



CULP, INC.

NYSE: CULP
Fourth Quarter Fiscal 2019
Summary Financial Information

June 12, 2019

FOURTH QUARTER FISCAL 2019 HIGHLIGHTS

- ◆ Net sales were \$71.0 million, down 9.2 percent over the prior-year period, with mattress fabric sales down 18.9 percent and upholstery fabric sales down 8.3 percent compared with the fourth quarter last year. Net sales for home accessories were \$4.2 million, with no comparable prior-year sales.
- ◆ Pre-tax income was \$1.5 million, compared with \$6.5 million in the fourth quarter of fiscal 2018. Excluding a non-recurring charge of \$500,000, pre-tax income was \$2.0 million for the fourth quarter of 2019. (See reconciliation table at back of presentation)
- ◆ Net loss attributable to Culp, Inc. shareholders was \$1.4 million, or \$0.11 per diluted share, compared with net income of \$12.7 million, or \$1.00 per diluted share in the prior-year period. The net loss was attributable to a 199.7 percent tax rate for the quarter. (See additional discussion on taxes on Slide 4).
- ◆ The company announced a quarterly cash dividend of \$0.10 per share, payable in July 2019.

FISCAL 2019 HIGHLIGHTS

- ◆ Net sales were \$296.7 million, down 8.4 percent compared with the prior year, with mattress fabric sales down 24.7 percent and upholstery fabric sales up 3.5 percent over the prior year. Net sales for home accessories were \$16.0 million since the June 2018 investment in eLuxury, with no comparable prior-year sales.
- ◆ Pre-tax income was \$12.0 million, compared with \$26.9 million for fiscal 2018. Excluding restructuring and related charges and credits and other non-recurring items of approximately \$2.7 million, pre-tax income was \$14.7 million for fiscal 2019. (See reconciliation table at back of presentation)
- ◆ Net income attributable to Culp, Inc. shareholders was \$5.7 million, or \$0.45 per diluted share, compared with net income of \$20.9 million, or \$1.65 per diluted share, for fiscal 2018. (See additional discussion on tax impact for the year on Slide 4).
- ◆ Return on capital was 12 percent, compared with 25 percent in fiscal 2018. (See reconciliation at back of presentation)
- ◆ Cash flow from operations was \$13.9 million, with free cash flow of \$11.5 million for the year, after spending \$4.8 million in capital expenditures, including vendor-financed payments and investments in Haiti. (See reconciliation tables at back of presentation)
- ◆ The company's financial position as of the end of fiscal 2019 reflected a \$675 thousand note payable and total cash and investments of \$45.0 million, compared with \$54.5 million at the end of fiscal 2018. (See summary of cash and investments on Slide 18)
- ◆ The company paid \$4.7 million in dividends and \$3.3 million in share repurchases.

INCOME TAX IMPACTS FOR Q4 AND FY 2019

- ◆ Income taxes for the fourth quarter of fiscal 2019 reflect the mix of the company's taxable income favoring its foreign tax jurisdictions located in Canada and China that have higher income tax rates in relation to the U.S., and a significant decline in U.S. taxable income, which was more than anticipated. This resulted in a significant increase in the company's Global Intangible Low Taxed Income Tax (GILTI) and led to a 199.7 percent tax rate.
- ◆ However, income taxes incurred in the U.S. on a cash basis were minimal due to the utilization of the company's U.S. Federal net operating loss carryforward generated in fiscal 2019.
- ◆ Additionally, income taxes reflect provisional adjustments that represented the income tax effects of the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017. No provisional adjustments associated with the TCJA were recorded in the fourth quarter of fiscal 2019, while such provisional adjustments resulted in an income tax benefit totaling \$8.0 million that was recorded in fourth quarter of fiscal 2018.
- ◆ The company's income taxes for the full fiscal year of 2019 included an income tax benefit of \$550,000, compared with an income tax benefit of \$2.1 million that was associated with provisional adjustments pursuant to the TCJA for the annual period of fiscal 2018.

FOURTH QUARTER 2019 HIGHLIGHTS

(\$ in millions)

GAAP	Q4 FY19	Q4 FY18	Change	
			\$	%
Sales	\$71.0	\$78.2	\$(7.2)	(9.2)%
Operating income	\$2.0	\$6.5	\$(4.5)	(69.7)%
Operating income margin	2.8%	8.3%		(550) bp
Pre-tax income	\$1.5*	\$6.5	\$(5.0)	(76.6)%
Pre-tax margin	2.1%*	8.3%		(620) bp
Net income**	\$(1.4)**	\$12.7**	\$(14.0)	(111.9)%
Net income per diluted share**	\$(0.11)**	1.00**	\$(1.11)	(111.0)%

*These amounts include \$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. See the Reconciliation of Selected Income Statement Information to the 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. The amounts for the fourth quarter of fiscal 2018 include an income tax benefit of \$9.1 million that pertains to a reduction in our U.S. Federal income tax rate pursuant to the TCJA on the effective settlement on an IRS exam and the mandatory repatriation of undistributed earnings and profits associated with our foreign subsidiaries, partially offset by a \$1.1 million charge that relates to the revaluation of our U.S. deferred income taxes as a result of the reduction in our annual effective income tax rate pursuant to the TCJA. See the Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation for additional details.

FOURTH QUARTER 2019 HIGHLIGHTS

(\$ in millions)

Adjusted (Non-GAAP) *	Q4 FY19	Q4 FY18	Change	
			\$	%
Adjusted operating income	\$2.0	\$6.5	\$(4.5)	(69.7)%
Adjusted operating income margin	2.8%	8.3%		(550) bp
Adjusted pre-tax income	\$2.0**	\$6.5	\$(4.5)	(68.9)%
Adjusted pre-tax margin	2.8%**	8.3%		(550) bp

*Refer to preceding Slide 6 for GAAP presentation as well as Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation.

**These amounts exclude \$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. See the Reconciliation of Selected Income Statement Information to the Adjusted Results at the back of this presentation for additional details.

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**	\$20.9**	\$(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 the 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 the 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)%
Adjusted operating income margin	5.0%**	8.5%		(350) bp
Adjusted pre-tax income	\$14.7**	\$26.9	\$(12.1)	(45.2)%
Adjusted pre-tax margin	5.0%**	8.3%		(330) bp

*Refer to preceding Slide 8 for GAAP presentation as well as Reconciliation of Selected Income Statement Information to the 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 the Adjusted Results at the back of this presentation for additional details.

Q4 SALES BRIDGE

(\$ in millions)

Sales	Change	
	\$	%
Q4 2018	\$78.2	
Mattress fabrics decrease	(8.8)	(18.9)%
Upholstery fabrics decrease	(2.6)	(8.3)%
Home Accessories increase*	4.2	N/M
Q4 2019	\$71.0	(9.2%)

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

Q4 OPERATING INCOME BRIDGE

(\$ in millions)

Operating Income	Margin	
	\$	%
Q4 2018	\$6.5	8.3%
Mattress fabrics decrease	(3.4)	
Upholstery fabrics decrease	(0.4)	
Home Accessories decrease*	(0.5)	
Unallocated corporate expense increase	(0.2)	
Q4 2019	\$2.0	2.8%

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

FISCAL 2019 SALES BRIDGE*

(\$ in millions)

Sales	Change	
	\$	%
Q4 YTD 2018	\$323.7	
Mattress fabrics decrease	(47.5)	(24.7)%
Upholstery fabrics increase	4.5	3.5%
Home Accessories increase**	16.0	N/M
Q4 YTD 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	Margin	
	\$	%
Q4 YTD 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	
Q4 YTD 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 8 for GAAP presentation as well as Reconciliation of Selected Income Statement Information to the 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, including payments that are vendor financed	(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.

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
	7/29/2018	10/28/2018	1/27/2019	4/28/2019	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
	7/30/2017	10/29/2017	1/28/2018	4/29/2018	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>

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)%

Q4 MATTRESS FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY19	Q4 FY18	Change	
			\$	%
Sales	\$37.7	\$46.5	\$(8.8)	(18.9)%
Operating income	2.7	6.1	\$(3.4)	(55.7)%
Operating income margin	7.2%	13.1%		(590) bp
Depreciation	\$1.7	\$1.8	\$(0.1)	(2.2)%

FISCAL 2019 MATTRESS FABRICS 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
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.

Q4 -MATTRESS FABRICS KEY POINTS

- ◆ Results reflect major global trade disruptions and uncertainties in the mattress industry
- ◆ The influx of low-priced mattresses imported from China has created excess inventory and affected demand for fabrics and sewn covers from Culp's major customers
- ◆ Sales also affected by a slow retail sales environment
- ◆ Demand trends favorable for CLASS, our mattress cover business, with additional growth opportunities, like the popular and growing boxed bedding space
- ◆ Customers are now altering supply chains away from China
- ◆ The punitive anti-dumping measures announced on May 29, 2019, should benefit industry and Culp with preliminary imposed duties from 39 percent to as high as 1,731 percent
- ◆ Seeing recent improvement in retail demand trends
- ◆ Well positioned for growth with design strengths and scalable global platform

Q4 UPHOLSTERY FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY19	Q4 FY18	Change	
			\$	%
Sales	\$29.0	\$31.7	\$(2.7)	(8.3)%
Operating income	\$1.8	\$2.2	\$(0.4)	(18.5)%
Operating income margin	6.1%	6.9%		(80) bp
Depreciation	\$0.2	\$0.2	\$(0.0)	(9.5)%

FISCAL 2019 UPHOLSTERY FABRICS 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
Depreciation	\$0.8	\$0.8	\$(0.0)	(4.3)%

*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.

Q4-UPHOLSTERY FABRICS KEY POINTS

- ◆ Results reflect uncertain marketplace and soft retail environment for home furniture industry
- ◆ The ongoing trade dispute between the U.S. and China and uncertainties surrounding tariffs caused disruptions throughout the supply chain for furniture
- ◆ The anticipation of additional tariffs resulted in advanced purchases in previous quarters and inflated inventories heading into fourth quarter
- ◆ In spite of challenges and closure of Anderson, South Carolina, operation in the second quarter, finished the year with higher annual sales
- ◆ Continued to pursue our product-driven strategy and a more diverse customer base with favorable results
- ◆ Sales included meaningful contribution from Read Window Products (RWP)
- ◆ Experienced continued growth in LiveSmart®, our popular performance line of highly durable, stain-resistant fabrics

Q4 HOME ACCESSORIES HIGHLIGHTS*

(\$ in millions)

	Q4 FY19	Q4 FY18*	Change	
			\$	%
Sales	\$4.2	N/M	N/M	N/M
Operating income	(0.5)	N/M	N/M	N/M
Operating income margin	(11.4)%	N/M	N/M	N/M
Depreciation	\$0.1	N/M	N/M	N/M

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

FISCAL 2019 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.

Q4 - CULP HOME ACCESSORIES KEY POINTS

- ◆ New business segment, which includes the operations of eLuxury, Culp's e-commerce and finished products business offering bedding accessories and home goods
- ◆ Combined platform supports both business-to-consumer and business-to-business sales of finished products
- ◆ Developing innovative products through global manufacturing platform and in coordination with Culp's other divisions
- ◆ Results for the quarter affected by additional product roll-out costs and reduced demand for legacy products, primarily mattress pads
- ◆ We believe legacy business has been affected by import turmoil in overall mattress industry
- ◆ Making progress with new product introductions and excited about opportunities to market through this important new sales channel



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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” and “project” and their derivatives, and include but are not limited to statements about expectations for our future operations, production levels, new product launches, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, and other performance or liquidity measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. There can be no assurance that the company will realize these expectations, meet its guidance, or that these beliefs will prove correct.

Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on our business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect us adversely. The future performance of our business depends in part on our success in conducting and finalizing acquisition negotiations and integrating acquired businesses into our existing operations. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, or changes in the value of the U.S. dollar versus other currencies, could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our products less competitive on the basis of price in markets outside the United States, and strengthening of currencies in Canada and China can have a negative impact on our sales of products produced in those places. Also, economic and political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. Finally, increases in market prices for petrochemical products can significantly affect the prices we pay for raw materials, and in turn, increase our operating costs and decrease our profitability. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A “Risk Factors” in our Form 10-K filed with the Securities and Exchange Commission on July 13, 2018 for the fiscal year ended April 29, 2018, and our subsequent periodic reports filed with the Securities and Exchange Commission.

ABOUT NON-GAAP FINANCIAL INFORMATION

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.

ABOUT NON-GAAP FINANCIAL INFORMATION (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 RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

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

	THREE MONTHS ENDED					
	As Reported April 28, 2019	Adjustments	Adjusted April 28, 2019	As Reported April 29, 2018	Adjustments	Adjusted April 29, 2018
Gross profit	\$ 12,189	-	12,189	14,760	-	14,760
Selling, general and administrative expenses	10,230	-	10,230	8,296	-	8,296
Income from operations	1,959	-	1,959	6,464	-	6,464
Other expense	658	(1) (500)	158	115	-	115
Income before income taxes	1,511	500	2,011	6,466	-	6,466
Income Taxes	3,017	-	3,017	(6,217) (2)	7,988	1,771
Net (loss) income	(1,511)	-	(1,511)	12,666	(7,988)	4,678
Plus: Net loss attributable to non-controlling interest	143	-	143	-	-	-
Net (loss) income attributable to Culp Inc. common shareholders	\$ (1,368)	-	(1,368)	12,666	(7,988)	4,678

Notes

(1) Other expense for the three-month period 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.

(2) Income taxes for the three-month period ending April 29, 2018, include provisional adjustments that represent the income tax effects of the Tax Cuts and Jobs Act (TCJA) enacted on December 22, 2017, of which an income tax benefit of \$9.1 million pertains to a reduction in our U.S. Federal income tax rate pursuant to the TCJA on the effective settlement on an IRS exam and the mandatory repatriation of undistributed earnings and profits associated with our foreign subsidiaries, partially offset by a \$1.1 million charge that relates to the revaluation of our U.S. deferred income taxes as a result of the reduction in our annual effective income tax rate pursuant to the TCJA.

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				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 83,393	37,529	5,618	93,186	219,726
Total liabilities (5)	(10,996)	(18,114)	(2,215)	(24,154)	(55,479)
Subtotal	\$ 72,397	\$ 19,415	\$ 3,403	\$ 69,032	\$ 164,247
Less:					
Cash and cash equivalents	-	-	-	(40,008)	(40,008)
Short-term investments - Available-For-Sale	-	-	-	(5,001)	(5,001)
Short-term investments - Held-To-Maturity	-	-	-	(776)	(776)
Current income taxes receivable	-	-	-	(733)	(733)
Long-term investments - Held-To-Maturity	-	-	-	(7,081)	(7,081)
Long-term investments - Rabbi Trust	-	-	-	(457)	(457)
Noncurrent income taxes receivable	-	-	-	(733)	(733)
Deferred income taxes - non-current	-	-	-	(457)	(457)
Deferred compensation - current	-	-	-	1,022	1,022
Income taxes payable - current	-	-	-	3,249	3,249
Income taxes payable - long-term	-	-	-	3,176	3,176
Deferred income taxes - non-current	-	-	-	675	675
Line of credit	-	-	-	6,998	6,998
Related Party - Note Payable	-	-	-	-	-
Deferred compensation - non-current	-	-	-	-	-
Total Capital Employed	\$ 72,397	\$ 19,415	\$ 3,403	\$ 30,096	\$ 125,311

	As of the three Months Ended July 29, 2018				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 93,601	37,386	4,463	90,922	226,372
Total liabilities (5)	(12,883)	(17,880)	(1,710)	(27,869)	(60,342)
Subtotal	\$ 80,718	\$ 19,506	\$ 2,753	\$ 63,053	\$ 166,030
Less:					
Cash and cash equivalents	-	-	-	(8,593)	(8,593)
Short-term investments - Available-For-Sale	-	-	-	-	-
Short-term investments - Held-To-Maturity	-	-	-	(30,756)	(30,756)
Current income taxes receivable	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	-	(7,671)	(7,671)
Long-term investments - Rabbi Trust	-	-	-	-	-
Noncurrent income taxes receivable	-	-	-	(3,721)	(3,721)
Deferred income taxes - non-current	-	-	-	1,244	1,244
Deferred compensation - current	-	-	-	3,733	3,733
Income taxes payable - long-term	-	-	-	2,150	2,150
Deferred income taxes - non-current	-	-	-	4,000	4,000
Line of credit	-	-	-	7,679	7,679
Related Party - Note Payable	-	-	-	-	-
Deferred compensation - non-current	-	-	-	-	-
Total Capital Employed	\$ 80,718	\$ 19,506	\$ 2,753	\$ 31,118	\$ 134,095

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.

	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
Total assets (4)	\$ 86,707	43,097	5,607	89,497	224,908	\$ 86,494	37,442	5,203	93,072	222,211
Total liabilities (5)	(11,604)	(22,483)	(2,168)	(21,421)	(57,676)	(9,790)	(19,646)	(1,960)	(23,346)	(54,742)
Subtotal	\$ 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	-	-	-	(26,418)	(26,418)	-	-	-	(14,768)	(14,768)
Short-term investments - Available-For-Sale	-	-	-	(13,544)	(13,544)	-	-	-	(26,719)	(26,719)
Short-term investments - Held-To-Maturity	-	-	-	-	-	-	-	-	-	-
Current income taxes receivable	-	-	-	-	-	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	-	(6,834)	(6,834)	-	-	-	(7,851)	(7,851)
Long-term investments - Rabbi Trust	-	-	-	-	-	-	-	-	-	-
Noncurrent income taxes receivable	-	-	-	(3,224)	(3,224)	-	-	-	(3,614)	(3,614)
Deferred income taxes - non-current	-	-	-	-	-	-	-	-	714	714
Deferred compensation - current	-	-	-	642	642	-	-	-	2,044	2,044
Income taxes payable - current	-	-	-	3,294	3,294	-	-	-	3,233	3,233
Income taxes payable - long-term	-	-	-	2,225	2,225	-	-	-	2,225	2,225
Deferred income taxes - non-current	-	-	-	-	-	-	-	-	-	-
Line of credit	-	-	-	6,782	6,782	-	-	-	7,120	7,120
Related Party - Note Payable	-	-	-	-	-	-	-	-	-	-
Deferred compensation - non-current	-	-	-	-	-	-	-	-	-	-
Total Capital Employed	\$ 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 April 29, 2018				
	Mattress Fabrics	Upholstery Fabrics	Home Accessories	Unallocated Corporate	Total
Total assets (4)	\$ 95,061	39,812	-	83,111	217,984
Total liabilities (5)	(17,335)	(18,679)	-	(18,594)	(54,608)
Subtotal	\$ 77,726	\$ 21,133	\$ -	\$ 64,517	\$ 163,376
Less:					
Cash and cash equivalents	-	-	-	(21,228)	(21,228)
Short-term investments - Available-For-Sale	-	-	-	(2,451)	(2,451)
Short-term investments - Held-To-Maturity	-	-	-	(25,759)	(25,759)
Current income taxes receivable	-	-	-	-	-
Long-term investments - Held-To-Maturity	-	-	-	(5,035)	(5,035)
Long-term investments - Rabbi Trust	-	-	-	(7,326)	(7,326)
Noncurrent income taxes receivable	-	-	-	-	-
Deferred income taxes - non-current	-	-	-	(1,458)	(1,458)
Deferred compensation - current	-	-	-	1,437	1,437
Income taxes payable - long-term	-	-	-	3,758	3,758
Deferred income taxes - non-current	-	-	-	2,150	2,150
Line of credit	-	-	-	-	-
Related Party - Note Payable	-	-	-	-	-
Deferred compensation - non-current	-	-	-	7,353	7,353
Total Capital Employed	\$ 77,726	\$ 21,133	\$ -	\$ 15,958	\$ 114,817

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 effect 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 4/28/2019
	7/29/2018	10/28/2018	1/27/2019	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 4/29/2018
	7/30/2017	10/29/2017	1/28/2018	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.