CULP INC Form 10-Q September 07, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 29, 2018 Commission File No. 1-12597

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA 56-1001967

(State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or other organization)

1823 Eastchester Drive 27265-1402 High Point, North Carolina (zip code)

(Address of principal executive offices)

(336) 889-5161

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to the filing requirements for at least the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period after the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer, large accelerated filer, smaller reporting company, and emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated

filer Non-accelerated filer

Smaller Reporting Company Emerging Growth Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common shares outstanding at July 29, 2018: 12,522,246

Par Value: \$0.05 per share

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Item 1: Financial Statements

CULP, INC.

CONSOLIDATED STATEMENTS OF NET INCOME FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017 UNAUDITED

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED	
	July 29, 2018	July 30, 2017
Net sales Cost of sales Gross profit	\$71,473 60,914 10,559	79,533 63,068 16,465
Selling, general and administrative expenses Restructuring expense Income from operations	8,033 451 2,075	9,501 - 6,964
Interest expense Interest income Other expense Income before income taxes	20 (150) 257 1,948	(131) 353 6,742
Income taxes	906	1,640
Loss from investment in unconsolidated joint venture Net income Less: Net income attributable to non-controlling interest Net income attributable to Culp, Inc. common shareholders	77 \$965 (8) \$957	118 4,984 - 4,984
Net income attributable to Culp Inc. common shareholders per share - basic Net income attributable to Culp Inc. common shareholders per share - diluted Average shares outstanding, basic Average shares outstanding, diluted	\$0.08 \$0.08 12,510 12,600	0.40 0.40 12,399 12,590

See accompanying notes to consolidated financial statements.

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CULP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017 (UNAUDITED) (AMOUNTS IN THOUSANDS)

THREE MONTHS ENDED

	July 29, 2018	,	July 30 2017	,
Net income	\$	965	\$	4,984
Other comprehensive income				
Unrealized gain on investments, net of tax				
Unrealized holding gains on investments Reclassification		40		44
adjustment for realized loss on investments		94		-
Total unrealized gain on investments		134		44
Unrealized gain on foreign currency cash flow hedge, net of tax				
Unrealized holding loss on foreign currency cash flow hedge Reclassification adjustment for realized loss on foreign currency cash flow		(25)		-
hedge		40		-
Total unrealized gain on foreign currency cash flow hedge		15		-
Total other comprehensive income		149		44
Comprehensive income	\$	1,114	\$	5,028

Less:

Comprehensive income attributable to non-controlling interest Comprehensive income attributable to Culp, Inc. common shareholders

\$ 1,114 \$ 5,028

See accompanying notes to consolidated financial statements.

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CULP, INC. CONSOLIDATED BALANCE SHEETS JULY 29, 2018, JULY 30, 2017 AND APRIL 29, 2018 UNAUDITED (Amounts in Thousands)

	July	July	*April
	29,	30,	29,
	2018	2017	2018
Current assets:			
Cash and cash equivalents	\$8,593	18,322	21,228
Short-term investments - Available for Sale	-	2,469	2,451