

Culp, Inc.

Innovation. Quality. Trust.

About Culp

Culp is the largest Marketer and Manufacturer of Fabrics for Mattresses and Furniture in North America

- With global operations in U.S., Canada, China and Poland, our core business strategies have successfully created value and provided high levels of service to a wide range of customers across the home furnishings industry.
- Business was started by the Culp family in 1972 with initial public offering in 1983. Listed on the NYSE (CFI) in 1997.

Our Products

- With a focus on innovative, stylish fabrics with broad appeal in the bedding and furniture industries, Culp understands the needs and meets the expectations of today's consumer.
- Our products are developed to meet the requirements of each individual market, yet managed through a globally-integrated system of manufacturing, quality assurance, shipping and logistics that assures seamless service for our customers.

Our Service

At Culp, we are committed to the highest customer service and support by understanding and meeting the needs of our customers. Our goal is to enhance and integrate our global supply chain in a manner that helps to deliver value to our customers.

Our customer service philosophy:

- Each customer is important and receives courteous, responsive service.
- We have a knowledgeable sales and service staff who helps customers find ways to develop their businesses.
- We actively seek ways to deliver innovative service.

Key Operational Points

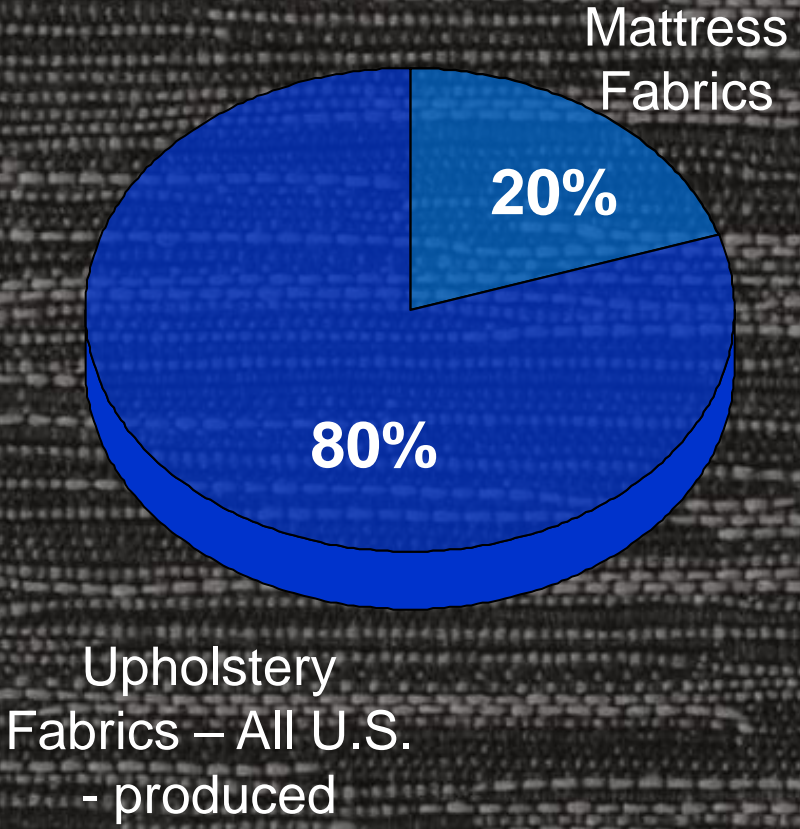
- Leading U.S. market share in both businesses
- Design leader in the “popular” price category
- Multi-year transformation of upholstery fabrics business completed in 2009
- 100% owned, substantial China platform
- Strong financial position

Strategic Initiatives

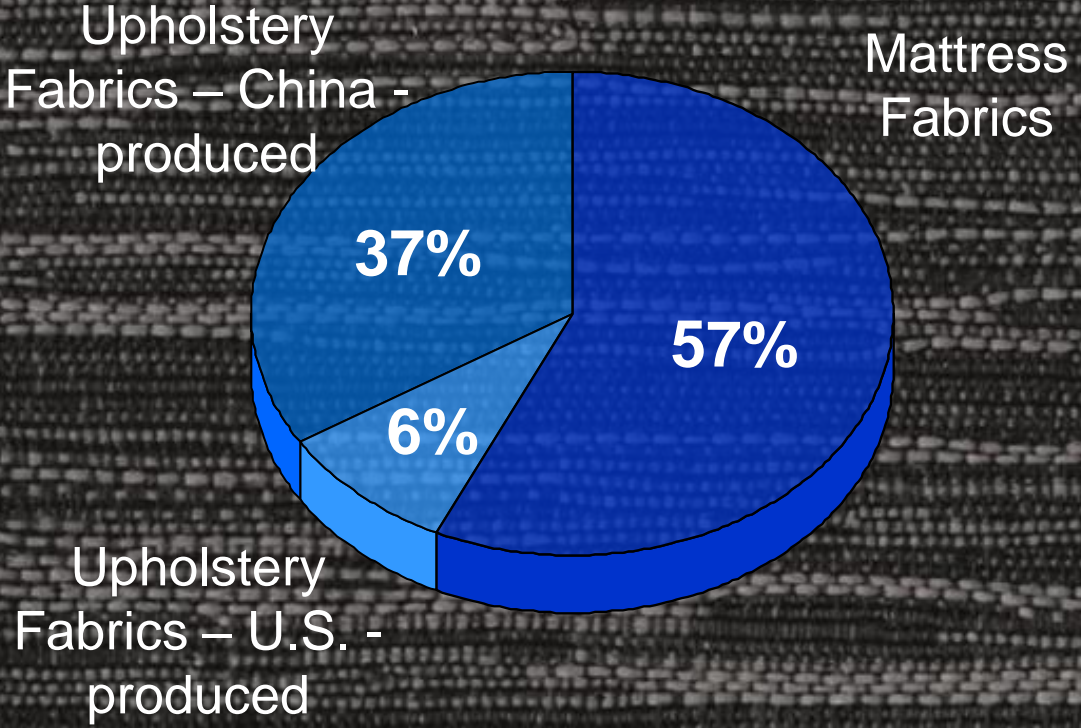
- Substantial investment in mattress fabric business
- Restructured upholstery fabrics business
- European expansion in 2011
- Established China platform in 2003
- Focused on free cash flow & debt reduction

Culp Sales Mix Transformation

**Culp 2000
Sales Mix**

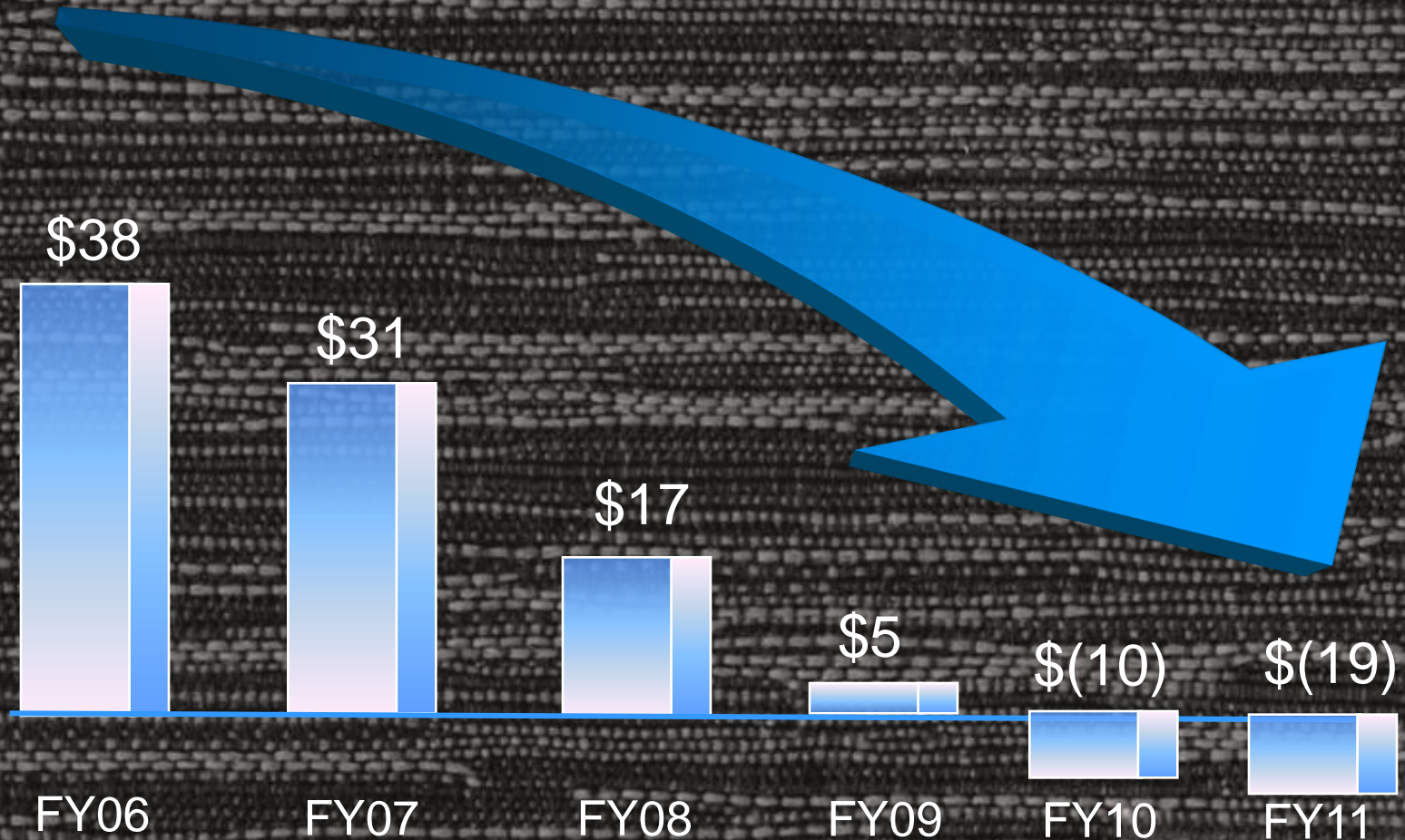


**Culp 2011
Sales Mix**



Net Debt (Cash)

(\$ in millions)



Net debt (cash) = Total debt, which includes current maturities of long-term debt and long-term debt, minus cash

Mattress Fabrics

Mattress Fabric Sales

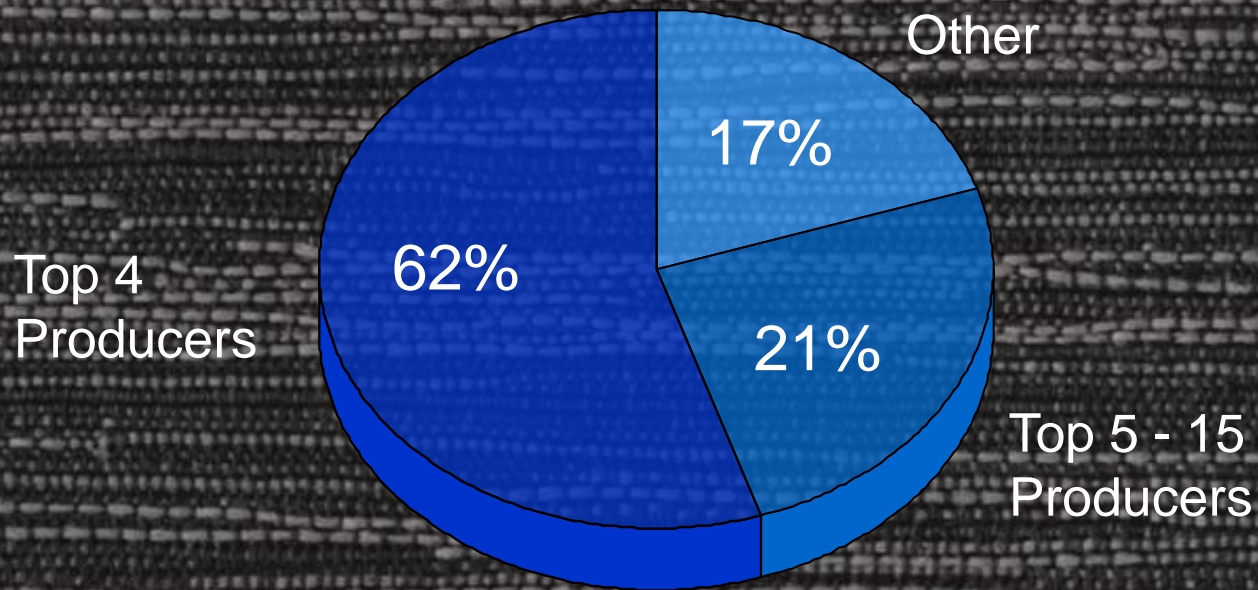
(\$ in millions)



Favorable Demand Trends

- Bedding is a more stable and mature product
- Mattress replacements account for 70% of sales
- Industry promotes benefits of sleep for overall health
- Demographic trends support positive outlook

Bedding Industry Market Share



Competitive Advantages

- Creativity and innovation
- Globally competitive cost manufacturer
- \$45 million investment since 2005
- Leading mattress fabric market share
- Vertically integrated in major product categories
- World class customer service and distribution

A Winning Business Model

- Mirrored manufacturing with identical state-of-the-art capabilities across plants
- Global raw material sourcing
- Raw material component simplicity
- 80/20 mix of internal/external supply
- Rapid response on orders and product development
- High technology finishing capabilities
- Plant facilities in U.S., Canada and Turkey

Upholstery Fabrics

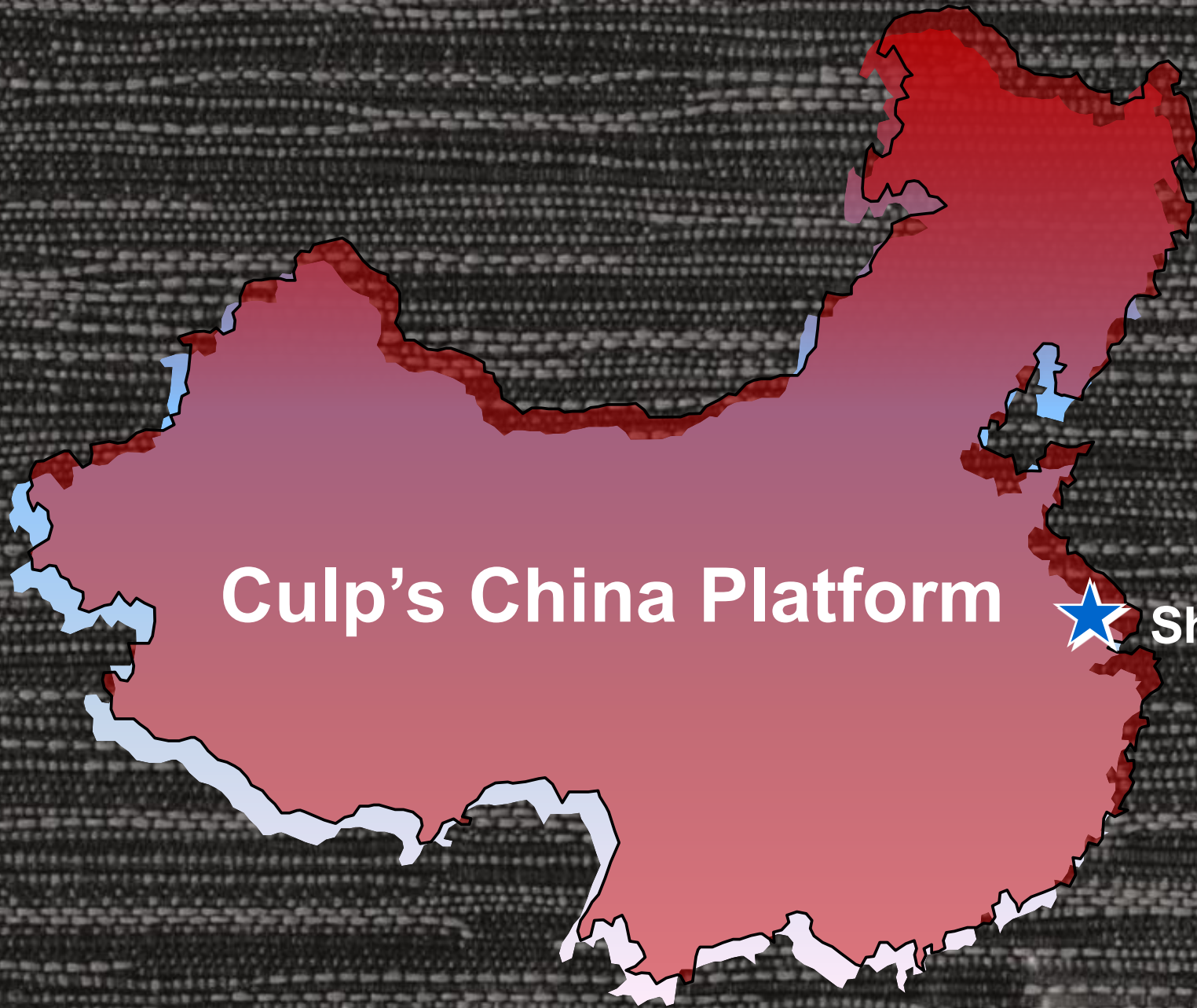
Revised Business Model

Old Model

- Vertically integrated
- Capital/fixed cost intensive
- Large plant investment in specific product categories
- U.S. based
- Manufacturing oriented

New Model

- Flexible, mill partners
- Variable cost structure
- Diverse product range; can adapt quickly to market changes
- China platform
- Marketing oriented

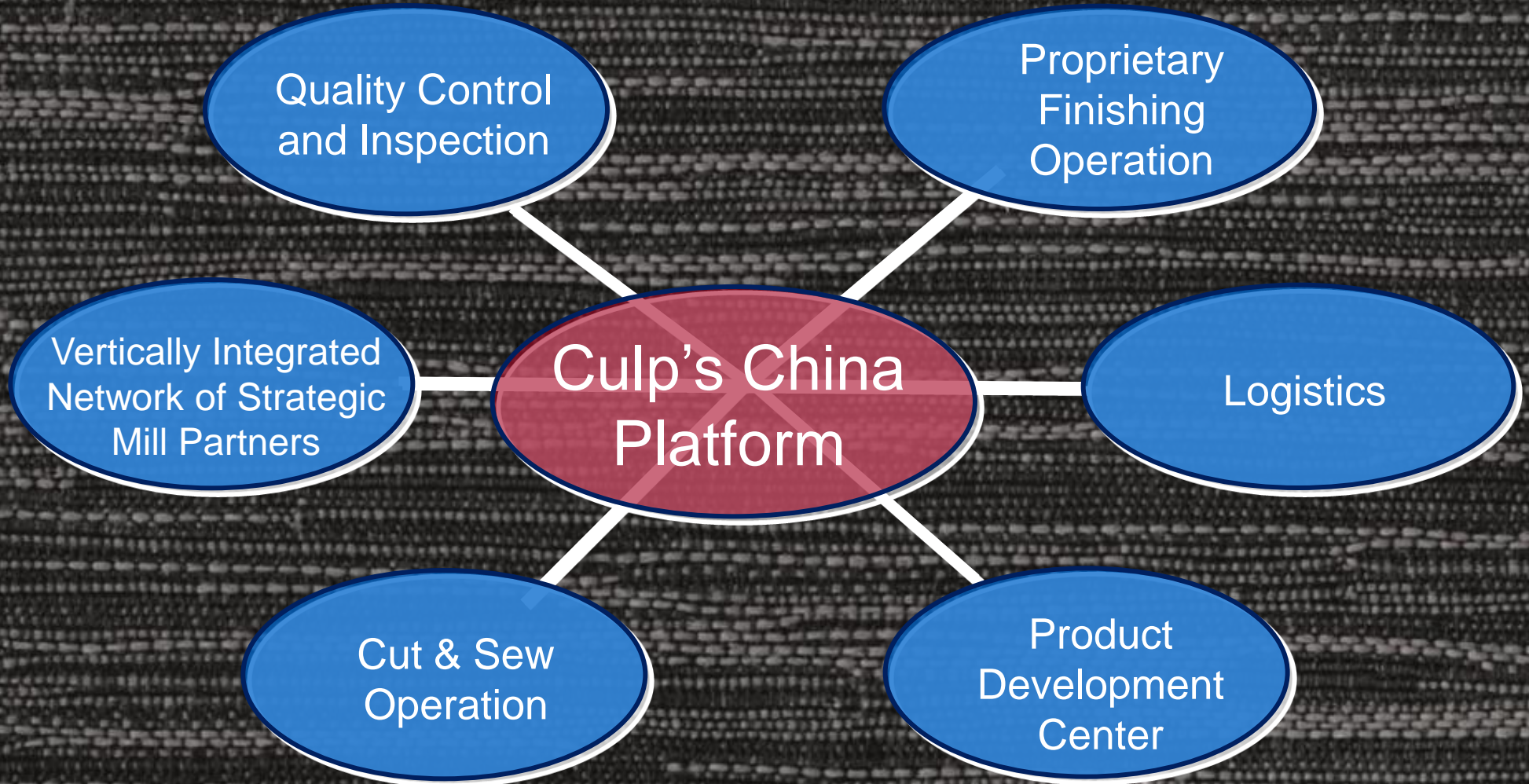


Culp's China Platform

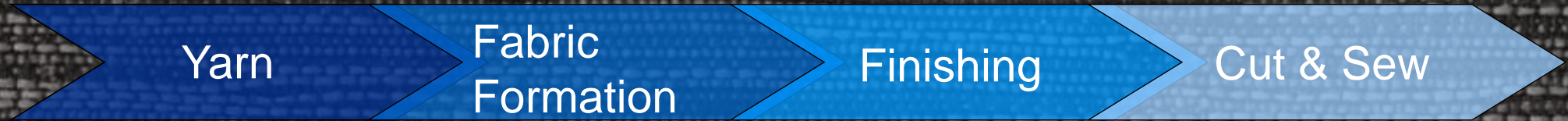


Shanghai

Culp's China Business Model



A Reliable Supply Chain



- Control of yarn production (mill partners)
- Control of fabric formation (mill partners)
- Finishing and fabric inspection/testing (Culp owned)
- Cut & Sew (Culp owned)
- Globally-integrated computer systems in China, U.S and Europe (Culp owned).

Culp China

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



Culp Europe

- As part of Culp's integrated global supply network, Culp Europe offers a total fabric solution
- Culp's European operations are located in Poznan, Poland
- Offers local stock and distribution along with sales and customer service
- Cut and sew operations

Financial Highlights

Consolidated Income Statement

(\$ in millions)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change (10-11)</u>
Sales	\$206.4	\$216.8	5
Operating income	16.3	15.7	(3.7)
Pre-tax income	14.3	15.1	5.2
Income taxes (benefit)	1.1	(1.1)	
Net Income	13.2	16.2	22.6
Earnings per share	1.01	1.22	20.8

Consolidated Balance Sheet

(\$ in millions)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>% Change (10-11)</u>
Total Cash and Investments	\$ 21.3	\$ 30.9	45.1%
Total Debt	\$ 11.7	\$ 11.5	-1.7%
Net Cash	\$ 9.6	\$ 19.4	105.2%
Shareholders Equity	\$63.0	\$ 80.3	27.5%

Culp, Inc.

can provide your business with the competitive advantage you need in the marketplace

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