable	24,126	20,504	3,622	17.7 %	28,466
Accrued expenses	10,082	6,712	3,370	50.2 %	8,158
Income taxes payable	1,391	1,551	(160)	(10.3)%	636
Total current liabilities	41,699	31,441	10,258	32.6 %	40,310
Long-term debt	65,711	66,293	(582)	(0.9)%	58,512
Deferred income taxes	3,477	2,005	1,472	73.4 %	3,477
Total liabilities	110,887	99,739	11,148	11.2 %	102,299
Shareholders' equity	68,251	59,254	8,997	15.2 %	62,649
Total liabilities and stockholders' equity	179,138	158,993	20,145	12.7 %	164,948
Shares outstanding	11,205	11,174	31	0.3 %	11,177

* Derived from audited financial statements.

** Measurement is not meaningful.

CULP, INC. FINANCIAL INFORMATION RELEASE
 STATEMENTS OF CASH FLOWS
 FOR THE NINE MONTHS ENDED JANUARY 29, 1995 AND JANUARY 30, 1994
 (Unaudited, Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	January 29, 1995	January 30, 1994
Cash flows from operating activities:		
Net income	6,350	4,465
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	8,237	5,909
Amortization of intangible assets	458	112
Provision for deferred income taxes	(272)	0
Changes in assets and liabilities:		
Accounts receivable	(3,804)	1,249
Inventories	(7,718)	(6,797)
Other current assets	(421)	(321)
Other assets	(761)	(318)
Accounts payable	(4,340)	(3,188)
Accrued expenses	1,924	(532)
Income taxes payable	755	138
Net cash provided by (used in) operating activitie	408	717
Cash flows from investing activities:		
Capital expenditures	(13,606)	(10,161)
Purchases of restricted investments	(60)	(3,577)
Proceeds from sale of restricted investments	1,381	0
Business acquired	0	(38,703)
Net cash provided by (used in) investing activitie	(12,285)	(52,441)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	20,000	43,902
Principal payments on long-term debt	(9,751)	(1,517)
Net increase (decrease) in bank overdrafts	0	2,139
Dividends paid	(840)	(590)
Proceeds from sale of common stock	92	858
Net cash provided by (used in) financing activitie	9,501	44,792
Increase (decrease) in cash and cash investments	(2,376)	(6,932)
Cash and cash investments at beginning of period	2,693	7,219
Cash and cash investments at end of period	317	287

CULP, INC. FINANCIAL INFORMATION RELEASE
 FINANCIAL ANALYSIS
 JANUARY 29, 1995

	FISCAL 94 Q3	Q1	Q2	FISCAL 95 Q3	Q4
INVENTORIES					
Inventory turns	5.9	5.8	6.2	6.0	
RECEIVABLES					
Days sales in receivables	44	42	50	44	
Percent current & less than 30 days past due (Trade only)	96.9%	98.5%	99.4%	98.9%	
WORKING CAPITAL					
Current ratio	2.5	2.3	2.0	2.1	
Working capital turnover	6.0	6.7	7.2	6.9	
Working capital	\$45,823	\$43,164	\$42,964	\$46,399	
Working capital as a % of sal	17.0%	16.3%	13.7%	14.9%	
PROPERTY, PLANT & EQUIPMENT					
Depreciation rate	8.1%	8.9%	8.8%	9.2%	
Percent property, plant & equipment are depreciated	48.8%	43.6%	44.0%	45.0%	
Capital expenditures	\$16,764 (1)	\$5,153	\$5,031	\$3,422	
PROFITABILITY					
Net profit margin	2.6%	2.2%	3.6%	2.7%	
Gross profit margin	17.7%	16.7%	18.1%	16.7%	
Operating income margin	5.8%	5.3%	7.4%	6.1%	
SG & A expenses/net sales	11.9%	11.4%	10.7%	10.7%	
Return on beginning capital e	8.8%	4.8%	9.2%	6.9%	
Return on beginning equity	13.0%	9.3%	17.9%	13.4%	
Earnings per share	\$0.16	\$0.13	\$0.25	\$0.19	
LEVERAGE (3)					
Interest & dividend coverage	3.6	2.5	4.0	3.2	
Total liabilities/equity	162.3%	154.1%	166.1%	160.1%	
Long-term debt/equity	111.9%	100.4%	95.5%	98.5%	
Funded debt/equity	110.4%	104.0%	102.1%	102.9%	
Funded debt/capital employed	52.5%	51.0%	50.5%	50.7%	
Funded debt	\$65,390	\$66,493	\$67,846	\$70,209	
Funded debt/EBITDA (LTM)	3.19	2.55	2.28	2.26	
OTHER					
Book value per share	\$5.30	\$5.70	\$5.93	\$6.09	
Employees at quarter end	2,450	2,579	2,604	2,656	
Sales per employee (annualize)	\$129,000	\$104,000	\$121,000	\$118,000	
Capital employed (3)	\$124,644	\$130,405	\$134,277	\$138,460	
Effective income tax rate	38.9%	37.0%	37.8%	37.5%	
EBITDA (2)	\$6,343	\$6,289	\$8,528	\$7,768	
EBITDA/net sales	9.5%	9.5%	10.9%	10.0%	

(1) Expenditures for entire year

(2) Earnings before interest, income taxes, depreciation & amortization, and other income (expense), net

(3) Total liabilities, long-term debt, funded debt and capital employed are all net of restricted investments.

CULP, INC. FINANCIAL INFORMATION RELEASE
 SALES BY BUSINESS UNIT
 FOR THREE MONTHS AND NINE MONTHS ENDED JANUARY 29, 1995
 AND JANUARY 30, 1994
 (Amounts in thousands)

Business Units	THREE MONTHS ENDED (UNAUDITED)			Percent of Total Sales	
	Amounts			1995	1994
	January 29 1995	January 30, 1994	% Over (Under)		
Upholstery Fabrics					
Flat Wovens					
Existing Culp	20,940	19,673	6.4 %	26.9 %	29.3
Rossville/Chromatex	16,397	14,113	16.2 %	21.1 %	21.1
	37,337	33,786	10.5 %	48.0 %	50.4
Velvets/Prints	28,307	23,714	19.4 %	36.4 %	35.4
	65,644	57,500	14.2 %	84.4 %	85.8
Mattress Ticking	12,147	9,531	27.4 %	15.6 %	14.2
	77,791	67,031	16.1 %	100.0 %	100.0

Business Units	NINE MONTHS ENDED (UNAUDITED)			Percent of Total Sales	
	Amounts			1995	1994
	January 29 1995	January 30, 1994	% Over (Under)		
Upholstery Fabrics					
Flat Wovens					
Existing Culp	63,387	57,190	10.8 %	28.5 %	34.1
Rossville/Chromatex	47,295	14,113	N/A	21.2 %	N/A
	110,682	71,303	55.2 %	49.7 %	42.5
Velvets/Prints	75,390	69,120	9.1 %	33.9 %	41.2
	186,072	140,423	32.5 %	83.6 %	83.8
Mattress Ticking	36,513	27,177	34.4 %	16.4 %	16.2
	222,585	167,600	32.8 %	100.0 %	100.0

CULP, INC. FINANCIAL INFORMATION RELEASE
EXPORT SALES BY GEOGRAPHIC AREA
FOR THREE MONTHS AND NINE MONTHS ENDED JANUARY 29, 1995
AND JANUARY 30, 1994
(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	January 29 1995	January 30, 1994	% Over (Under)	1995	1994
North America (Excluding (USA)	2,800	2,585	8.3 %	20.1 %	25.3 %
Europe	5,821	4,827	20.6 %	41.7 %	47.2 %
South America	489	450	8.7 %	3.5 %	4.4 %
Far East & Asia	2,036	755	169.7 %	14.6 %	7.4 %
Middle East	1,703	794	114.5 %	12.2 %	7.8 %
All other areas	1,106	808	36.9 %	7.9 %	7.9 %
	13,955	10,219	36.6 %	100.0 %	100.0 %

NINE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	January 29 1995	January 30, 1994	% Over (Under)	1995	1994
North America (Excluding (USA)	9,343	8,077	15.7 %	25.3 %	27.2 %
Europe	12,707	11,958	6.3 %	34.3 %	40.3 %
South America	1,639	917	78.7 %	4.4 %	3.1 %
Far East & Asia	6,000	3,813	57.4 %	16.2 %	12.9 %
Middle East	4,439	1,195	271.5 %	12.0 %	4.0 %
All other areas	2,871	3,713	(22.7)%	7.8 %	12.5 %
	36,999	29,673	24.7 %	100.0 %	100.0 %

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL NARRATIVE

for the three and nine month periods ended January 29, 1995

INCOME STATEMENT COMMENTS

(bullet) NET SALES - Upholstery fabric sales increased 14.2% to \$65.6 million and mattress ticking sales increased 27.4% to \$12.1 million for the quarter. All business units [Flat Wovens (includes Rossville/Chromatex), Mattress Ticking and Velvets/Prints] reported sales gains for the quarter, including strong increases in Mattress Ticking and Velvets/Prints. Comments on current backlogs and incoming order rates versus last year are as follows: Mattress Ticking - up significantly; Flat Wovens - up slightly overall, with strength in the Rossville dooby product line; and in Velvets/Prints - up moderately, with particular strength in the wet prints product line and an improving trend in the heat-transfer prints product line. While sales and profitability of the Velvets/Prints business unit continued to be below target levels in the third quarter, results were much improved from the first and second quarters and current indicators show an improving trend for the fourth quarter of the fiscal year.

Export sales were up 36.6% for the quarter and 24.7% for the nine months, with strength in Europe, the Far East and Asia, the Middle East. Sales into Europe were up 20.6% for the quarter, a continuation of the positive trend began last quarter. The majority of the export growth is coming from the Flat Wovens (including Rossville/Chromatex) business unit, with particular strength in the jacquard product lines. The outlook for export sales gains remains good.

The trend of increasing interest rates over the last year will likely have an adverse impact on consumer demand for furniture and bedding at some point, because of lower housing starts and housing resales, lower disposable personal income and slower overall economic growth. It remains unclear when the upward trend in interest rates will stabilize. It appears to the company that overall U.S. residential furniture demand has weakened over the last two months and that the near term demand is also weaker than a year ago.

(bullet) GROSS PROFIT - The gross profit increase of 11.3% for the quarter reflects a solid contribution from Flat Wovens, and a continuation of the significant improvement from Mattress Ticking. We are experiencing improving trends in profitability and backlogs for the Velvets/Prints business unit and are expecting year over year gains for the fourth quarter. Additionally, we have been receiving moderate raw material price increases in all areas, which are beginning to affect margins.

(bullet) S,G & A EXPENSES - S,G&A expenses for the quarter were down as a percentage of sales to 10.7% from 11.6%. The company expects S,G & A expenses for the full year to approximate \$33.0 million.

(bullet) INTEREST EXPENSE - The increase for the quarter is due to additional borrowings related to capital expenditures and higher levels of working capital necessary to support sales growth, and to higher interest rates. While the majority (96%) of the company's funded debt is based upon variable interest rates (principally LIBOR), the company's average interest rate on its funded debt is very favorable, approximately 6.3%. The company expects interest expense for the full year to be in the \$4.5 to \$5.0 million range.

(bullet) OTHER EXPENSE (INCOME), NET - The significant increase in expense for the quarter is due to several items: higher amortization related to the Rossville/Chromatex goodwill; higher amortization of debt issue costs; and recognition of gains on the sale of fixed assets in last year's third quarter. The company expects other expense (income), net to approximate \$800,000 for fiscal 1995.

(bullet) INCOME TAXES - The effective tax rate for the quarter decreased primarily because of a "catch up" adjustment recorded in last year's third quarter. The company expects the full year effective tax rate to approximate 37.5%.

(bullet) EBITDA - EBITDA for the quarter increased \$1.4 million, or 22.5%, from last year's third quarter, and represented 10.0% of net sales compared with 9.5% of net sales last year.

CULP, INC. FINANCIAL INFORMATION RELEASE

FINANCIAL NARRATIVE - continued

for the three and nine month periods ended January 29, 1995

BALANCE SHEET COMMENTS

(bullet) WORKING CAPITAL - The \$600,000 increase in working capital from last year's third quarter is due primarily to the increase in receivables and inventory of \$5.5 million and \$4.6 million, respectively.

(bullet) RESTRICTED INVESTMENTS - Restricted Investments reflect unspent Industrial Revenue Bond (IRB) funds. As the funds are spent on the capital projects, these restricted investments are reduced.

(bullet) PROPERTY, PLANT AND EQUIPMENT, NET - Capital expenditures were \$13.6 million and depreciation expense was \$8.2 million for the nine months. For fiscal 1995, the capital budget is \$21.0 million. This represents a \$3.5 million increase in the current year's budget, which relates to the expansion of jacquard weaving capacity at Rayonese. Approximately \$11.3 million of the budget relates to capacity- expansion projects. These projects include expanding weaving capacity at Rossville/Chromatex and in the product areas of woven velvets and mattress ticking. These projects were completed during the second quarter. A significant expansion is also underway for yarn manufacturing capacity. This project is now two- thirds completed, with full completion expected by the end of the fourth quarter. Depreciation expense for the full year is expected to be in the \$11.0 to \$11.5 million range. We are estimating \$10.0 million for fiscal 1996 capital expenditures, with depreciation expense expected to be \$12.5 to \$13.0 million. Of this total, \$2.5 million of capital expenditures relates to Rayonese.

(bullet) LONG-TERM DEBT - At January 29, 1995, the company had \$15.8 million in IRB borrowings, \$12.0 million in borrowings under its revolving credit facility, \$43.0 million in a term facility and \$1.0 million in a subordinated note payable. On November 7, 1994, the company amended its loan agreements with its banks to provide: (1) a significantly lower interest rate spread above LIBOR; (2) an additional \$8.0 million in term debt to prepay the majority of the subordinated note payable, which carried an interest rate of prime plus one-half percent; and (3) fewer financial covenants.

(bullet) RAYONESE TEXTILE INC. PURCHASE - On December 23, 1994, the company announced the acquisition of Rayonese Textile Inc. ("Rayonese"). (See Form 8-K, dated December 23, 1994 for more detailed information about the purchase.) The estimated transaction value of \$11.0 million includes the purchase of 100% of the Rayonese common stock for \$7.3 million, the assumption of Rayonese's funded debt of about \$3.2 million, and acquisition costs of \$.5 million. The acquisition will be accounted for as a purchase, and therefore, the results of Rayonese from the expected closing date (March 6, 1995) will be included in Culp's results.

Concurrently with the signing of this purchase agreement, the company initiated a major expansion of air-jet weaving at Rayonese. This additional investment, which totals \$6.0 million, includes thirty (30) Picanol high speed, air-jet jacquard looms with Staubli electronic jacquard heads. The expanded capacity will support Culp's growing worldwide demand for its overprinted home furnishings products, including mattress ticking, upholstery fabrics and comforters.

The purchase will be financed with a \$5.5 million convertible note payable to the sellers, \$5.0 million in borrowings from the company's existing revolving credit facility and \$.5 million in assumed vendor financing of equipment. Further details of the note payable are described in the Form 8-K.

The company expects Rayonese to contribute positively to earnings beginning from the closing date.

