



# Midwest IDEAS Investor Conference

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Chicago, IL  
August 29, 2019



**CrownCrafts™**

NASDAQ-CM: CRWS

# Cautionary Notice Regarding Forward-Looking Statements

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This presentation contains forward-looking statements by Crown Crafts, Inc. (the “Company”) within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, the Private Securities Litigation Reform Act of 1995, and all Rules and Regulations issued thereto. Such statements are based upon management's current expectations, projections, estimates and assumptions. Words such as "expects," "believes," "anticipates" and variations of such words and similar expressions identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those suggested by the forward-looking statements. These risks include, but are not limited to, general economic conditions, including changes in interest rates, the overall level of consumer spending and the price of oil, cotton and other raw materials used in the Company's products, changing competition, changes in federal and state governmental regulations with respect to the consumer products industry, changes in the retail environment, the level and pricing of future orders from the Company's customers, the Company's dependence upon third-party suppliers, including some located in foreign countries with unstable political climates, the Company's ability to successfully implement new information technologies, customer acceptance of both new designs and newly-introduced product lines, actions of competitors that may impact the Company's business, disruptions to transportation systems or shipping lanes used by the Company or its suppliers, and the Company's dependence upon licenses from third parties. Reference is also made to the Company's periodic filings with the Securities and Exchange Commission for additional risk factors that may impact the Company's results of operations and financial condition. The Company does not undertake to update the forward-looking statements contained herein to conform to actual results or changes in our expectations, whether as a result of new information, future events or otherwise.

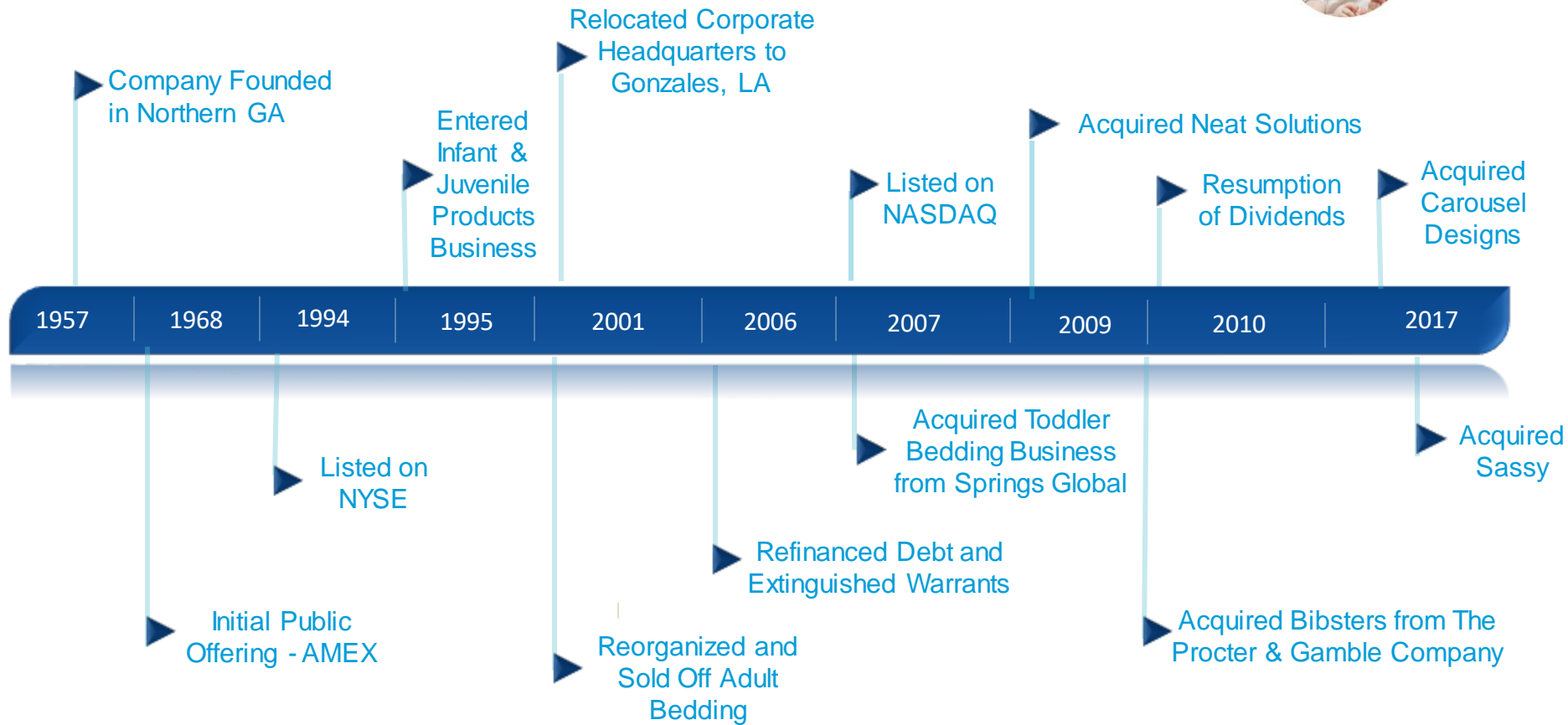
# Crown Crafts – Who We Are

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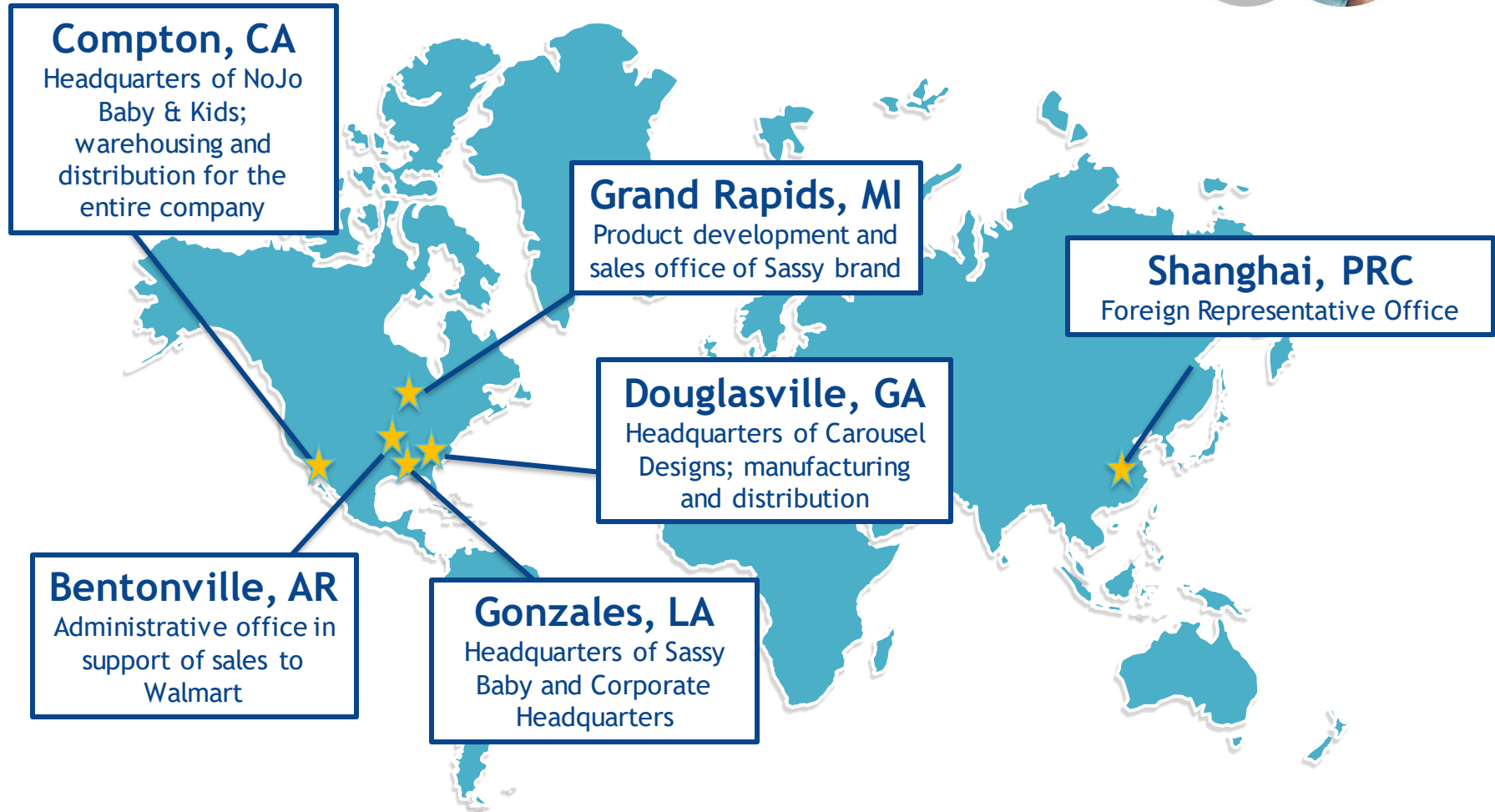


- One of America's largest producers of infant, toddler and juvenile consumer products
- Attractive lines of leading name-brand and private-label merchandise
- Steady profitability in a traditionally stable niche of the retail industry
- Sustained market leadership and product innovation
- Strong licensing and retail relationships
- Well-positioned for continued future growth
- **"Doing the right thing"**

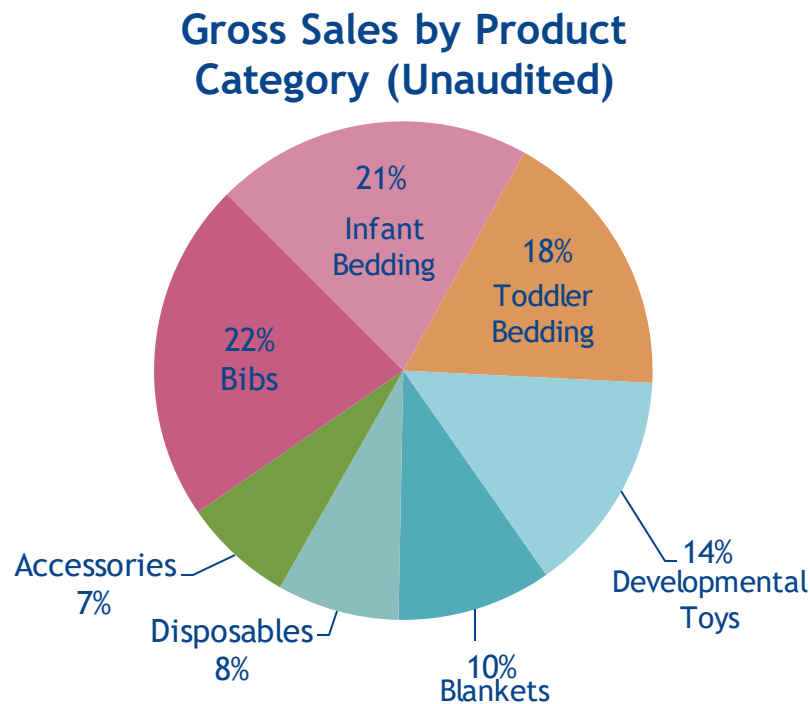
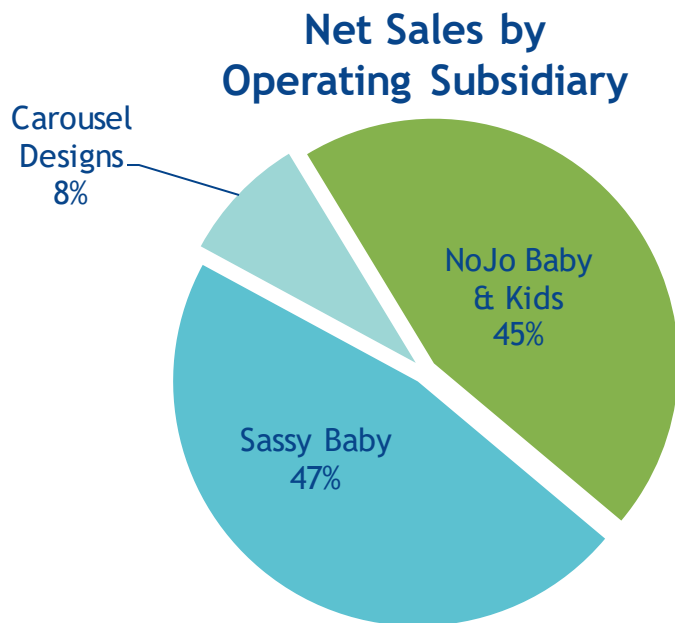
# Crown Crafts' Company History



# Six Company Locations Handle Distribution, Global Sourcing, Customer Service



# Serving a Wide Range of Infant, Toddler and Juvenile Product Categories



Percentages based on operating results for the fiscal year ended March 31, 2019



# NoJo Baby & Kids – Comfort and Quality Inside the Crib; Licensed Characters Popular with Toddlers



## Crib Bedding – Generally used until age 2

- Designs include traditional, contemporary, textured and whimsical patterns



## Toddler Bedding – Generally used from ages 2-4

- Designs are almost entirely driven by licenses as children experience movies, TV, etc.



# NoJo Baby & Kids – Designing the Whole Nursery





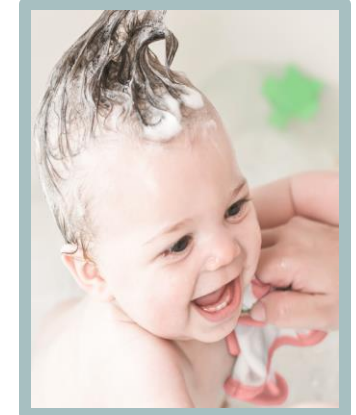
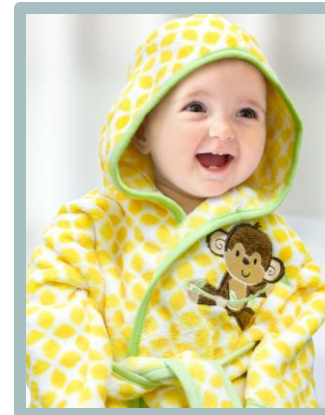
# Sassy Baby Products – Soft Bibs and Bath



More than 24 Million Bibs Sold Annually



Hooded Towels, Washcloths & Bath Robes



- Dominant player for more than 30 years
- Opportunities for strategic growth
- Innovative products that align with babies' developmental milestones
- Products are sold worldwide in over 30 countries

### Developmental Toys



### Bath Toys



### Play Gyms





# Sassy Baby Products - Neat Solutions for Messy Occasions; Convenience and Cleanliness at Home or Away

table topper®



bibsters®  
disposable bibs



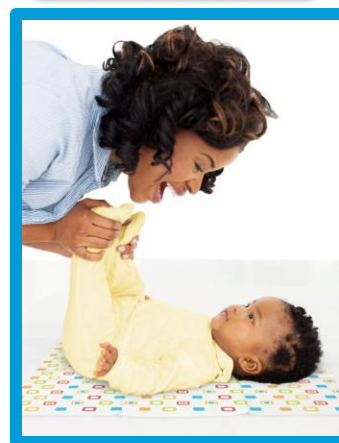
Sassy® Diaper Sacks



disposable  
floor topper®



tidy topper®  
multi-use pads



potty topper®



CrownCrafts™

# Carousel Designs – Mom Gets What Mom Wants



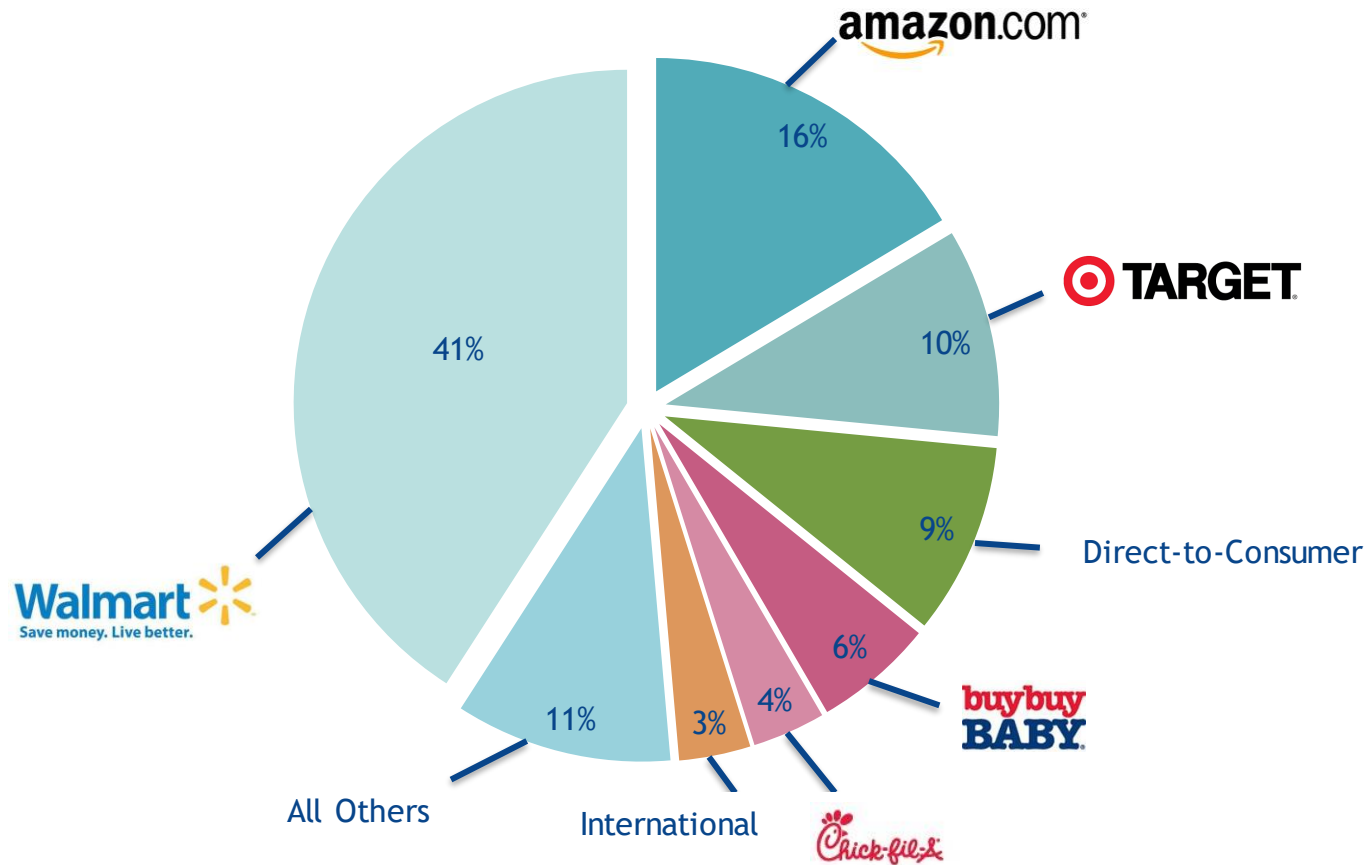
- Founded in 1988, Carousel Designs is a leading domestic manufacturer of premium baby bedding, fabric and home décor
- Highly trusted premium brand that establishes customer loyalty
- Direct-to-Consumer Sales Channel through [www.babybedding.com](http://www.babybedding.com)
- Customers create their own bedding online using the exclusive Nursery Designer<sup>®</sup> tool
- Thousands of product customization and personalization options
- Strong social media following



# Supplying Retailers Where Parents Shop



## Gross Sales by Customer For the Fiscal Year Ended March 31, 2019 (Unaudited)



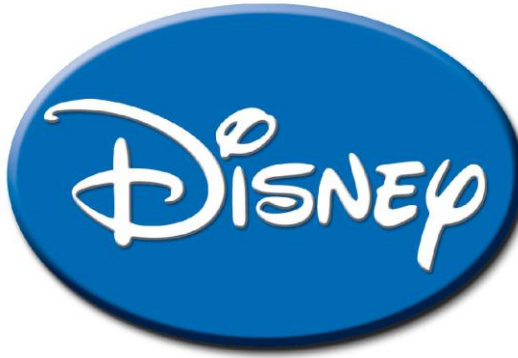


# Strong Line of Company-Owned Brands



# World-Class Licensed Collections

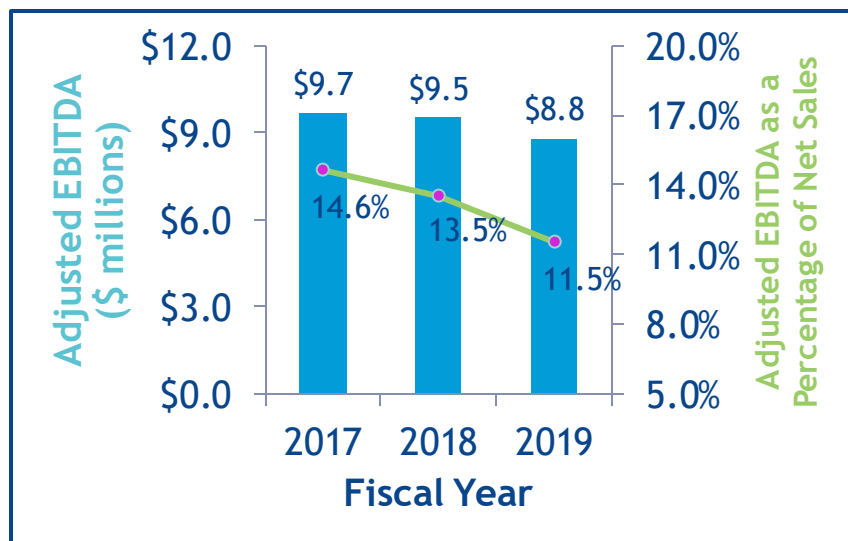
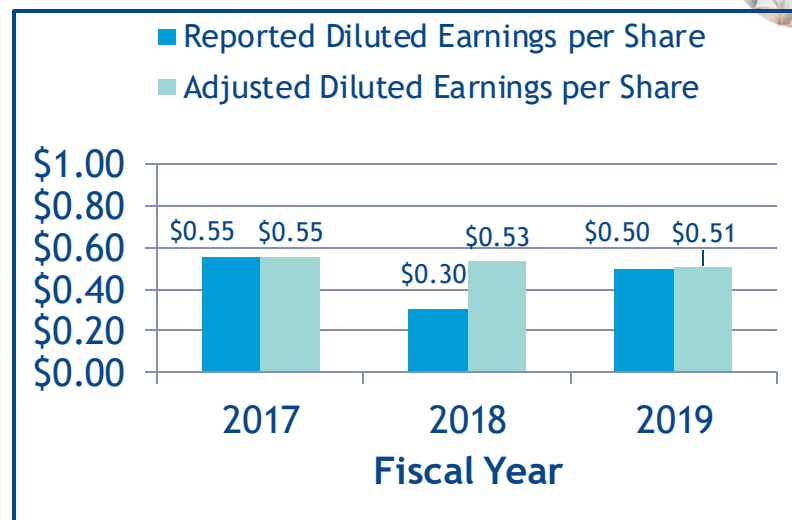
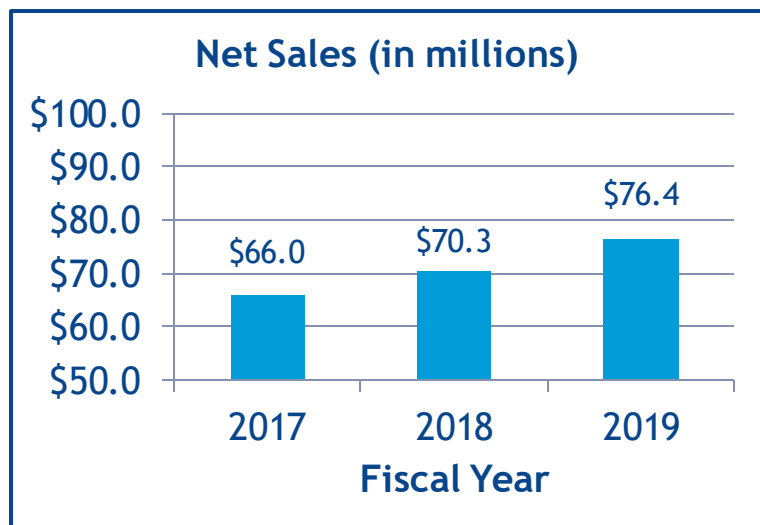
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## Financial Highlights

# Operating Highlights – Fiscal Years 2017 - 2019



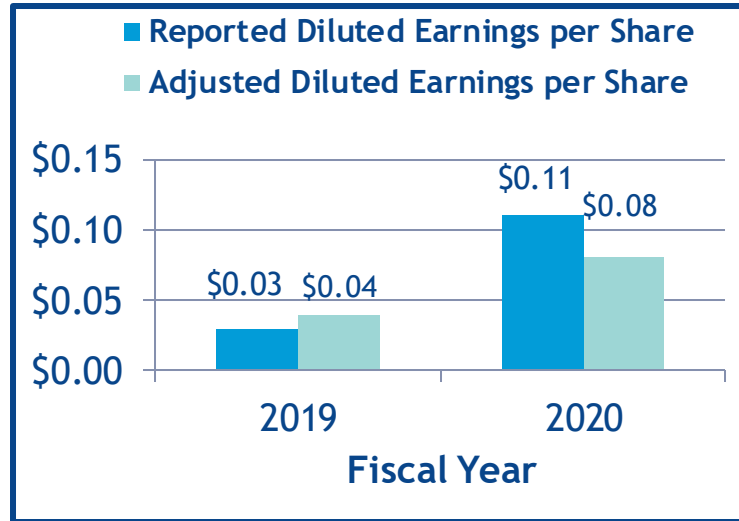
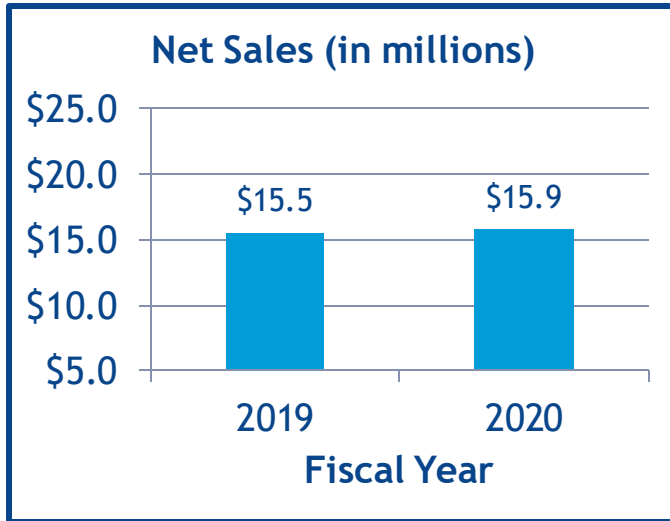
## Net Sales:

- Sales from acquisitions were \$7.5 million and \$18.3 million in FY 2018 and 2019, respectively.
- Toys “R” Us sales were \$11.2 million and \$9.7 million in FY 2017 and FY 2018, respectively.

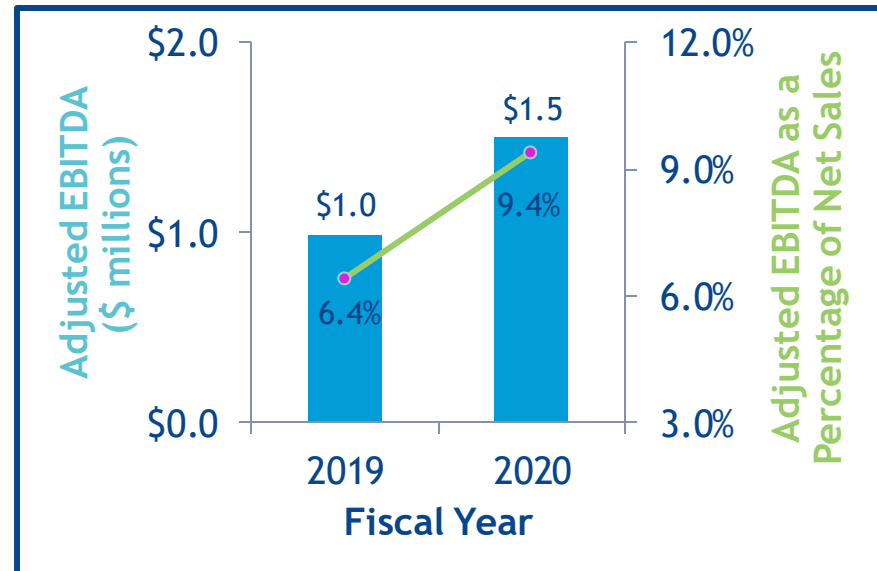
## Net Income and EBITDA:

- FY 2018 - \$2.8 million (\$2.4 million after-tax or \$0.23 DEPS) in non-recurring costs including acquisition costs, the impact of Toys “R” Us’ bankruptcy and subsequent liquidation (including licensing royalty shortfalls resulting from lower sales) and a revaluation of deferred tax assets and reserves for unrecognized tax benefits of \$498,000.
- FY 2019 - \$210,000 in non-recurring costs to move Sassy branded inventory from Grand Rapids, MI to Compton, CA.

# Operating Highlights - Fiscal 2019 and 2020 1st Quarter

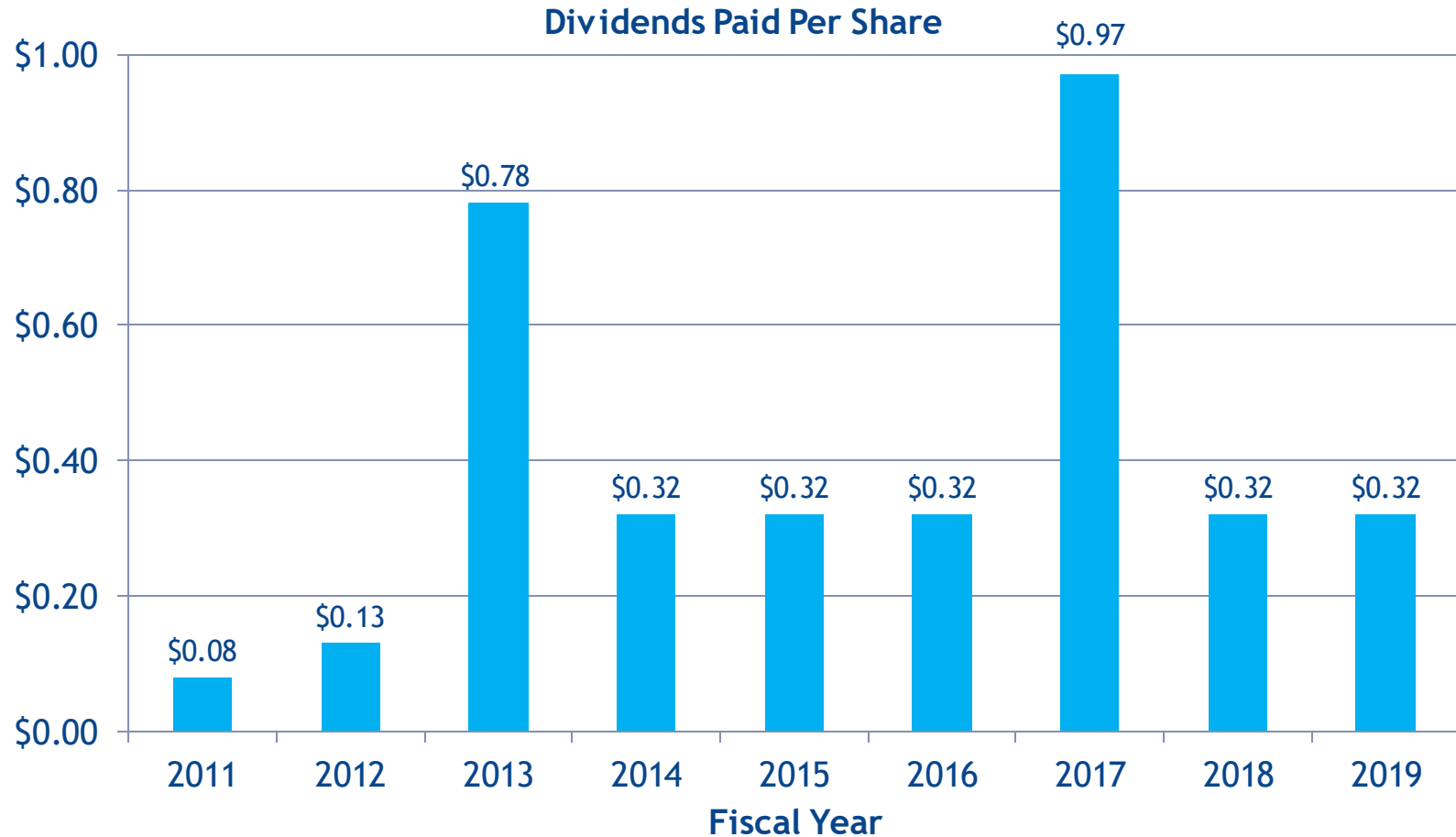


- FY 2018 included \$210,000 (\$156,000 after-tax, or \$0.015 DEPS) in costs to move Sassy branded inventory from Grand Rapids, MI to Compton, CA.
- FY 2019 included \$292,000, or \$0.03 DEPS favorable impact related to the reversal of unrecognized tax benefits, interest and penalties (no EBITDA impact).





# Returned \$36.2 Million in Dividends to Stockholders Since 2010



Dividends paid during fiscal years 2013 and 2017 included special dividends of \$0.50 per share and \$0.65 per share, respectively.

## For Additional Information

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Attendees and other viewers of this presentation are advised to read all reports and other filings made by the Company with the Securities and Exchange Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934. Copies of these filings may be obtained, without charge, by directing a request to Halliburton Investor Relations & Communications, 2140 Lake Park Boulevard, Suite 112, Richardson, TX 75080, or at [www.sec.gov](http://www.sec.gov).

# The Presentation of Non-GAAP Financial Measures

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In addition to the Company's presentation of its financial position and results of operations in conformity with accounting principles generally accepted in the United States ("GAAP"), the Company has also presented measures of its financial position and results of operations which are not determined in accordance with GAAP. These non-GAAP financial measures include earnings before interest, taxes, depreciation and amortization ("EBITDA"). Additionally, with respect to the fiscal years ended April 1, 2018 and March 31, 2019, the Company has presented what its net income, earnings per share and EBITDA would have been if certain non-recurring costs had not been recognized (to arrive at "Adjusted Net Income", "Adjusted Earnings per Share" and "Adjusted EBITDA", respectively). The charges excluded to calculate Adjusted Net Income, Adjusted Earnings per Share and Adjusted EBITDA are significant components to be considered in an understanding and assessment of the Company's results of operations. The Company believes that the non-GAAP financial measures included in this presentation provide useful information and are important indicators of the Company's ability to generate cash sufficient to service its debt, declare and pay dividends, make strategic investments and capital expenditures and meet working capital requirements and other obligations as they become due. The Company uses these non-GAAP financial measures internally to monitor the Company's operating results and cash flow and to evaluate the performance of its businesses. These non-GAAP financial measures are provided as supplemental information and should be considered in addition to, and not as a substitute for, the Company's GAAP measures, including its net income, earnings per share, cash flow provided by or used in operating, investing or financing activities, and other measures of the Company's financial position or results of operations reported in accordance with GAAP. Because these non-GAAP financial measures are, by definition, not calculated in accordance with GAAP, another company using the same GAAP financial information could possibly arrive at a different calculation of these non-GAAP financial measures. Therefore, the non-GAAP financial measures as presented by the Company may not be comparable to similarly-titled measures that may be presented by another company.

# Operating Highlights



(In thousands, except percentages - unaudited)

	Fiscal Year			Fiscal 1 <sup>st</sup> Quarter	
Non-GAAP Reconciliation of Net Income to EBITDA and Adjusted EBITDA:	2017	2018	2019	2019	2020
Net income	\$ 5,572	\$ 3,021	\$ 5,019	\$ 264	\$ 1,079
Interest expense	68	162	325	99	(24)
Interest income	(134)	(79)	-	-	(5)
Income tax expense	3,224	2,400	1,772	80	57
Depreciation	178	333	640	138	179
Amortization	754	836	840	200	214
<b>EBITDA</b>	<b>\$ 9,662</b>	<b>\$ 6,673</b>	<b>\$ 8,596</b>	<b>\$ 781</b>	<b>\$ 1,500</b>
Non-recurring costs	-	2,845	210	210	-
<b>Adjusted EBITDA</b>	<b>\$ 9,662</b>	<b>\$ 9,518</b>	<b>\$ 8,806</b>	<b>\$ 991</b>	<b>\$ 1,500</b>
<b>Net sales</b>	<b>\$ 65,978</b>	<b>\$ 70,270</b>	<b>\$ 76,381</b>	<b>\$ 15,460</b>	<b>\$ 15,942</b>
<b>Adjusted EBITDA as a Percentage of Net Sales</b>	<b>14.6%</b>	<b>13.5%</b>	<b>11.5%</b>	<b>6.4%</b>	<b>9.4%</b>

# Operating Highlights



(In thousands, except percentages - unaudited)

	Fiscal Year			Fiscal 2 <sup>nd</sup> Quarter	
	2017	2018	2019	2019	2020
<b>Non-GAAP Reconciliation of Net Income to Adjusted Net Income:</b>					
Net income	\$ 5,572	\$ 3,021	\$ 5,019	\$ 264	\$ 1,079
Non-recurring costs	-	2,845	210	210	(78)
Income tax impact of non-recurring costs	-	(475)	(49)	(54)	(214)
Adjusted net income	\$ 5,572	\$ 5,391	\$ 5,180	\$ 420	\$ 787
<b>Non-GAAP Reconciliation of Earnings per Share to Adjusted Earnings per Share:</b>					
<b>Weighted Average Shares Outstanding:</b>					
Basic	10,013	10,072	10,092	10,070	10,119
Diluted	10,041	10,079	10,094	10,072	10,119
<b>Earnings per Share as Reported:</b>					
Basic	\$ 0.56	\$ 0.30	\$ 0.50	\$ 0.03	\$ 0.11
Diluted	\$ 0.55	\$ 0.30	\$ 0.50	\$ 0.03	\$ 0.11
<b>Adjusted Earnings per Share:</b>					
Basic	\$ 0.56	\$ 0.54	\$ 0.51	\$ 0.04	\$ 0.08
Diluted	\$ 0.55	\$ 0.53	\$ 0.51	\$ 0.04	\$ 0.08