

CULP, INC.

Investor Information

March 2020



ABOUT CULP

One of the Largest Marketers and Manufacturers of Fabrics for Mattresses and Furniture in North America

- ◆ **Business started by Culp family in 1972**
- ◆ **Initial public offering in 1983**
- ◆ **Listed on New York Stock Exchange (CFI) in 1997; Symbol changed to CULP in July 2017**
- ◆ **Global operations in U.S., Canada, China and Haiti**
- ◆ **Experienced, long-term management team**

CULP HISTORY

1970's



- Culp, Inc. launched in 1972
- Distributor of upholstery fabrics
- Sales range:
1972:\$0
1979: \$33 million

1980's



- Moved from distributor to vertical integration platform
- Major focus on acquisitions and capital expenditures
- Launched mattress fabrics business
- Company went public in 1983
- Sales range:
1980: \$39 million
1989: \$177 million

1990's



- Focused on International growth
- Major acquisitions and capital expenditure investments in both businesses
- \$15 million secondary offering in 1997 and \$75 million private placement in 1998
- Sales range:
1990: \$170 million
1999: \$483 million

2000's



- Upholstery fabrics restructuring due to Chinese imports and product shift
- Launched China platform in 2003
- Invested in two acquisitions and other investments in mattress fabrics
- Major focus on debt reduction
- Sales range:
2000: \$488 million
2009: \$203 million

2010's



- Major focus on return on capital and Economic Value Added (EVA)
- Implemented capital allocation strategy
- Major investments in mattress fabrics expansion
- Established joint venture for mattress covers
- Completed acquisitions of Read Window Products and eLuxury
- Sales range:
2010: \$206 million
2019: \$297 million

KEY INVESTMENT POINTS

- ◆ Profitable mattress fabrics and upholstery fabrics businesses with a leading market share
- ◆ Strong economy with growth in U.S. housing
- ◆ 100% owned, scalable China platform
- ◆ Significant free cash flow generation over multiple years
- ◆ Strong balance sheet position and disciplined use of capital
- ◆ Since June 2011, the company has returned approximately \$71.5 million to shareholders in regular quarterly and special dividends and share repurchases

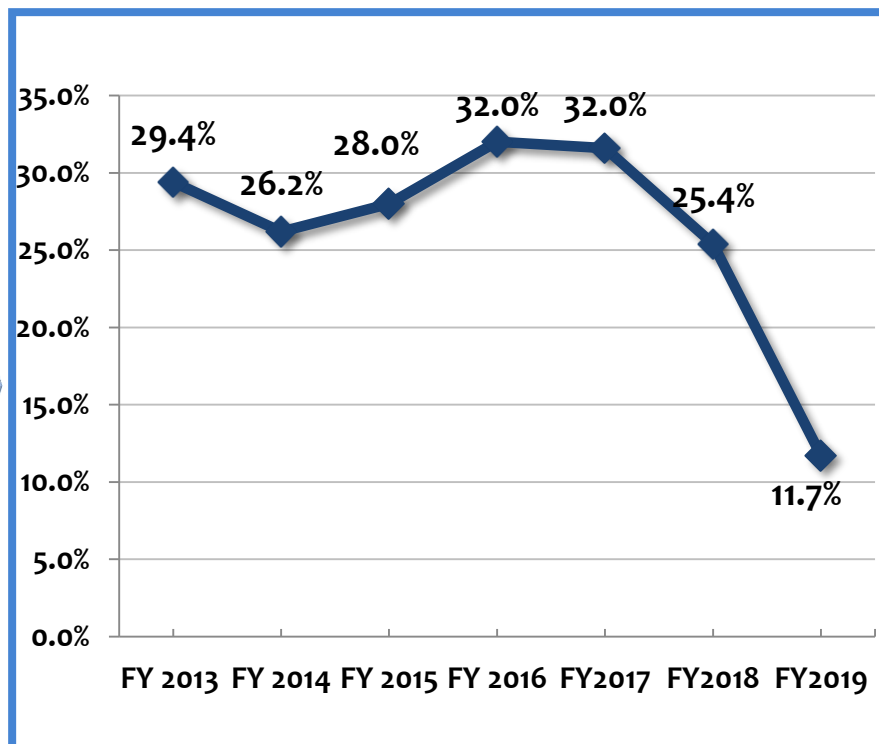
RECENT STRATEGIC INITIATIVES

- ◆ Acquired window treatment business to expand upholstery fabrics business in hospitality market
- ◆ Established e-commerce and finished products business, Culp Home Accessories, for bedding accessories and home goods direct to consumers and businesses
- ◆ Implemented major plant consolidation and cost-management projects in mattress fabric operations in United States and Canada
- ◆ Expanded cut and sewn mattress covers in both Haiti and Asia

CAPITAL DISCIPLINE

- ◆ Culture emphasizing stewardship of our capital utilization
- ◆ Focus on return on capital
- ◆ Focus on solid free cash flow generation
- ◆ Incentive compensation based on Economic Value Added (EVA) principles

Return on Capital*



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

CAPITAL ALLOCATION STRATEGY OVERVIEW

- ◆ Management focused on a very disciplined approach to capital allocation, involving investing in our businesses, paying down debt, and commitment to shareholders via the quarterly dividend payment
- ◆ During fiscal 2011, the company implemented an EVA (Economic Value Added) platform for incentive compensation, further promoting the efficient use of capital
- ◆ Early in fiscal 2012, the company also began returning funds to shareholders through share repurchases and dividends, both regular quarterly and special
- ◆ \$71.5 million has been returned to shareholders since fiscal 2012

CAPITAL ALLOCATION STRATEGY – PART 1

Our capital allocation strategy involves four parts, as follows:

Investing in our businesses; paying down debt; commitment to shareholders via the quarterly dividend payment

- a) Fund working capital requirements for organic growth in our businesses, which could include accelerating payments to suppliers in exchange for meaningful cash discounts. Growing internally with adequate margins offers the highest returns on capital with the least risk.
- b) Fund capital expenditures for our businesses, both for maintenance and expansion projects as needed. Capital expenditure requirements for our upholstery fabrics and home accessories businesses will be minimal as the business model is not capital intensive.
- c) Pay down debt as required.
- d) Pay quarterly dividend (rate increased five percent to \$0.105 per share, or \$0.42 annually, as approved November 2019), with plan to gradually increase annually based on performance and business outlook.

CAPITAL ALLOCATION STRATEGY – PART 2

Acquisitions

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

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

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

In early fiscal 2019, we became the majority investor in eLuxury, an e-commerce company offering bedding accessories and home products direct to consumers.

- c) We will be patient and disciplined with any capital committed in this manner.
- d) Above all, we will ensure that any acquisition made will not jeopardize the financial health of our company.

CAPITAL ALLOCATION STRATEGY – PART 3

Uses of Free Cash Flow

a) Share Repurchase Program:

- In fiscal 2012 and 2013, we repurchased 1.1 million shares of Culp common stock, at a value of \$10.4 million
- No shares were repurchased in fiscal 2014
- We repurchased 43,014 shares for approximately \$745,000 in fiscal 2015
- We repurchased 100,776 shares for approximately \$2.4 million in fiscal 2016
- No shares were repurchased in fiscal 2017 and fiscal 2018
- We repurchased 160,823 shares for approximately \$3.3 million in fiscal 2019
- We have repurchased 142,496 shares to date in fiscal 2020 (through March 4, 2020)
- Since fiscal 2012, we have repurchased approximately **12 percent** of our outstanding shares

On September 4, 2019, the Board approved an increase in the authorization for the company to acquire its common stock back to a total of \$5.0 million, of which \$3.3 million was available under this program as of March 4, 2020. The Board has approved an increase in the authorization for the company to acquire its common stock back to a total of \$5.0 million. Shares may be repurchased, at the Company's discretion, from time to time in the open market or in privately negotiated transactions. We will consider repurchasing shares at a price that reflects a discount to our calculated intrinsic value per share.

b) Special Dividends:

December 2012 – \$0.50 per share special dividend

July 2014 - \$0.40 per share special dividend

July 2015 - \$0.40 per share special dividend

July 2016 - \$0.21 per share special dividend

July 2017 - \$0.21 per share special dividend

Going forward, we will consider paying a special dividend at the end of the fiscal year, assuming: 1) net cash is at or above a level that represents 10% of the previous fiscal year's revenue; 2) adequate cash is available in the U.S. to pay the special dividend; 3) additional investment in working capital is not needed to support planned organic growth; 4) No potential acquisition opportunities are on the horizon; and 5) there are no major economic concerns that could have an adverse effect on our business.

CAPITAL ALLOCATION STRATEGY – PART 4

Build Excess Cash

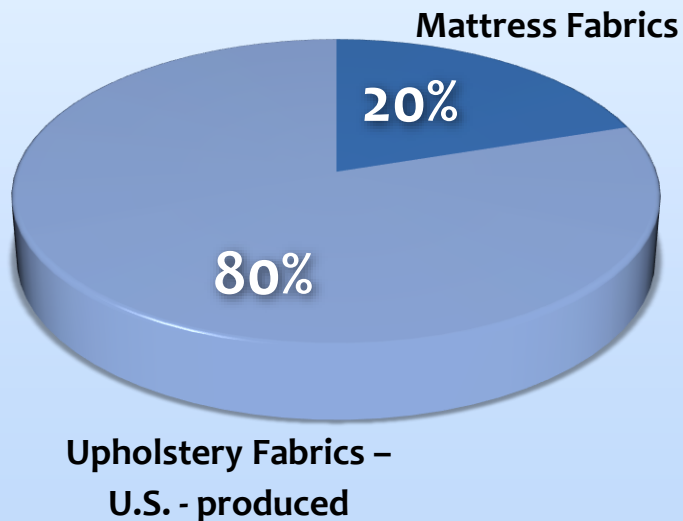
If the business or economic outlook is such that we decide against repurchasing shares and/or paying a special dividend, then we will build cash.

QUARTERLY DIVIDEND

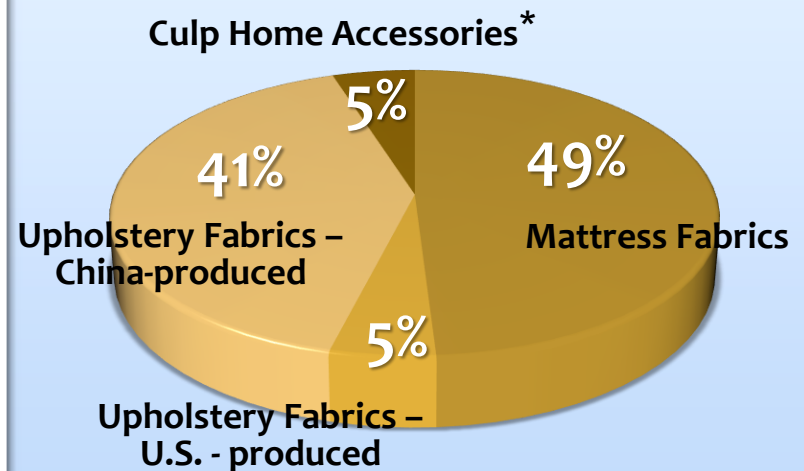
- ◆ Board of Directors initiated a quarterly cash dividend of \$0.03 per share in June 2012
- ◆ This was the first cash dividend since January 2001
- ◆ The Board has since approved the following:
 - Dividend increased from \$0.03 to \$0.04 per share as of first quarter fiscal 2014
 - Dividend increased from \$0.04 to \$0.05 per share as of third quarter fiscal 2014
 - Dividend increased from \$0.05 to \$0.06 per share as of third quarter fiscal 2015
 - Dividend increased from \$0.06 to \$0.07 per share as of third quarter fiscal 2016
 - Dividend increased from \$0.07 to \$0.08 per share as of third quarter fiscal 2017
 - Dividend increased from \$0.08 to \$0.09 per share as of third quarter fiscal 2018
 - Dividend increased from \$0.09 to \$0.10 per share as of third quarter fiscal 2019
 - Dividend increased from \$0.10 to \$0.105 per share as of third quarter of fiscal 2020
- ◆ Reflects solid and consistent financial performance, a strong balance sheet, and leadership positions in our mattress and upholstery fabrics businesses
- ◆ Reinforces confidence in Culp's future and commitment to generating value for our shareholders

BUSINESS MIX TRANSFORMATION

**Culp 2000
Sales Mix**



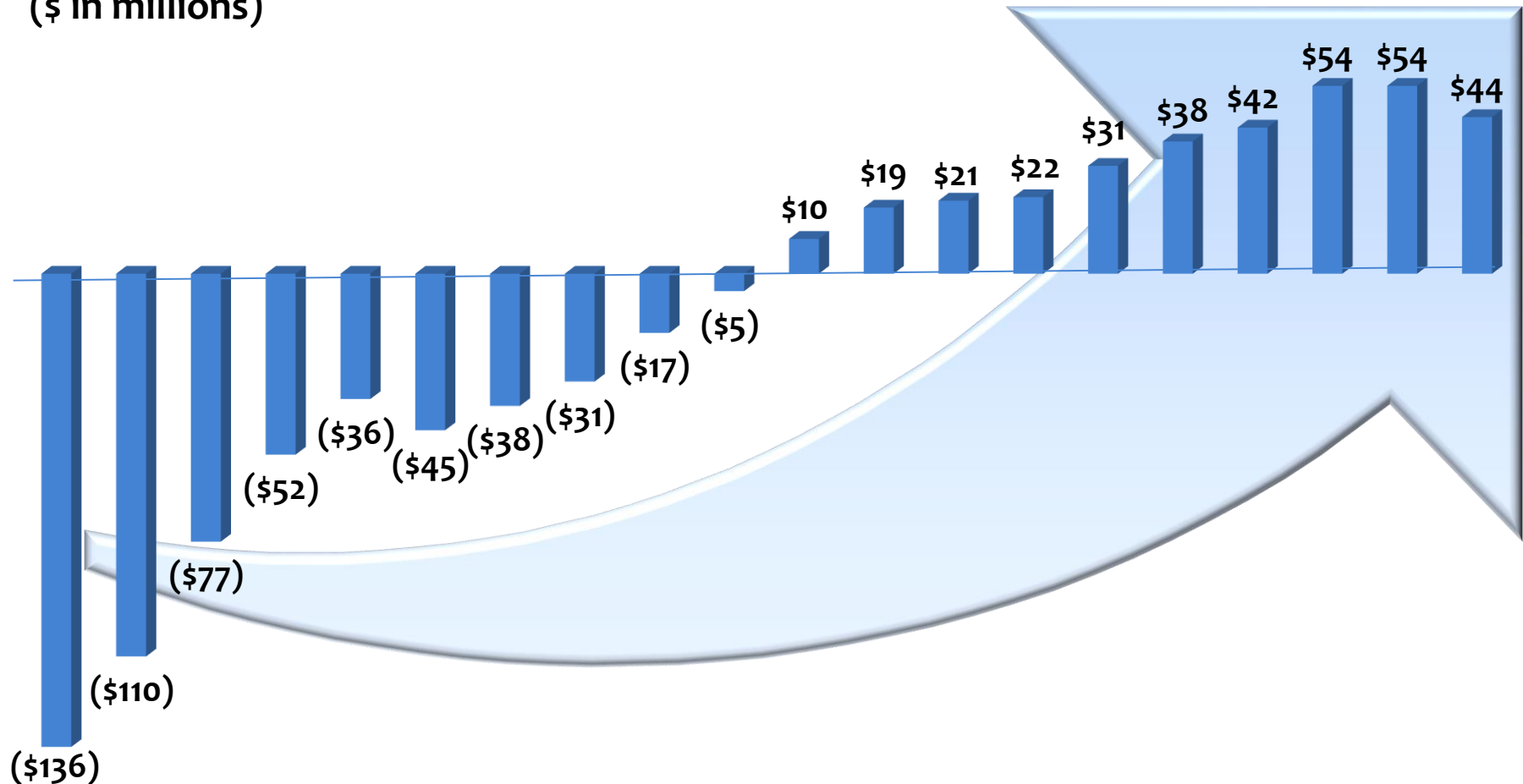
**Culp 2019
Sales Mix**



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

TRANSFORMATION – NET(DEBT)CASH*

(\$ in millions)



FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

*Net (debt) cash = Cash and investments minus total debt, which includes current maturities of long-term debt, long-term debt, and amounts outstanding under lines of credit.

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CULP HOME FASHIONS

Mattress Fabrics Division

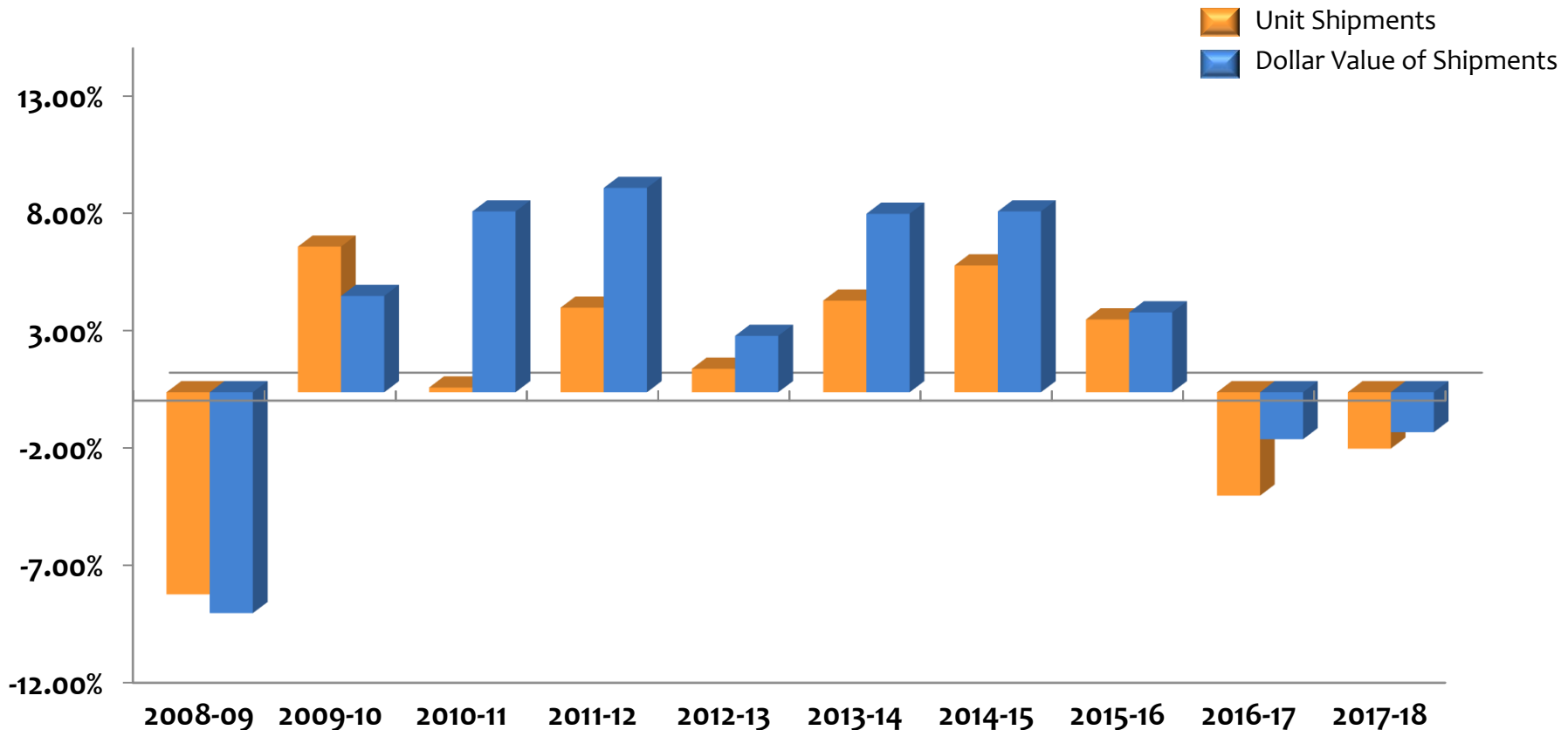


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Mattress Fabrics Industry Overview

ANNUAL INDUSTRY SHIPMENT GROWTH

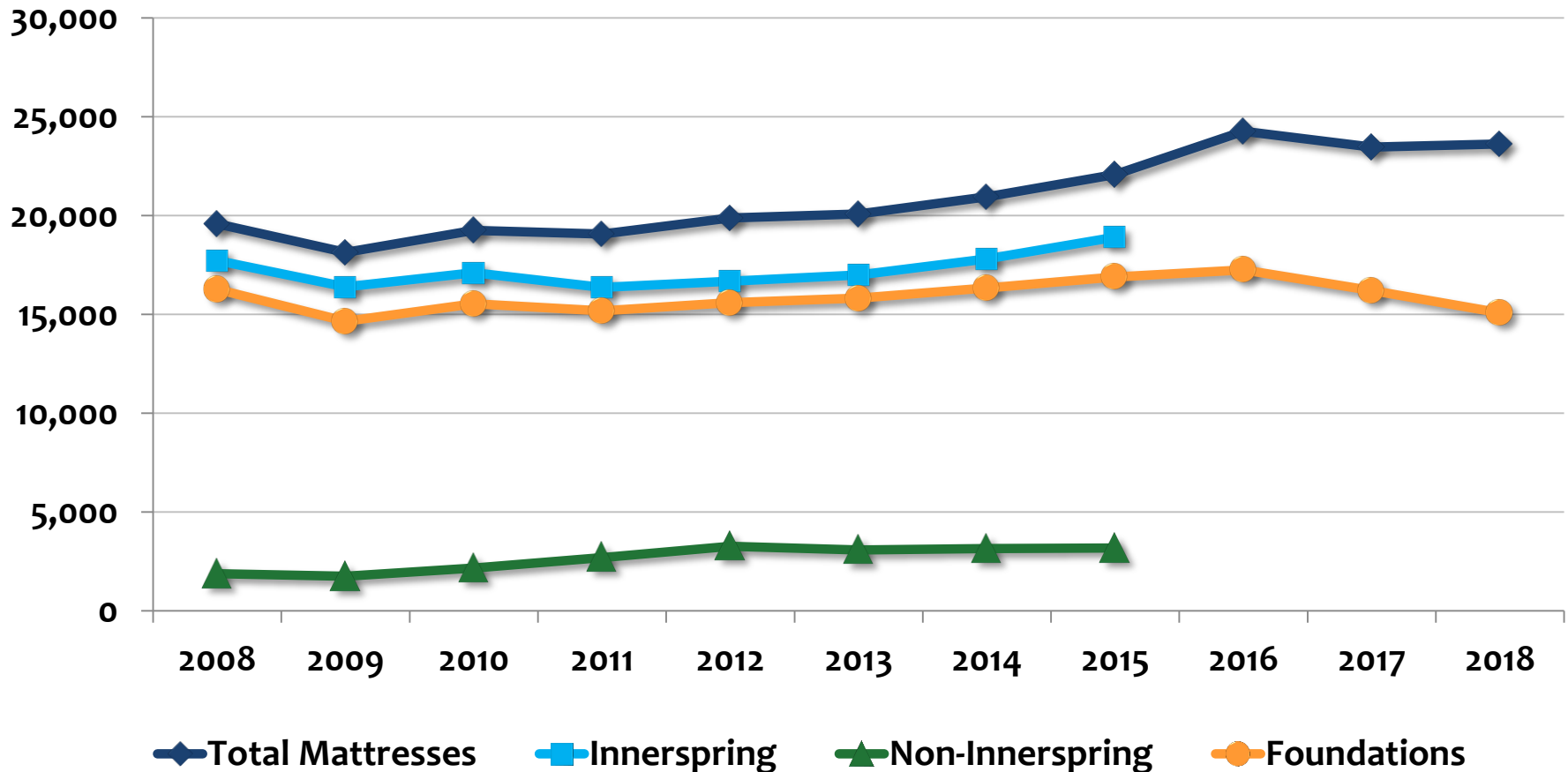
Annual Growth Rates of Mattress and Foundation Shipments – U.S. Produced



Source – International Sleep Products Association (ISPA) 2018 Mattress Industry Report of Sales & Trends

MATTRESS INDUSTRY SHIPMENTS

(U.S. - Produced Mattress and Stationary Foundation - units in thousands)

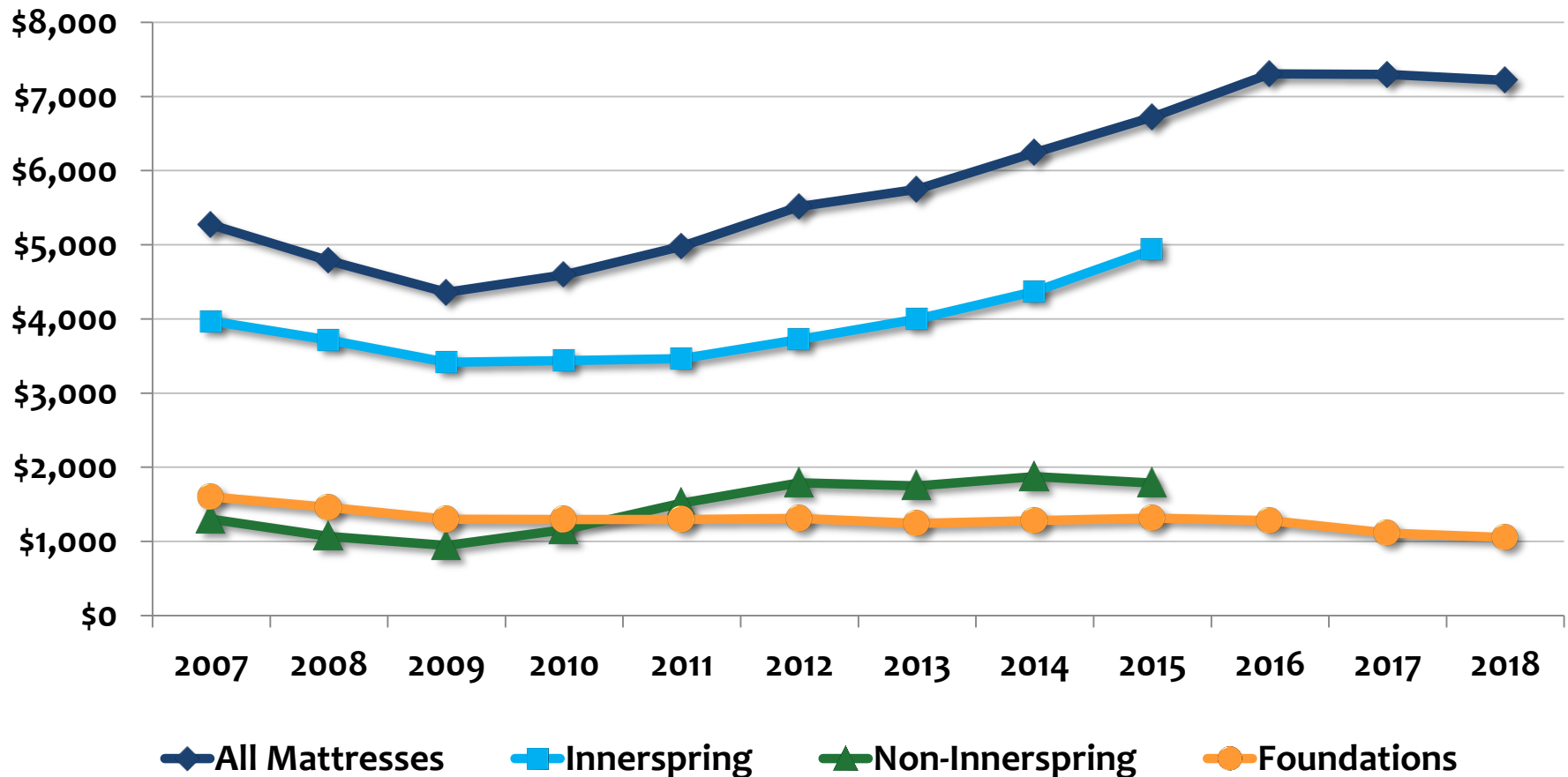


Source – International Sleep Products Association (ISPA) 2018 Mattress Industry Report of Sales & Trends

*Note – Separate data for innerspring and non-innerspring not available after 2015

MATTRESS INDUSTRY SHIPMENTS

(U.S. - Produced Mattress and Stationary Foundation Wholesale (\$ in millions))



Source – International Sleep Products Association (ISPA) 2018 Mattress Industry Report of Sales & Trends

*Note – Separate data for innerspring and non-innerspring not available after 2015

GROWTH RATE IN SHIPMENTS 2017-2018

U.S. - Produced Mattress and Stationary Foundation Shipments

	Dollar Value (% change)	Units Shipped (% change)	Average Unit Price (% Change)
Mattresses	(1.1)%	0.7%	(1.7)%
Foundations	(5.5)%	(6.9)%	1.5%
Total	(1.7)%	(2.4)%	0.8%

Source: – International Sleep Products Association (ISPA) 2018 Annual Sales Survey

MATTRESS INDUSTRY SHIPMENT GROWTH TRENDS

U.S. - Produced Mattress and Stationary Foundation Shipments

Mattress Shipments	2012	2013	2014	2015	2016	2017	2018
Dollar Value (\$ in millions)	\$6,825	\$6,990	\$7,524	\$8,095	\$8,367	\$8,411	\$8,272
% Change	8.7%	2.4%	7.6%	7.6%	3.4%	(2.0)%	(1.7)%
Unit Shipments (millions)	35,461	35,893	37,283	39,955	41,178	39,677	38,712
% Change	3.6%	1.2%	3.9%	7.2%	3.1%	(4.4)%	(2.4)%

Source – International Sleep Products Association (ISPA) 2018 Mattress Industry Report of Sales & Trends

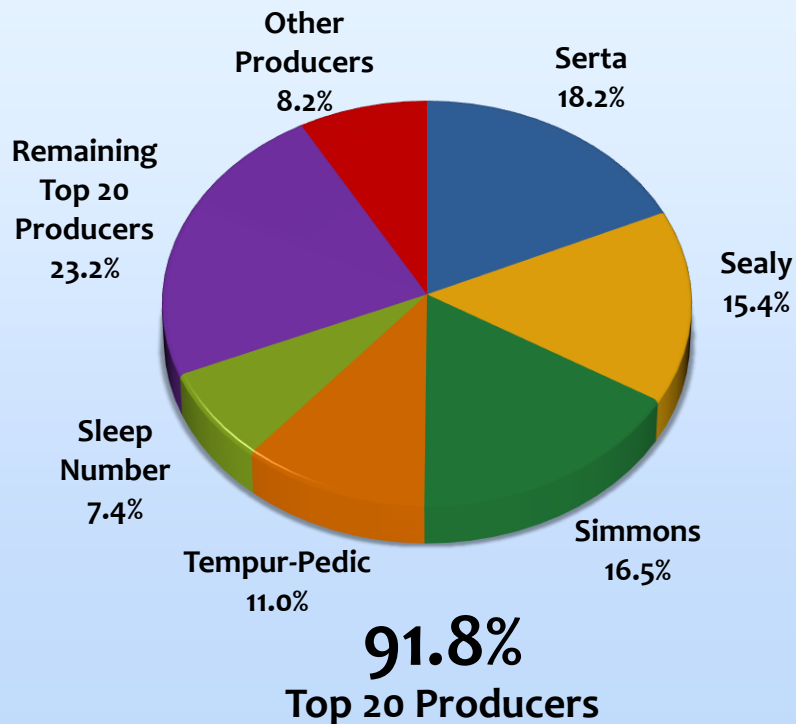
TOP 15 U.S. BEDDING PRODUCERS

		Estimated U.S. wholesale bedding shipments in \$ millions		
Rank	Company	2018	2017	% Change
1	Serta	\$1,506	\$1,662	(9.4)%
2	Simmons	\$1,366	\$1,640	(16.7)%
3	Sealy	\$1,276	\$1,357	(6.0)%
4	Tempur-Pedic	\$912	\$861	5.9%
5	Sleep Number	\$616	\$592	4.1%
6	Corsicana	\$362	\$357	1.4%
7	Ashley Furniture Industries	\$236	\$157	50.3%
8	Sherwood	\$189	\$155	21.9%
9	Therapedic	\$160	\$154	3.9%
10	Restonic	\$138	\$116	19.0%
11	Symbol	\$118	\$111	6.3%
12	Englander	\$116	\$121	(4.1)%
13	E.S. Kluft	\$112	\$102	9.8%
14	Kingsdown	\$102	\$100	2.0%
15	King Koil	\$96	\$93	3.2%
Total		\$7,305	\$7,578	(3.6)%

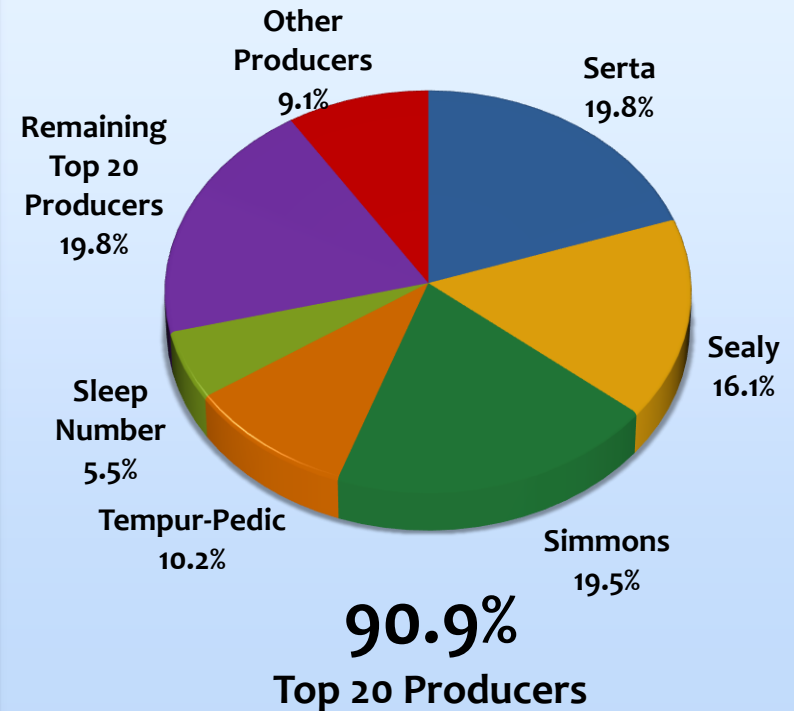
Source: Furniture Today Market Research, June 10, 2019

SHARE OF U.S. BEDDING SHIPMENTS

2018



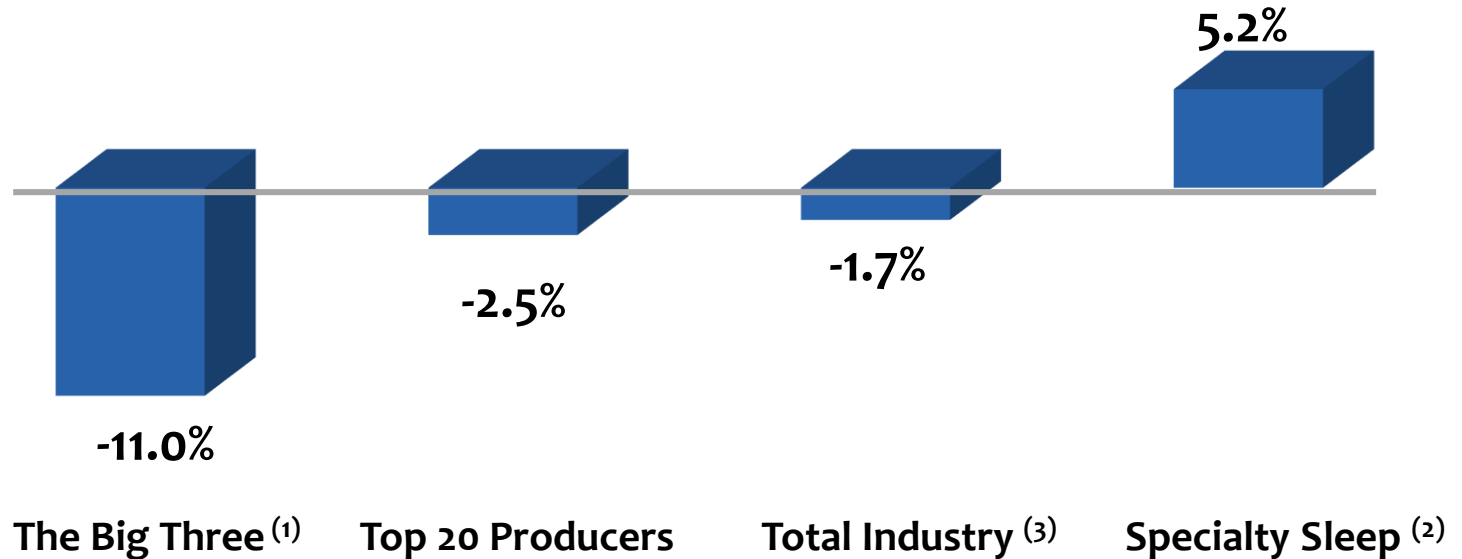
2017



Source: Furniture Today Market Research, June 10, 2019

RECENT GROWTH TRENDS

Percent change in \$ shipments, 2017-2018



2018 Market Share	50.1%	91.8%	100.0%	18.4%
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1. Includes Serta, Sealy and Simmons

2. Includes Tempur-Pedic and Sleep Number

3. Based on International Sleep Products Association 2018 Mattress Industry Report of Sales & Trends

Source: Furniture Today Market Research, June 10, 2019

MATTRESS INDUSTRY – RECENT DEMAND TRENDS

- ◆ Mattresses are most profitable product for home furnishing retailers
- ◆ Replacements account for approximately 70 percent of mattress sales
- ◆ Growing consumer demand for better bedding
- ◆ Mattress industry has become a more decorative and innovative business
- ◆ Expanding growth opportunities with internet and bed-in-box companies
- ◆ Punitive anti-dumping measures against low-cost mattress imports from China have been enacted and are expected to provide some relief to industry
- ◆ Industry promoting benefits of sleep for overall health in tune with current consumer requests
 - Consumer mattress needs vary by age group. It is not just about soft, firm, hybrid, etc., anymore; consumers are also looking for ease of sleep and wanting more energy from sleep

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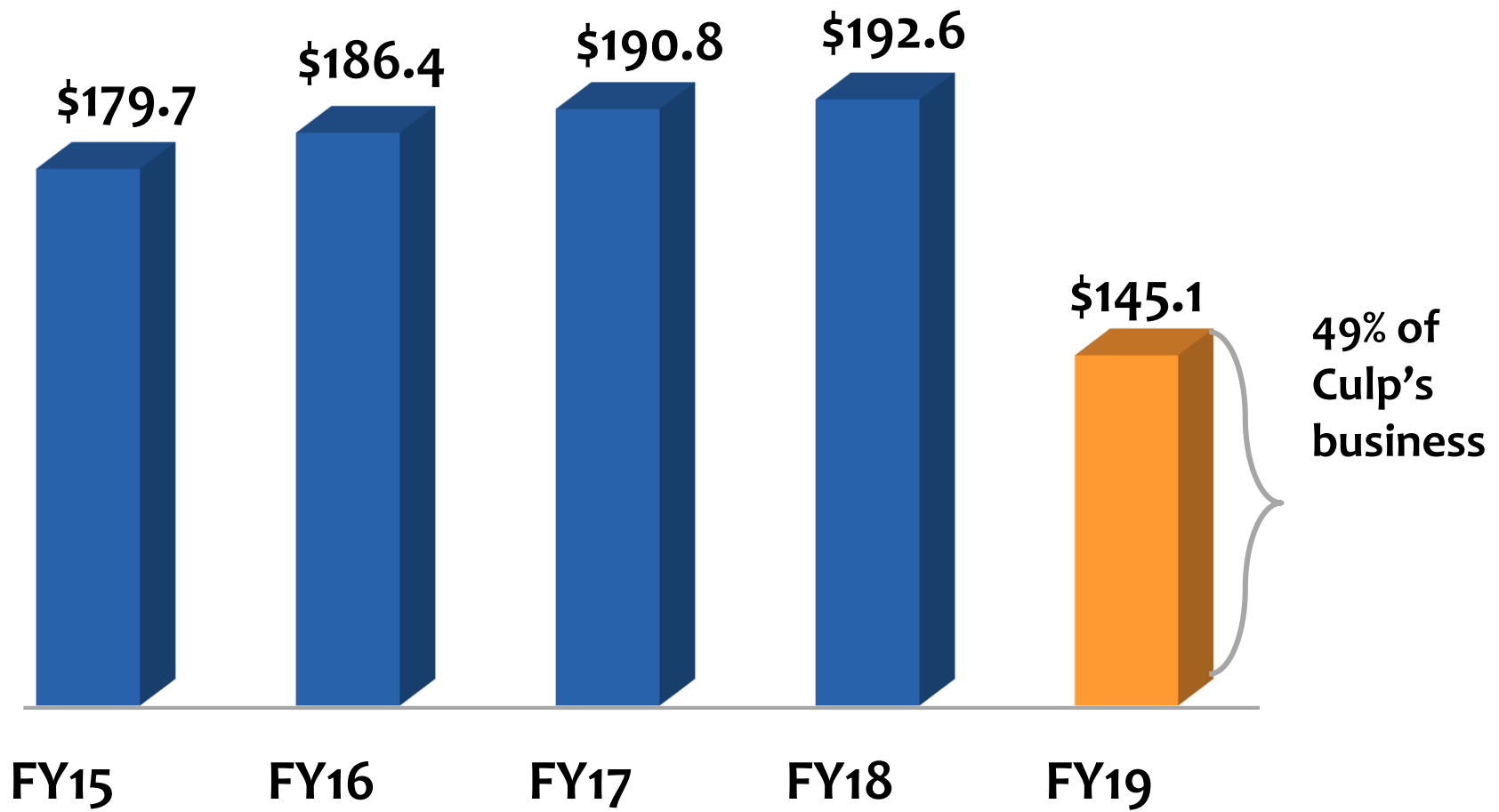
CULP HOME FASHIONS

Operational Review



CULP MATTRESS FABRIC SALES

(\$ in millions)



COMPETITIVE ADVANTAGES

- ◆ Creativity, innovation, and marketing point-of-purchase “POP”
- ◆ Globally competitive cost manufacturer
- ◆ Flexible and scalable manufacturing platform
- ◆ Leading provider in all major categories
- ◆ World class customer service and distribution
- ◆ Cut and sewn covers with CLASS operation
- ◆ Over \$100 million (CapEx and acquisitions) invested since 2005
- ◆ Multi-year operational projects launched in FY 2016, including production consolidation and addition of North American distribution platform
- ◆ Commitment to manage operations in an environmentally responsible manner - landfill-free* goal met at Stokesdale, NC facility in FY 2020, and ongoing development of products utilizing recycled yarns
- ◆ Coming in early FY 2021 - complete vertical integration within our Canadian platform supporting full complement of finished products

* “Landfill-free” means substantially all of the waste generated from daily operations at this facility is diverted from the landfill and into a recycling program.

MATTRESS FABRICS PRODUCTS AND LOCATIONS



◆ Damask

Stokesdale, NC USA
St. Jerome, Quebec Canada
Turkey

◆ Circular Knits

Stokesdale, NC USA
St. Jerome, Quebec Canada
Turkey
China

◆ Converted

China
Korea
USA

◆ Covers (CLASS)

High Point, NC USA
Haiti
China



MANUFACTURING CAPABILITIES

- ◆ **Weaving** - Three mirrored weaving facilities, including two international

- ◆ **Knitting** - Four mirrored knitting facilities, including three international

- ◆ **Sewn Mattress Covers** - Two North American facilities, China & Haiti

- ◆ All facilities can produce the same construction of fabric with electronic design interchange

- ◆ Equipment is identical across facilities

- ◆ Damask & knit finishing is available in multiple facilities

CULP HOME FASHIONS ENHANCED OPERATIONS AND HEADQUARTERS



GROWTH THROUGH SPECIALIZATION

- ◆ Enhanced purpose-driven Culp Home Fashions Innovation + Technology and Creative departments
- ◆ Marketing POP service level enrichment
- ◆ Cut and sewn covers - CLASS
- ◆ Utilizing and updating upholstery fabric in mattresses and sewn covers
- ◆ Slitting in various widths
- ◆ Shearing - unique look allowing dramatic pops of color
- ◆ Stretch knits for new specialty/hybrid bedding
- ◆ Flame retardant (FR) lamination to wovens and knits
- ◆ Finish stories - 3 Cs (cool, clean, and comfort)
- ◆ Market extension - Fabrics used in mattress pads, pillows, top of bed, and caskets

WINNING BUSINESS MODEL

- ◆ Best in class design and innovation
- ◆ Reactive manufacturing with repetitive state-of-the-art capabilities across plants
- ◆ Integrated cut & sew operation for covers, protectors, and finished products in the U.S., Haiti, and Asia
- ◆ Rapid response on orders and product development
- ◆ Global raw material sourcing
- ◆ 80/20 mix of internal/external production and supply
- ◆ High technology finishing capabilities
- ◆ World class customer service and distribution

CLASS CUT AND SEWN MATTRESS COVERS

- ◆ State-of-the-Art Manufacturing Facilities
- ◆ Creative Design Concepts
- ◆ Innovative Fabrics
- ◆ Experienced Management Team
- ◆ Outstanding Customer Service
- ◆ Haiti and Asia Expansions



CHF FABRICS IN RETAIL



Serta Perfect
Sleeper

CHF FABRICS IN RETAIL



Beautyrest Black

CHF FABRICS IN RETAIL

Simmons Hybrid



CHF FABRICS IN RETAIL



Sealy Essential
Collection Conform



Sealy Performance
Collection Conform



Sealy Premium
Collection Conform

CHF FABRICS IN RETAIL



Symbol Mattress
Tommy Copper

CHF FABRICS IN RETAIL

Corsicana Early Bird



Corsicana American
Bedding



Corsicana Renue



CHF FABRICS IN RETAIL



Ashley Sleep

CHF FABRICS IN RETAIL



CASPER

Casper Wave



CHF FABRICS IN RETAIL

Nectar Memory Foam



CHF FABRICS IN RETAIL

CLASS
CULP-LAVA APPLIED SEWN SOLUTIONS



Helix

CHF FABRICS IN RETAIL



Scott
Living
Restonic

KEY CUSTOMERS

Ashley Furniture
Carpenter
Casper
Corsicana Bedding
Denver Mattress
Eastern Sleep/Symbol Mattress
Innocor
Leggett & Platt/ECS
Pacific Coast Feather
Serta
Sleep Number
Simmons
Solstice Sleep Products
Southerland
Tempur+Sealy
Tupelo Sleeper
Woodhaven

COMPETITOR REVIEW

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

FISCAL YEAR MATTRESS FABRIC HIGHLIGHTS*

(\$ in millions)

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

* For the twelve month periods ended April 28, 2019 and April 29, 2018.

**Excludes non-recurring charges totaling \$248 that pertained to employee termination benefits and other reorganization costs that were recorded during the second quarter of fiscal 2019. Of the \$248 total non-recurring charges, \$159 and \$89 were recorded in costs of sales and selling, general, and administrative expenses, respectively.

STRONG VALUE PROPOSITION

- ◆ Leading supplier of mattress fabrics and covers across all price points and styles
- ◆ Design creativity, product innovation, and POP marketing
- ◆ Flexible and scalable global manufacturing platform
- ◆ Reactive manufacturing with repetitive capabilities
- ◆ World class customer service and distribution
- ◆ Globally competitive cost structure
- ◆ Financial strength supports growth strategy
- ◆ Trusted strategic partner willing to invest for the long term

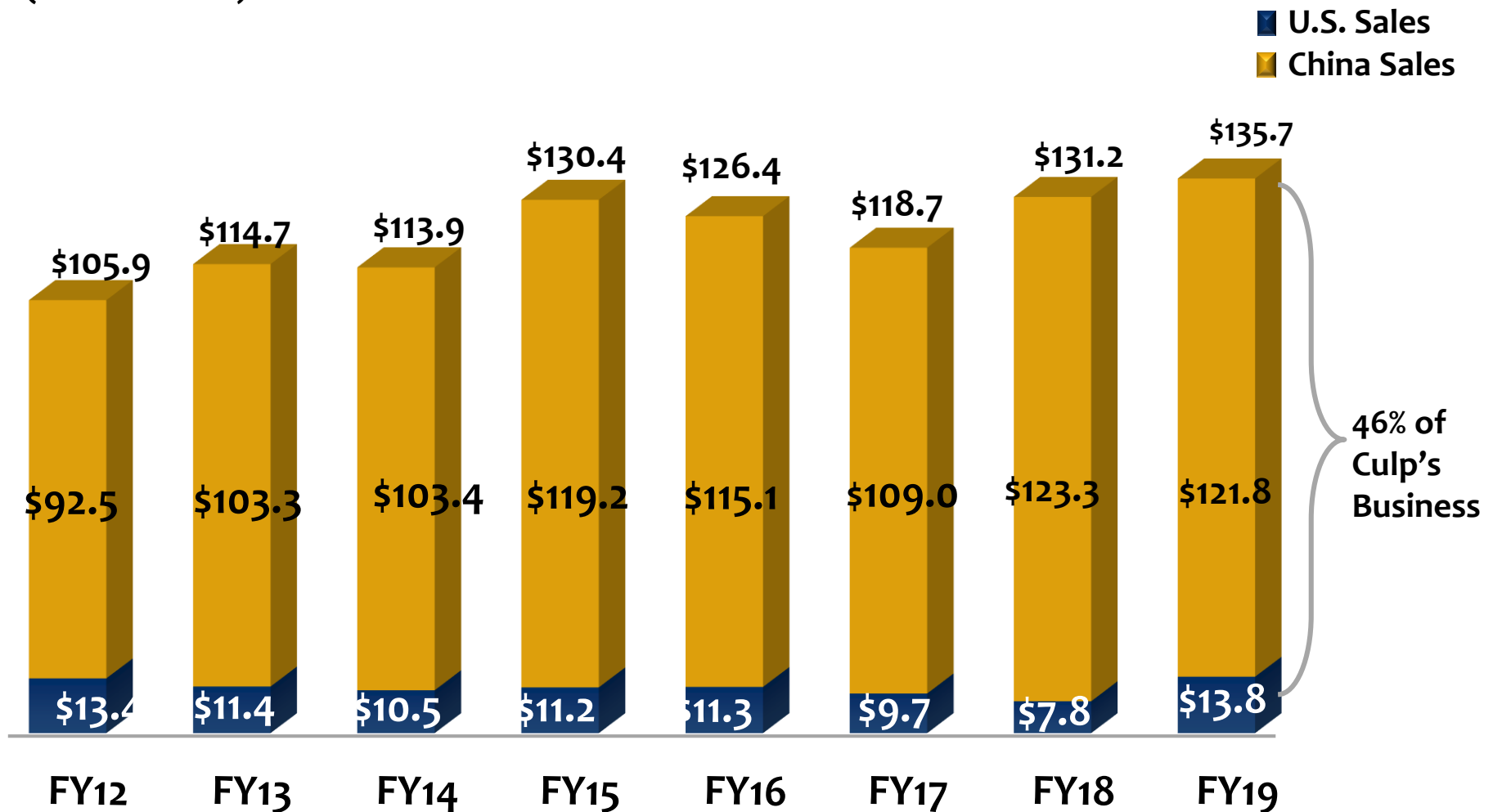
CULP, INC.

Upholstery Fabrics Division (Culp Upholstery Fabrics)



UPHOLSTERY FABRIC SALES

(\$ in millions)






Pillow Collection



Adril Charcoal Group



Annette Smoke Group



LiveSmart®
Performance Fabric



LiveSmart®
Performance Fabric



LiveSmart®
Performance Fabric



LiveSmart Evolve™
Performance Fabric

CULP FABRIC AT HOME



CULP FABRIC AT HOME



UPHOLSTERY FABRIC PRODUCTS AND FACILITIES

Manufacturing Locations

- ◆ Culp Fabrics Shanghai – Shanghai, China
- ◆ Culp Cut & Sew – Shanghai, China
- ◆ Read Window Products – Knoxville, TN

Distribution Locations

- ◆ Culp Fabrics Shanghai – Shanghai, China
- ◆ Culp Distribution Center – Burlington, North Carolina

STRATEGIC BUSINESS MODEL

- ◆ Innovation oriented
- ◆ Flexible and agile
- ◆ Variable cost structure
- ◆ Diverse product range
- ◆ Scalable
- ◆ Global platform

GROWTH STRATEGIES

- ◆ **Focus on product innovation**
- ◆ **Broaden and diversify customer mix**
 - Special focus on Hospitality market
 - Increase sales for residential stationary furniture applications
 - Grow sales in other geographic markets
- ◆ **Continue to expand our line of performance and sustainability fabrics (LiveSmart® and LiveSmart Evolve™)**
- ◆ **Maximize opportunities for utilizing Culp's global cut and sew platform**

ACQUISITION OF READ WINDOW PRODUCTS

- ◆ **Completed acquisition (Q4 FY18) of Read Window Products, a source for custom window treatments and other products**
- ◆ **Extends Culp's market reach to growing hospitality market**
 - Read Window Products is a turn-key provider of window treatments offering measuring, sourcing, fabrication, and installation services.
 - Primary custom product line includes motorization, shades, drapery, and shower curtains. In addition, they supply soft goods such as decorative top sheets, coverlets, duvet covers, bed skirts, bolsters, and pillows, for leading hospitality brands worldwide.
 - The addition of window treatments and other soft goods allows Culp to be a more complete source of upholstery fabrics for the hospitality market.
 - Combines Culp's outstanding design and global production capabilities with Read Window Products' expertise and strong customer relationships.

READ WINDOW PRODUCTS





CULP

Culp's China Platform

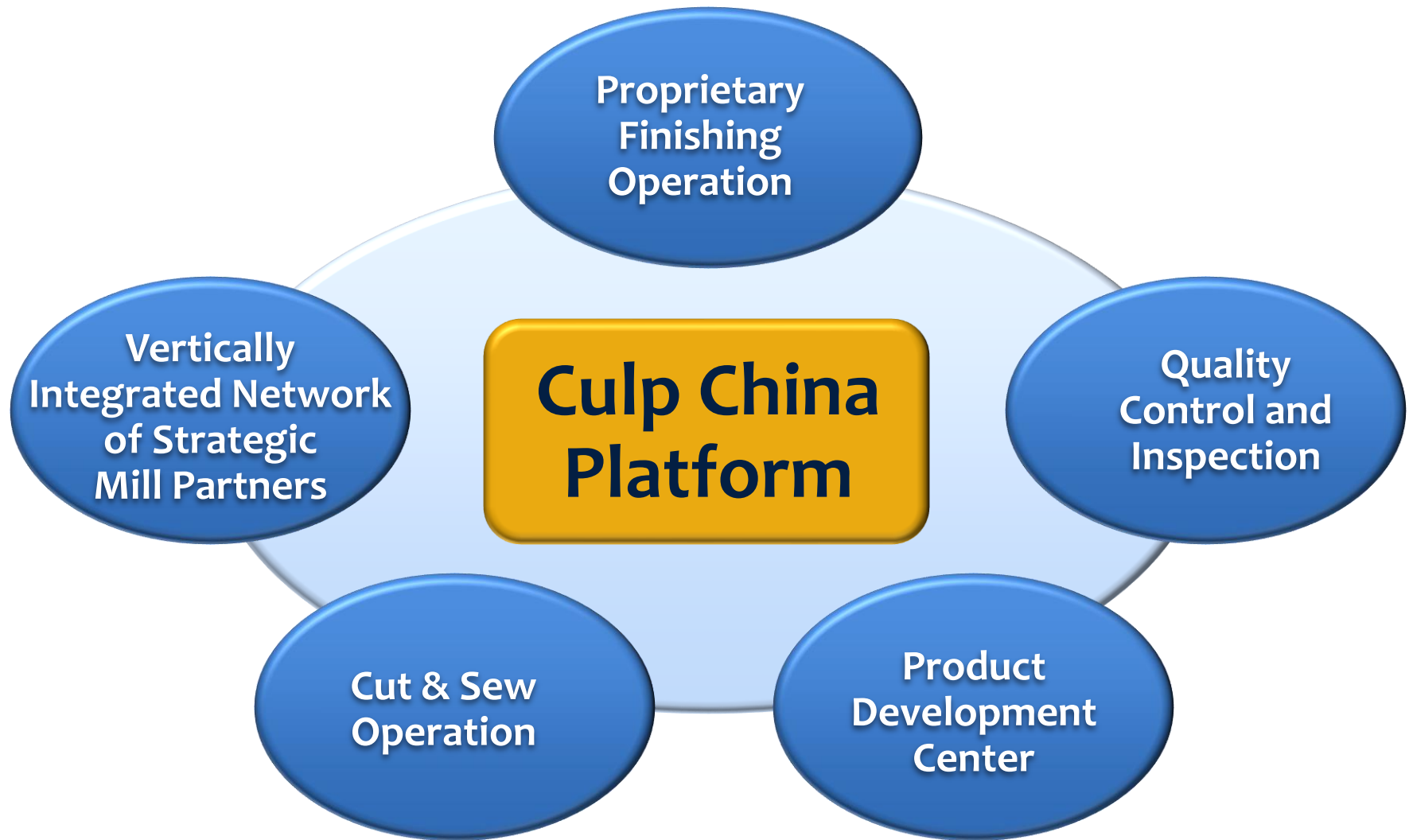


CULP CHINA PROVIDES ...

A trusted resource for innovative fabrics developed in a low cost environment with U.S. quality and service standards



CHINA BUSINESS MODEL



UPHOLSTERY FABRICS – Key Customers

Ashley Furniture
England
Flexsteel
Fusion
Franklin
HON Industries
Jonathan Louis
LA-Z-BOY
Southern Motion

UPHOLSTERY FABRICS – Competitor Review

- ◆ Dorell Fabrics (U.S. Converter)
- ◆ Morgan Fabrics (U.S. Converter)
- ◆ Richloom Fabrics (U.S. Converter)
- ◆ Specialty Textile, Inc. (STI)

***Plus a number of small-to-mid-size competitors (both Chinese manufacturers and U.S. converters)**

FISCAL YEAR UPHOLSTERY FABRIC HIGHLIGHTS*

(\$ in millions)

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

*For the twelve month periods ended April 28, 2019 and April 29, 2018.

** Excludes restructuring and related charges of \$2.4 million associated with the closure of our Anderson, South Carolina upholstery production facility. The \$2.4 million represents \$1.6 million for inventory markdowns, \$784 for operating costs associated with the closed facility, and \$40 associated with accelerated vesting of certain stock-based compensation agreements.

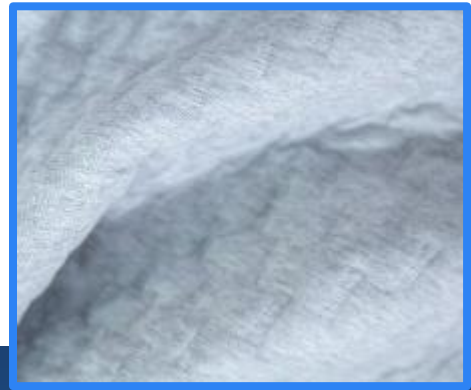
***See reconciliation table at the back of this presentation for additional details.

UPHOLSTERY FABRICS VALUE PROPOSITION

- ◆ **Trusted business partner**
- ◆ **Product innovation and creativity**
- ◆ **Superior quality**
- ◆ **Exceptional service and delivery performance**
- ◆ **Global manufacturing and distribution platform**

CULP, INC.

Culp Home Accessories



CULP HOME ACCESSORIES

- In June 2018, Culp became majority investor in eLuxury, whose primary products include mattress pads manufactured in Evansville, Indiana
- Established e-commerce and finished goods business offering innovative bedding accessories, pillows, fabric by the yard, and other home goods, including eLuxury products
- Combined platform that supports both business-to-consumer and business-to-business sales of finished products
- Developed through Culp's global manufacturing platform and in coordination with other company divisions
- Important new sales channel for Culp



CULP HOME ACCESSORIES



- Strategic focus on business-to-business sales in fiscal 2020
- Offering private label possibilities with preferred service levels to customers
- Expanding market reach with a diverse mix of online retailers
- Developing new products for e-commerce platform in addition to legacy mattress pads and accessories



FABRIC BY THE YARD

Culp fabrics sold direct to consumers online through eLuxury on Amazon and other online marketplaces



HOME ACCESSORIES HIGHLIGHTS*

(\$ in millions)

	FY19	FY18*	Change	
			\$	%
Sales	\$16.0	N/M	N/M	N/M
Operating income	(0.7)	N/M	N/M	N/M
Operating income margin	(4.6)%	N/M	N/M	N/M
Depreciation	\$0.3	N/M	N/M	N/M

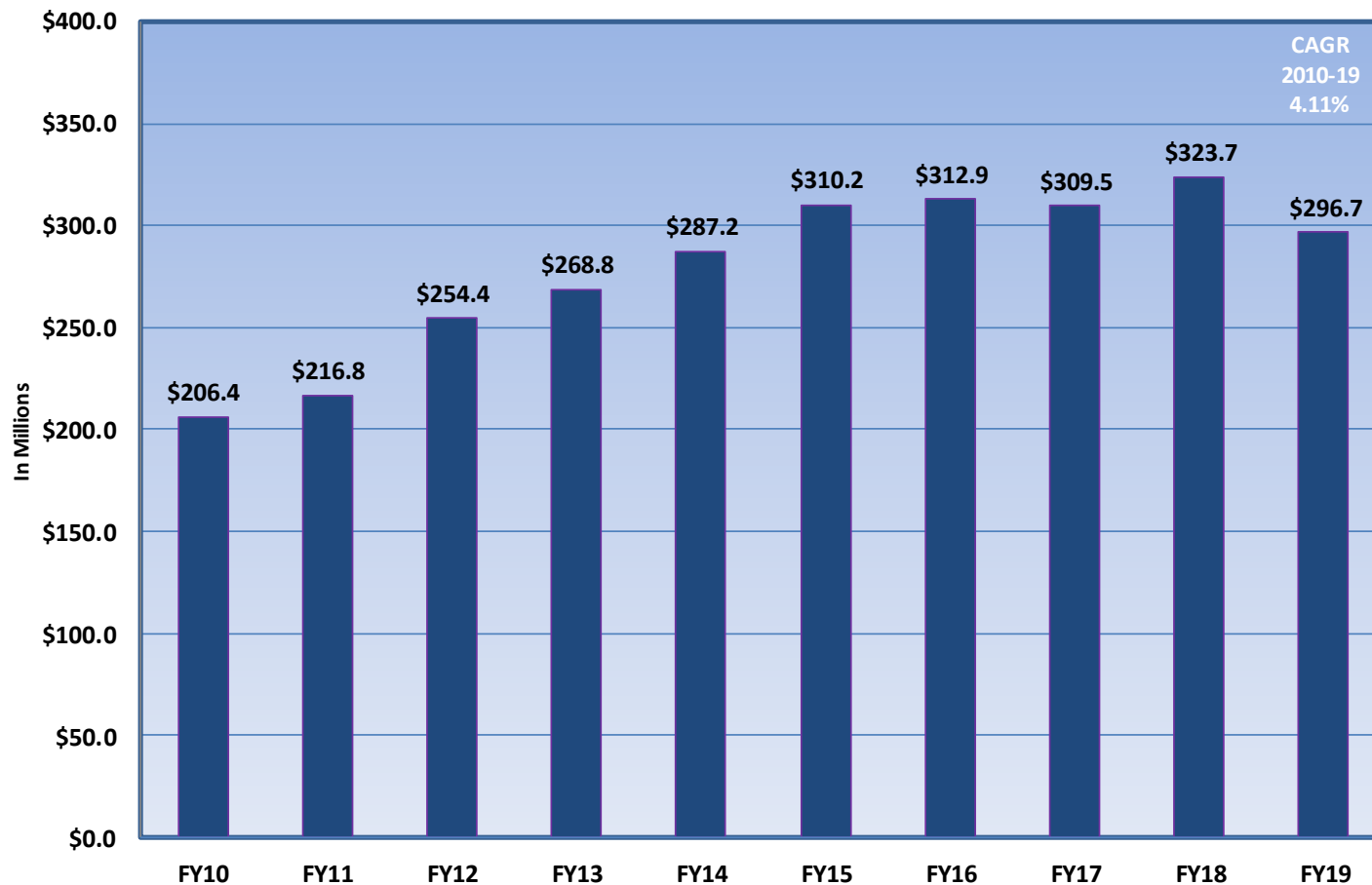
* This business segment is associated with a majority investment that was completed during fiscal 2019.

CULP, INC.

Overall Financial Highlights

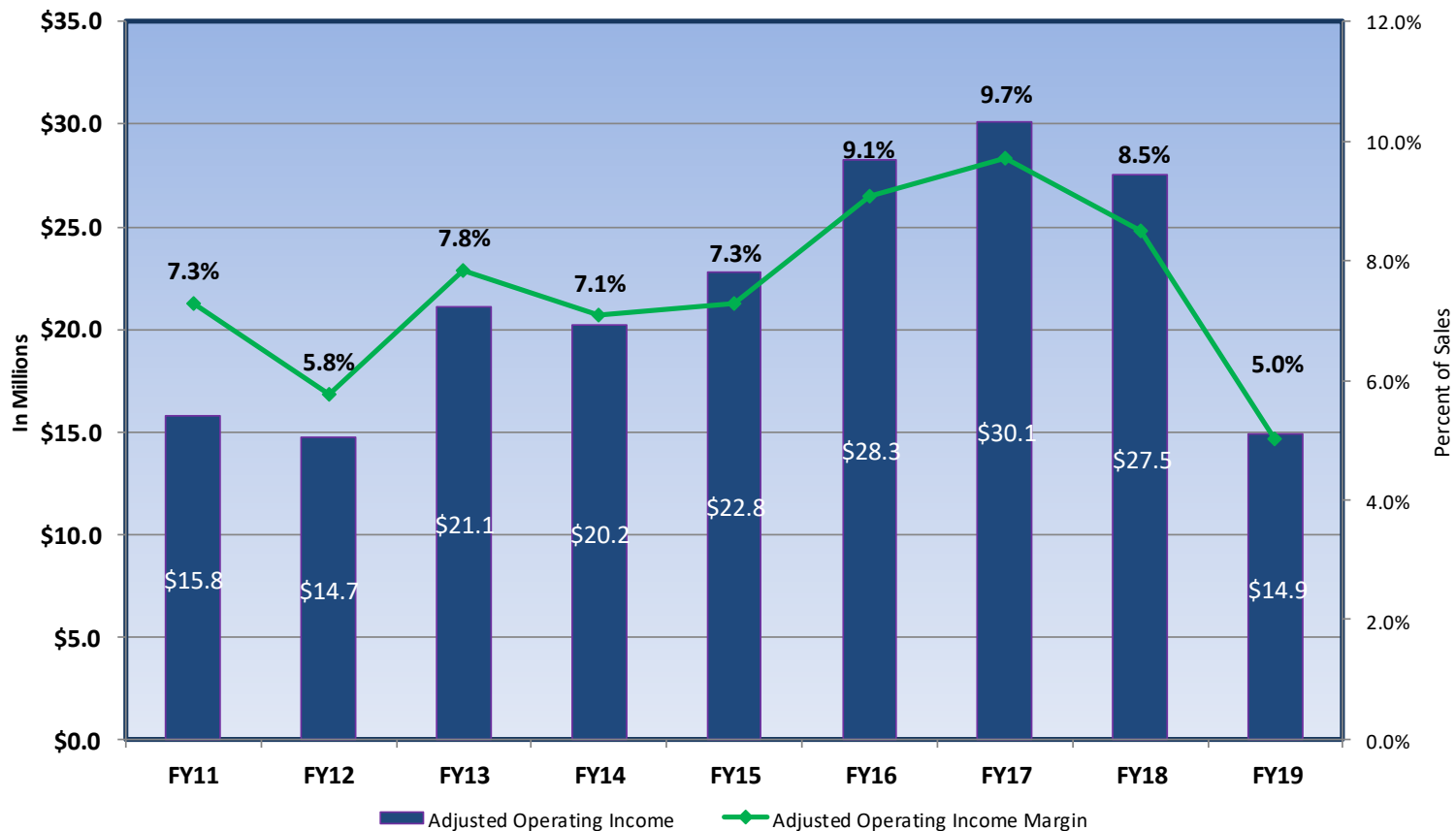
NET SALES

CULP, INC.
NET SALES
For Fiscal Years 2010 - 2019



OPERATING INCOME AND MARGIN

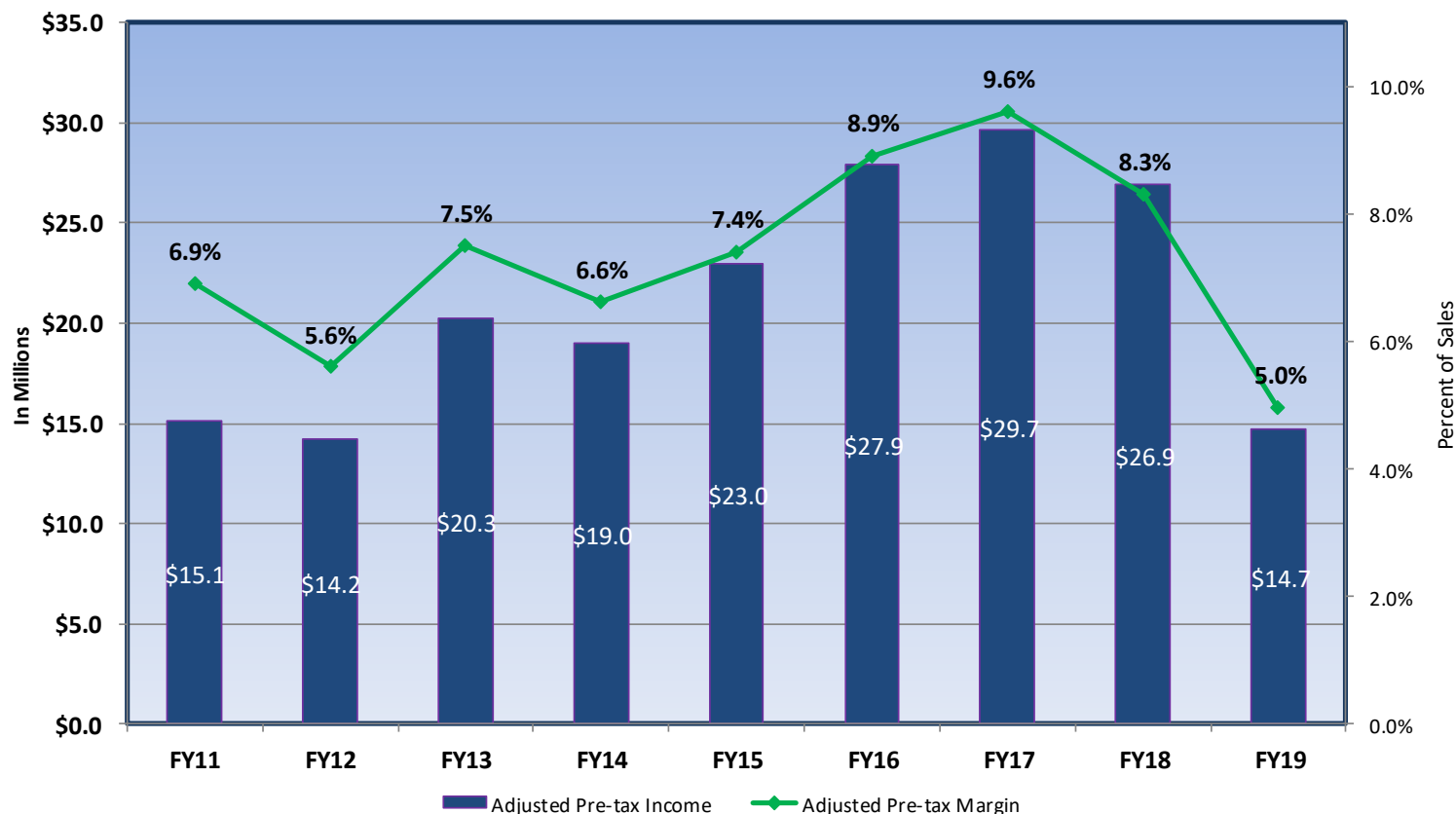
CULP, INC.
ADJUSTED OPERATING INCOME AND OPERATING INCOME MARGIN*
For Fiscal Years 2010 - 2019



* Excludes restructuring and related charges and credits as well as other non-recurring charges and credits.
See reconciliation tables in previous Form 8-k's filed with the Securities and Exchange Commission ("SEC").

PRE-TAX INCOME AND MARGIN

CULP, INC.
ADJUSTED PRE-TAX INCOME AND PRE-TAX MARGIN*
For Fiscal Years 2010 - 2019

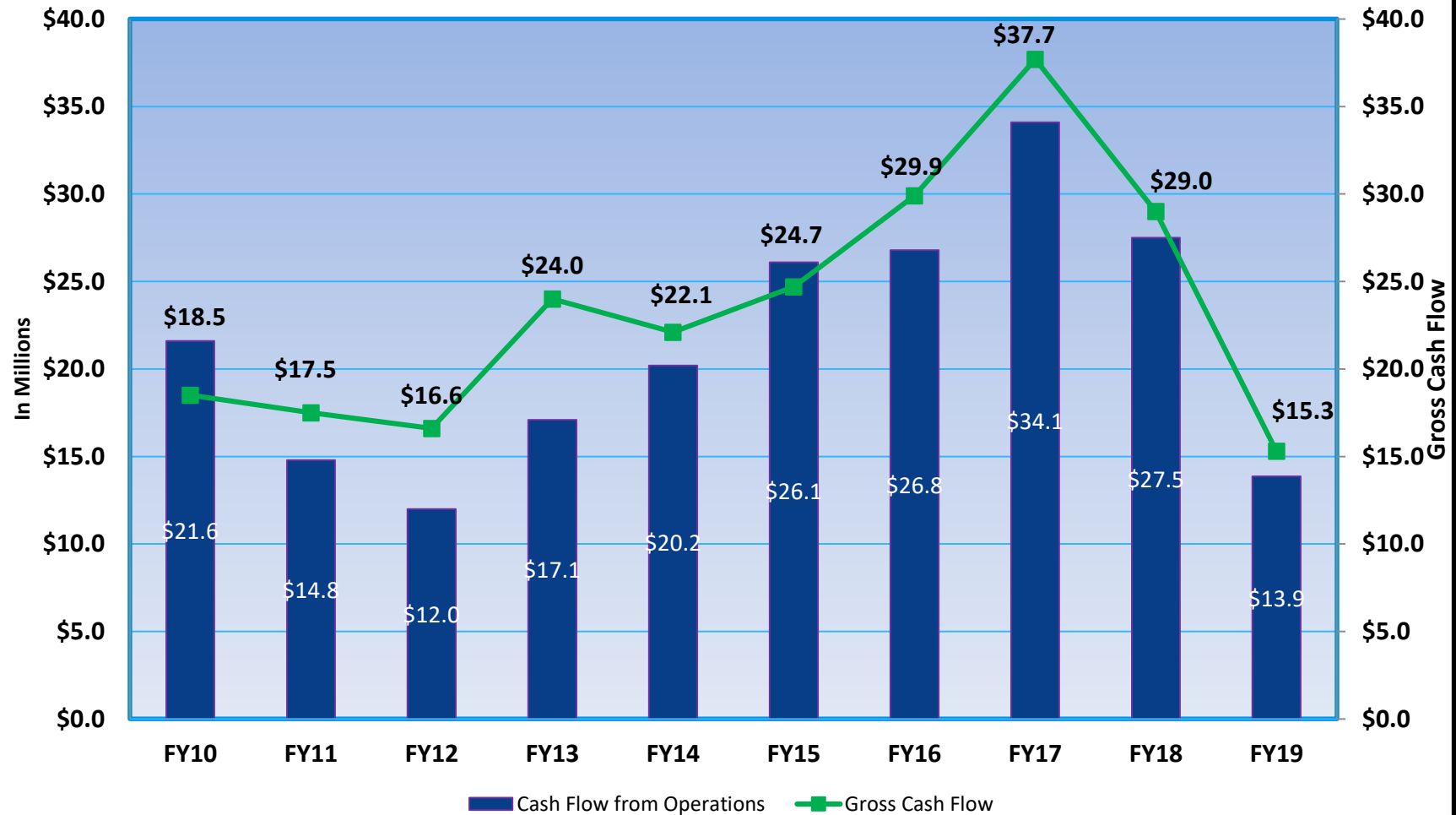


* Excludes restructuring and related charges and credits as well as other non-recurring charges and credits. See Reconciliation tables in previous Form 8-k's filed with the SEC.

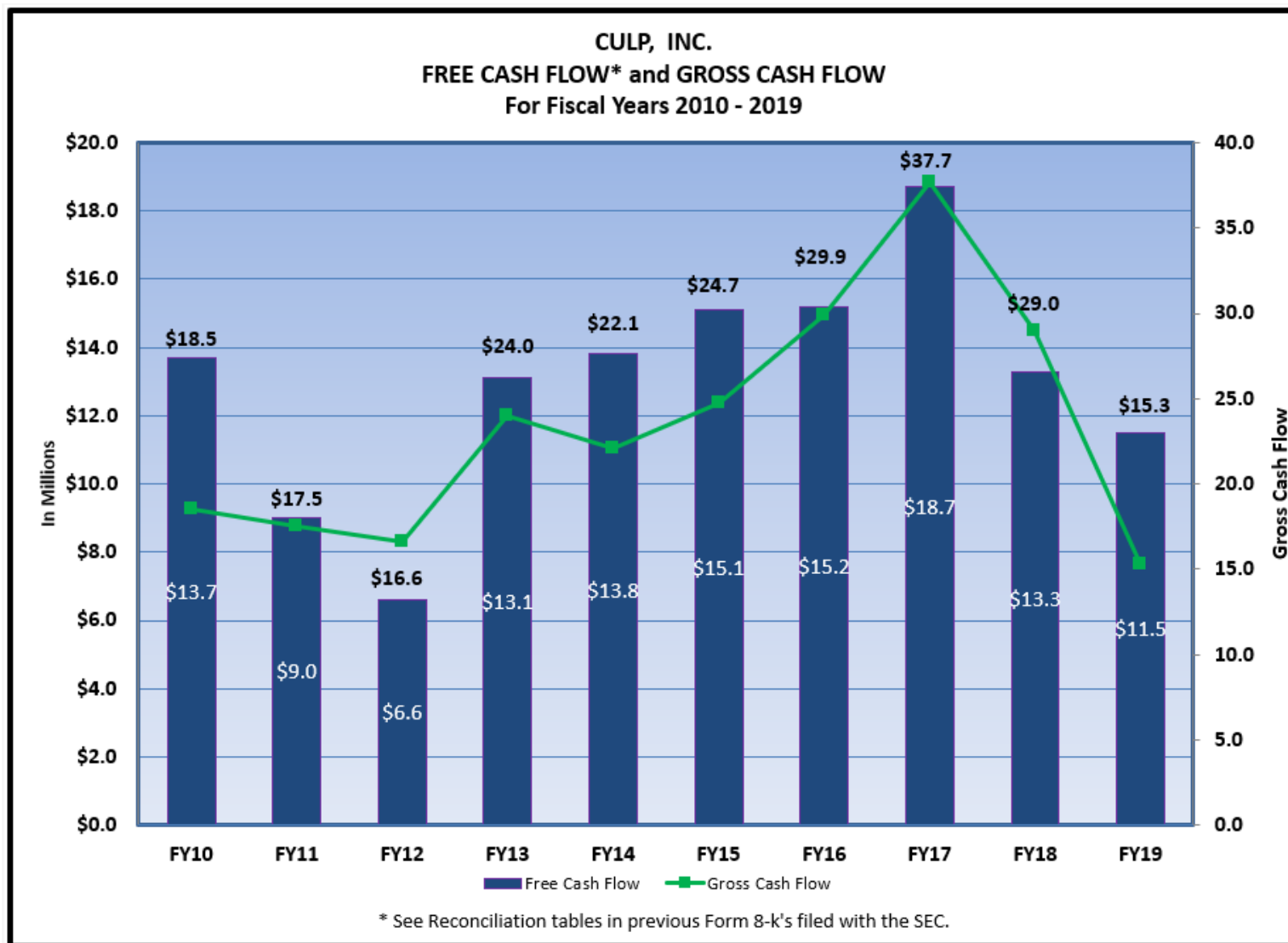
CASH FLOW FROM OPERATIONS AND GROSS CASH FLOW

CULP, INC.

CASH FLOW from OPERATIONS and GROSS CASH FLOW
For Fiscal Years 2010 - 2019

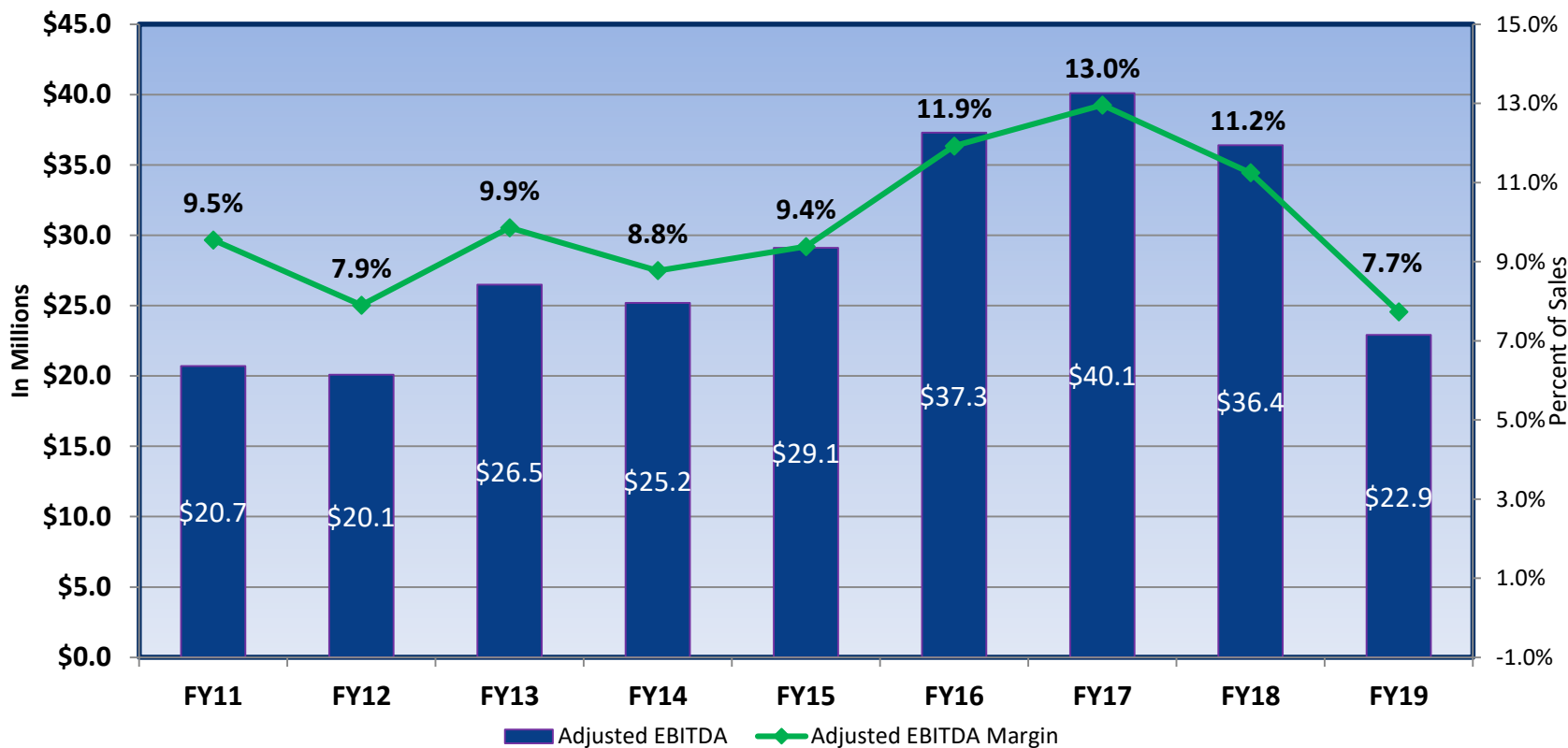


FREE CASH FLOW AND GROSS CASH FLOW



EBITDA AND EBITDA MARGIN

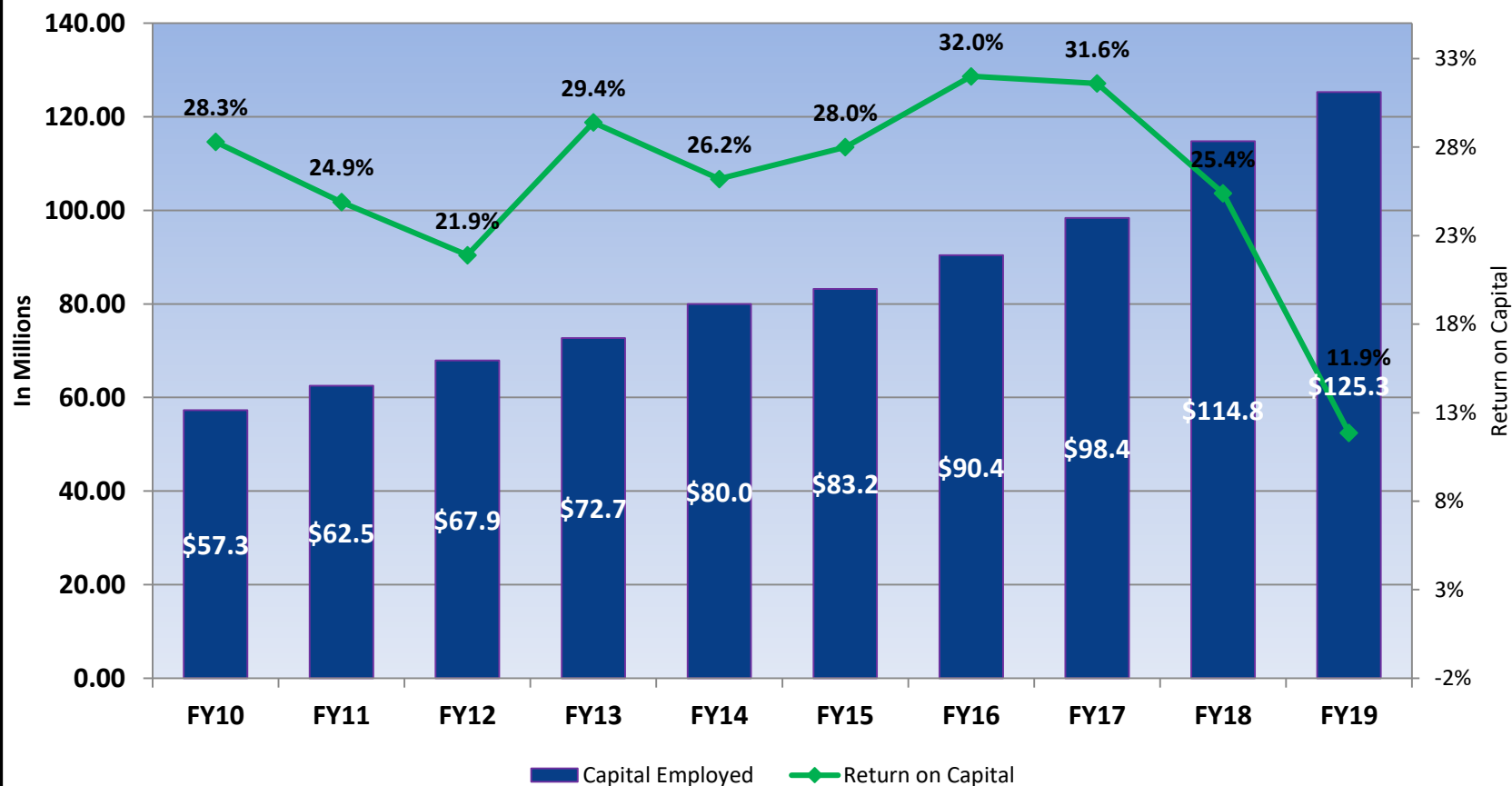
CULP, INC.
ADJUSTED EBITDA and EBITDA MARGIN*
For Fiscal Years 2010 - 2019



* See Reconciliation tables in previous Form 8-k's filed with the SEC.

CAPITAL EMPLOYED AND RETURN ON CAPITAL

CULP, INC.
CAPITAL EMPLOYED and RETURN ON CAPITAL
For Fiscal Years 2010 - 2019



* See reconciliation tables in previous form 8-K's filed with the SEC

FISCAL 2019 HIGHLIGHTS

(\$ in millions)

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

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

**Net income and net income per diluted share represent the amounts attributable to Culp, Inc. common shareholders. In addition to the amounts noted in the footnote above, the results for the twelve months ended April 28, 2019 also include an income tax benefit of \$2.0 million, associated with provisional adjustments related to the Tax Cuts and Jobs Act ("TCJA"). See the Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation for additional details.

FISCAL 2019 HIGHLIGHTS

(\$ in millions)

Adjusted (Non-GAAP)*	FY19	FY18	Change	
			\$	%
Adjusted Operating income	\$14.9**	\$27.5	\$(12.6)	(45.9)%
Adj Operating income margin	5.0%**	8.5%		(350) bp
Adjusted Pre-tax income	\$14.7**	\$26.9	\$(12.1)	(45.2)%
Adj Pre-tax margin	5.0%**	8.3%		(330) bp

*Refer to preceding Slide 88 for GAAP presentation as well as Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation.

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

FISCAL 2019 SALES BRIDGE*

(\$ in millions)

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

* For the twelve month periods ended April 28, 2019 and April 29, 2018.

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

FISCAL 2019 OPERATING INCOME BRIDGE*

(\$ in millions)

Operating Income	\$	%
FY 2018	\$27.5	8.5%
Mattress fabrics decrease	(14.3)	
Upholstery fabrics decrease	(0.1)	
Home Accessories decrease **	(0.7)	
Unallocated corporate expense decrease	2.5	
FY 2019 ***	\$14.9	4.3%

* For the twelve month periods ended April 28, 2019 and April 29, 2018.

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

*** The financial results exclude restructuring and related charges and credits as well as other non-recurring charges and credits. See Slide 88 for GAAP presentation as well as the Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation.

FREE CASH FLOW*

(\$ in millions)

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

* See reconciliation at the back of this presentation.

RETURN ON CAPITAL*

(\$ in millions)

	April 28, 2019	April 29, 2018
Return on capital:		
Mattress fabrics	15.2%	34.3%
Upholstery fabrics	55.0%	58.1%
Home Accessories	N/M	N/A
Unallocated corporate	N/A	N/A
Consolidated	11.7%	25.4%
Capital employed:		
Mattress fabrics	\$ 72.4	\$ 77.7
Upholstery fabrics	\$ 19.4	\$ 20.4
Home Accessories	\$ 3.4	N/A
Unallocated corporate	\$ 30.1	\$ 16.7
Consolidated	\$125.3	\$ 114.8

*See reconciliation at the back of this presentation

OPERATING WORKING CAPITAL

(\$ in millions)

	April 28, 2019	April 29, 2018	% Change
Accounts receivable, net	\$23.8	\$26.3	(9.7)%
Inventories, net	50.9	53.5	(4.9)%
Accounts payable	(24.4)	(27.2)	(10.5)%
Accounts payable – capital expenditures	(0.1)	(1.8)	(95.6)%
Operating working capital	\$50.2	\$50.7	(1.2)%
Percent of sales*	16.9%	15.7%	120 bp
Days sales outstanding	29.9	29.7	0.9%
Inventory turns	4.6	4.8	(4.2)%
Days accounts payable outstanding**	37.9	41.6	(8.9)%

* Sales used in the calculation is an annualized amount derived from the year-to-date net sales.

** Accounts payable also includes accounts payable – capital expenditures.

NET CASH, INVESTMENTS, AND EQUITY

(\$ and share amounts in millions)

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

ADJUSTED EBITDA

Reconciliation of Net Income to Adjusted EBITDA

(unaudited, \$ in thousands)

CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED APRIL 28, 2019 AND APRIL 29, 2018
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Quarter Ended				Trailing 12 Months 4/28/2019
	7/29/2018	10/28/2018	1/27/2019	4/28/2019	
Net income (loss)	\$ 965	\$ 2,944	\$ 3,060	\$ (1,511)	\$ 5,458
Income taxes	906	1,276	1,225	3,017	6,424
Interest income, net	(129)	(134)	(251)	(210)	(724)
Other non-recurring charges	-	249	429	500	1,178
Restructuring expense (credit) and related charges	2,014	(791)	340	-	1,563
Depreciation and amortization expense	2,160	2,287	2,232	2,218	8,897
Stock based compensation	(501)	395	479	(243)	130
Adjusted EBITDA	<u>\$ 5,415</u>	<u>\$ 6,226</u>	<u>\$ 7,514</u>	<u>\$ 3,771</u>	<u>\$ 22,926</u>
% Net Sales	<u>7.6%</u>	<u>8.1%</u>	<u>9.7%</u>	<u>5.3%</u>	<u>7.7%</u>
	Quarter Ended				Trailing 12 Months 4/29/2018
	7/30/2017	10/29/2017	1/28/2018	4/29/2018	
Net income (loss)	\$ 4,983	\$ 3,976	\$ (748)	\$ 12,666	\$ 20,877
Income taxes	1,641	2,108	8,208	(6,217)	5,740
Interest income, net	(131)	(91)	(101)	(117)	(440)
Other non-recurring charges	-	-	-	-	-
Restructuring expense (credit) and related charges	-	-	-	-	-
Depreciation and amortization expense	1,889	1,990	2,048	2,096	8,023
Stock based compensation	757	801	864	(210)	2,212
Adjusted EBITDA	<u>\$ 9,139</u>	<u>\$ 8,784</u>	<u>\$ 10,271</u>	<u>\$ 8,218</u>	<u>\$ 36,412</u>
% Net Sales	<u>11.5%</u>	<u>10.9%</u>	<u>12.0%</u>	<u>10.5%</u>	<u>11.2%</u>
% Over (Under)	<u>-40.7%</u>	<u>-29.1%</u>	<u>-26.8%</u>	<u>-54.1%</u>	<u>-37.0%</u>

KEY INVESTMENT POINTS

- ◆ Profitable mattress fabrics and upholstery fabrics businesses with a leading market share
- ◆ Strong economy with growth in U.S. housing
- ◆ 100% owned, scalable China platform
- ◆ Significant free cash flow generation over multiple years
- ◆ Strong balance sheet position and disciplined use of capital
- ◆ Since June 2011, the company has returned approximately \$71.5 million to shareholders in regular quarterly and special dividends and share repurchases

FORWARD LOOKING STATEMENTS

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

Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on our business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect us adversely. The future performance of our business depends in part on our success in conducting and finalizing acquisition negotiations and integrating acquired businesses into our existing operations. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, or changes in the value of the U.S. dollar versus other currencies, could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our products less competitive on the basis of price in markets outside the United States, and strengthening of currencies in Canada and China can have a negative impact on our sales of products produced in those places. Also, economic and political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. Finally, increases in market prices for petrochemical products can significantly affect the prices we pay for raw materials, and in turn, increase our operating costs and decrease our profitability. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A “Risk Factors” in our Form 10-K filed with the Securities and Exchange Commission on July 12, 2019 for the fiscal year ended April 28, 2019, and our subsequent periodic reports filed with the Securities and Exchange Commission.

ADDITIONAL DISCLOSURE

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

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

ADDITIONAL DISCLOSURE (2)

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

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

Q4 YTD RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

CULP, INC.
RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS
FOR THE TWELVE MONTHS ENDED APRIL 28, 2019 AND APRIL 29, 2018
(UNAUDITED)

	TWELVE MONTHS ENDED					
	As Reported April 28, 2019	Adjustments	Adjusted April 28, 2019	As Reported April 29, 2018	Adjustments	Adjusted April 29, 2018
Gross profit	\$ 50,198 (1)	2,508	52,706	64,633	-	64,633
Selling, general and administrative expenses	38,405 (3)	(558)	37,847	37,172	-	37,172
Restructuring credit	(825) (2)	825	-	-	-	-
Income from operations	12,618	2,241	14,859	27,461	-	27,461
			5.0%			8.5%
Other expense	1,346 (4)	(500)	846	1,018	-	1,018
Income before income taxes	11,996	2,741	14,737	26,883	-	26,883
			5.0%			8.3%
Income Taxes	6,424 (5)	550	6,974	5,740 (5)	2,049	7,789
Net income	5,458	(550)	4,908	20,877	(2,049)	18,828
Plus: Net loss attributable to non-controlling interest	218	-	218	-	-	-
Net income attributable to Culp Inc. common shareholders	\$ 5,676	(550)	5,126	20,877	(2,049)	18,828

Notes

- (1) The \$2.5 million represents a restructuring related charge of \$1.6 million for inventory markdowns, \$784 for other operating costs associated with our closed Anderson, SC plant facility, and \$159 for employee termination benefits and other operational reorganization costs associated with our mattress fabrics segment.
- (2) The \$825 restructuring credit represents a \$1.5 million gain on the sale of property, plant, and equipment associated with our closed Anderson, SC upholstery fabrics plant facility, partially offset by a charge of \$661 for employee termination benefits.
- (3) The \$558 consists of a non-recurring charge totaling \$469 that was associated with the accelerated vesting of certain stock-based compensation agreements. Of this \$469 non-recurring charge, \$429 and \$40 pertain to unallocated corporate expenses and a restructuring related charge associated with our closed Anderson, SC upholstery fabrics plant facility. Additionally, the \$558 consists of a non-recurring charge of \$89 for employee termination benefits and operational reorganization costs associated with our mattress fabrics segment.
- (4) Other expense for the year ending April 28, 2019, included a \$500 non-recurring charge for an endowed scholarship to the University of North Carolina at Chapel Hill in honor of our Co-Founder and former Chairman of the Board. This charitable contribution will be paid over a period of three years.
- (5) Amounts represent provisional adjustments associated with the TCJA enacted on December 22, 2017.

RECONCILIATION OF FREE CASH FLOW

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

(1) Free Cash Flow reconciliation is as follows:

	FY 2019	FY 2018
A) Net cash provided by operating activities	\$ 13,873	27,473
B) Minus: Capital Expenditures	(3,261)	(8,005)
C) Plus: Proceeds from the sale of property, plant, and equipment	1,894	6
D) Minus: Investment in unconsolidated joint venture	(120)	(661)
E) Minus: Payments on vendor-financed capital expenditures	(1,412)	(3,750)
F) Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	1,233	57
G) Minus: Purchase of long-term investments (Rabbi Trust)	(1,011)	(1,902)
H) Plus: Proceeds from life insurance policy	394	-
I) Minus: Premium payment on life insurance policy	-	(18)
J) Effects of exchange rate changes on cash and cash equivalents	(93)	85
Free Cash Flow	\$ <u>11,497</u>	<u>13,285</u>

RETURN ON CAPITAL EMPLOYED BY SEGMENT

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED APRIL 28, 2019
(Amounts in Thousands)
(Unaudited)

	Operating Income Twelve Months Ended April 28, 2019 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	\$ 11,608	\$ 76,530	15.2%
Upholstery Fabrics	10,823	19,693	55.0%
Home Accessories	(735)	2,568	N.M.
(less: Unallocated Corporate)	(6,837)	28,056	N.M.
Total	\$ 14,859	\$ 126,846	11.7%

Average Capital Employed

	As of the three Months Ended April 28, 2019					As of the three Months Ended January 27, 2019					As of the three Months Ended October 28, 2018				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 83,393	37,529	5,618	93,186	219,726	\$86,707	43,097	5,607	89,497	224,908	\$86,494	37,442	5,203	93,072	222,211
Total liabilities (5)	(10,996)	(18,114)	(2,215)	(24,154)	(55,479)	(11,604)	(22,483)	(2,168)	(21,421)	(57,676)	(9,790)	(19,646)	(1,960)	(23,346)	(54,742)
Subtotal	\$ 72,397	\$ 19,415	\$ 3,403	\$ 69,032	\$164,247	\$75,103	\$ 20,614	\$ 3,439	\$ 68,076	\$167,232	\$76,704	\$ 17,796	\$ 3,243	\$ 69,726	\$167,469
Less:															
Cash and cash equivalents	-	-	-	(40,008)	(40,008)	-	-	-	(26,418)	(26,418)	-	-	-	(14,768)	(14,768)
Short-term investments - Available-For-Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term investments - Held-To-Maturity	-	-	(5,001)	(5,001)	-	-	-	(13,544)	(13,544)	-	-	-	-	(26,719)	(26,719)
Current income taxes receivable	-	-	-	(776)	(776)	-	-	-	-	-	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	-	(7,081)	(7,081)	-	-	-	(6,834)	(6,834)	-	-	-	(7,851)	(7,851)
Long-term investments - Rabbi Trust	-	-	-	(733)	(733)	-	-	-	-	-	-	-	-	-	-
Noncurrent income taxes receivable	-	-	-	(457)	(457)	-	-	-	(3,224)	(3,224)	-	-	-	(3,614)	(3,614)
Deferred income taxes - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred compensation - current	-	-	-	1,022	1,022	-	-	-	642	642	-	-	-	714	714
Income taxes payable - current	-	-	-	3,249	3,249	-	-	-	3,294	3,294	-	-	-	2,044	2,044
Income taxes payable - long-term	-	-	-	3,176	3,176	-	-	-	2,225	2,225	-	-	-	3,233	3,233
Deferred income taxes - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	2,225	2,225
Line of credit	-	-	-	675	675	-	-	-	-	-	-	-	-	-	-
Related Party - Note Payable	-	-	-	6,998	6,998	-	-	-	6,782	6,782	-	-	-	7,120	7,120
Deferred compensation - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Employed	\$ 72,397	\$ 19,415	\$ 3,403	\$ 30,096	\$125,311	\$75,103	\$ 20,614	\$ 3,439	\$ 30,999	\$130,155	\$76,704	\$ 17,796	\$ 3,243	\$ 32,110	\$129,853

	As of the three Months Ended July 29, 2018					As of the three Months Ended April 29, 2018				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 93,601	37,386	4,463	90,922	226,372	\$95,061	39,812	-	83,111	217,984
Total liabilities (5)	(12,883)	(17,880)	(1,710)	(27,869)	(60,342)	(17,335)	(18,679)	-	(18,594)	(54,608)
Subtotal	\$ 80,718	\$ 19,506	\$ 2,753	\$ 63,053	\$166,030	\$77,726	\$ 21,133	\$ -	\$ 64,517	\$163,376
Less:										
Cash and cash equivalents	-	-	-	(8,593)	(8,593)	-	-	-	(21,228)	(21,228)
Short-term investments - Available-For-Sale	-	-	-	-	-	-	-	-	(2,451)	(2,451)
Short-term investments - Held-To-Maturity	-	-	-	(30,756)	(30,756)	-	-	-	(25,759)	(25,759)
Current income taxes receivable	-	-	-	-	-	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	-	-	-	-	-	-	(5,035)	(5,035)
Long-term investments - Rabbi Trust	-	-	-	(7,671)	(7,671)	-	-	-	(7,326)	(7,326)
Noncurrent income taxes receivable	-	-	-	-	-	-	-	-	-	-
Deferred income taxes - non-current	-	-	-	(3,721)	(3,721)	-	-	-	(1,458)	(1,458)
Deferred compensation - current	-	-	-	-	-	-	-	-	-	-
Income taxes payable - current	-	-	-	1,244	1,244	-	-	-	1,437	1,437
Income taxes payable - long-term	-	-	-	3,733	3,733	-	-	-	3,758	3,758
Deferred income taxes - non-current	-	-	-	2,150	2,150	-	-	-	2,150	2,150
Line of credit	-	-	-	4,000	4,000	-	-	-	-	-
Related Party - Note Payable	-	-	-	7,679	7,679	-	-	-	-	-
Deferred compensation - non-current	-	-	-	-	-	-	-	-	7,353	7,353
Total Capital Employed	\$ 80,718	\$ 19,506	\$ 2,753	\$ 31,118	\$134,095	\$77,726	\$ 21,133	\$ -	\$ 15,958	\$114,817

Average Capital Employed (3)

	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
	\$ 76,530	\$ 19,693	\$ 2,568	\$ 28,056	\$126,846

Notes:

- (1) See reconciliation of twelve month operating income included at the back of this presentation.
- (2) Return on average capital employed represents the last twelve months operating income as of April 28, 2019, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments - Available-For-Sale, short-term investments Held-To-Maturity, long-term investments Held-To-Maturity, long-term investments - Rabbi Trust, noncurrent deferred income tax assets and liabilities, income taxes receivable and payable, line of credit, related party - note payable, and current and noncurrent deferred compensation.
- (3) Average capital employed was computed using the quarterly five periods ending April 28, 2019, January 27, 2019, October 28, 2018, July 29, 2018, and April 29, 2018.
- (4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therefore, have no effect on the capital employed and return on capital employed for our mattress fabrics, upholstery fabrics, and home accessories segments.
- (5) Accrued restructuring costs and certain obligations associated with our acquisitions are included in unallocated corporate for all periods presented and therefore, have no effect on capital employed and return on capital employed for our mattress fabrics, upholstery fabrics, and home accessories segments.

RETURN ON CAPITAL EMPLOYED BY SEGMENT

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

	Operating Income Twelve Months Ended April 29, 2018 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	\$ 25,861	\$ 75,398	34.3%
Upholstery Fabrics	10,956	18,862	58.1%
(less: Unallocated Corporate)	(9,356)	13,741	N.M
Total	\$ 27,461	\$ 108,001	25.4%

Average Capital Employed

	As of the three Months Ended April 29, 2018				As of the three Months Ended January 28, 2018				As of the three Months Ended October 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)	\$ 95,061	39,812	83,111	\$ 217,984	\$ 93,827	43,458	79,559	\$ 216,844	\$ 94,626	34,974	71,443	\$ 201,043
Total liabilities	(17,335)	(19,442)	(17,831)	(54,608)	(18,418)	(22,781)	(23,463)	(64,662)	(16,150)	(17,225)	(14,588)	(47,963)
Subtotal	\$ 77,726	\$ 20,370	\$ 65,280	\$ 163,376	\$ 75,409	\$ 20,677	\$ 56,096	\$ 152,182	\$ 78,476	\$ 17,749	\$ 56,855	\$ 153,080
Less:												
Cash and cash equivalents	-	-	(21,228)	(21,228)	-	-	(22,428)	(22,428)	-	-	(15,739)	(15,739)
Short-term investments - Available-For-Sale	-	-	(2,451)	(2,451)	-	-	(2,472)	(2,472)	-	-	(2,478)	(2,478)
Short-term investments - Held-To-Maturity	-	-	(25,759)	(25,759)	-	-	(17,206)	(17,206)	-	-	(4,015)	(4,015)
Long-term investments - Held-To-Maturity	-	-	(5,035)	(5,035)	-	-	(13,625)	(13,625)	-	-	(26,853)	(26,853)
Long-term investments - Rabbi Trust	-	-	(7,326)	(7,326)	-	-	(7,176)	(7,176)	-	-	(6,921)	(6,921)
Deferred income taxes - non-current	-	-	(1,458)	(1,458)	-	-	(1,942)	(1,942)	-	-	(491)	(491)
Income taxes payable - current	-	-	1,437	1,437	-	-	1,580	1,580	-	-	692	692
Income taxes payable - long-term	-	-	3,758	3,758	-	-	10,940	10,940	-	-	487	487
Deferred income taxes - non-current	-	-	2,150	2,150	-	-	2,096	2,096	-	-	4,641	4,641
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-
Deferred compensation	-	-	7,353	7,353	-	-	7,216	7,216	-	-	6,970	6,970
Total Capital Employed	\$ 77,726	\$ 20,370	\$ 16,721	\$ 114,817	\$ 75,409	\$ 20,677	\$ 13,079	\$ 109,165	\$ 78,476	\$ 17,749	\$ 13,148	\$ 109,373

	As of the three Months Ended July 30, 2017				As of the three Months Ended April 30, 2017			
	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
Total liabilities	(24,277)	(14,983)	(18,967)	(58,227)	(27,619)	(16,249)	(13,136)	(57,004)
Subtotal	\$ 74,913	\$ 19,508	\$ 55,256	\$ 149,677	\$ 70,468	\$ 16,006	\$ 62,156	\$ 148,630
Less:								
Cash and cash equivalents	-	-	(18,322)	(18,322)	-	-	(20,795)	(20,795)
Short-term investments - Available-For-Sale	-	-	(2,469)	(2,469)	-	-	(2,443)	(2,443)
Short-term investments - Held-To-Maturity	-	-	-	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	(30,907)	(30,907)	-	-	(30,945)	(30,945)
Long-term investments - Rabbi Trust	-	-	(6,714)	(6,714)	-	-	(5,466)	(5,466)
Deferred income taxes - non-current	-	-	(436)	(436)	-	-	(419)	(419)
Income taxes payable - current	-	-	884	884	-	-	287	287
Income taxes payable - long-term	-	-	487	487	-	-	467	467
Deferred income taxes - non-current	-	-	4,253	4,253	-	-	3,593	3,593
Line of credit	-	-	5,000	5,000	-	-	-	-
Deferred compensation	-	-	6,769	6,769	-	-	5,520	5,520
Total Capital Employed	\$ 74,913	\$ 19,508	\$ 13,801	\$ 108,222	\$ 70,468	\$ 16,006	\$ 11,955	\$ 98,429

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	\$ 75,398	\$ 18,862	\$ 13,741	\$ 108,001

Notes:

- (1) See reconciliation of twelve month operating income included at the back of this presentation.
- (2) Return on average capital employed represents the last twelve months operating income as of April 29, 2018, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments - Available- For-Sale, short-term investments Held-To-Maturity, long-term investments Held-To-Maturity, long-term investments - Rabbi Trust, noncurrent deferred income tax assets and liabilities, income taxes payable, line of credit, and deferred compensation.
- (3) Average capital employed was computed using the five quarterly periods ending April 29, 2018, January 28, 2018, October 29, 2017, July 30, 2017, and April 30, 2017.
- (4) Intangible assets and goodwill are included in unallocated corporate for all periods presented and therefore, have no affect on capital employed and return on capital employed for both our mattress fabrics and upholstery fabrics segments.

CONSOLIDATED STATEMENTS OF OPERATING INCOME LTM

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

	Quarter Ended				Trailing 12 Months
	7/29/2018	10/28/2018	1/27/2019	4/28/2019	4/28/2019
Mattress Fabrics	\$ 2,803	\$ 2,899	\$ 3,208	\$ 2,698	\$ 11,608
Upholstery Fabrics	2,525	2,722	3,799	1,777	10,823
Home Accessories	21	34	(311)	(479)	(735)
Unallocated Corporate	(1,259)	(1,913)	(1,628)	(2,037)	(6,837)
Subtotal	4,090	3,742	5,068	1,959	14,859
Other non-recurring charges	-	(249)	(429)	-	(678)
Restructuring (expense) credit and related charges	(2,014)	791	(340)	-	(1,563)
Operating income	<u>\$ 2,076</u>	<u>\$ 4,284</u>	<u>\$ 4,299</u>	<u>\$ 1,959</u>	<u>\$ 12,618</u>

	Quarter Ended				Trailing 12 Months
	7/30/2017	10/29/2017	1/28/2018	4/29/2018	4/29/2018
Mattress Fabrics	\$ 6,374	\$ 6,562	\$ 6,837	\$ 6,088	\$ 25,861
Upholstery Fabrics	2,891	2,374	3,510	2,181	10,956
Unallocated Corporate	(2,301)	(2,547)	(2,703)	(1,805)	(9,356)
Operating income	<u>\$ 6,964</u>	<u>\$ 6,389</u>	<u>\$ 7,644</u>	<u>\$ 6,464</u>	<u>\$ 27,461</u>
% Over (Under)	<u>-70.2%</u>	<u>-32.9%</u>	<u>-43.8%</u>	<u>-69.7%</u>	<u>-54.1%</u>

Notes

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