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Delta Apparel Reports Record Sales for Fourth Quarter and Fiscal Year 2002

DULUTH, Ga., Aug 8, 2002 (BUSINESS WIRE) -- Delta Apparel, Inc. (AMEX:DLA) announces record sales of \$131.6 million for the fiscal year ended June 29, 2002, up \$11.2 million, or 9.3% from the prior year.

For the quarter ended June 29, 2002, the Company recorded sales of \$43.4 million, up \$8.0 million or 22.5% from the prior year quarter. Increased sales were the result of a 29.8% increase in unit volume, offset by a 5.6% decrease in average selling prices from the prior year quarter. The lower average selling prices were mainly due to decreased sales to private label customers, resulting from the drop in retail demand. Operating earnings for the quarter were \$5.7 million, up \$3.0 million from the prior year quarter. EBITDA for the quarter was \$7.3 million, up \$3.0 million from the prior year quarter.

Other income for the quarter ended June 29, 2002 was \$0.7 million. During the quarter, the Company recognized a gain of \$0.3 million on cotton options that were purchased in April 2002. In addition, the Company received final payment on an installment sale of a previously idle manufacturing facility, resulting in a recognizable gain of \$0.3 million.

Interest expense was \$0.2 million for the quarter, compared to \$0.4 million in the prior year quarter. The reduction in interest expense resulted from a decrease of over \$9.0 million in average debt outstanding and a reduction in the average interest rates of over 300 basis points.

The effective tax rate on pretax income for the quarter ended June 29, 2002 was 30.0% due to the reversal of the valuation allowance against \$8.7 million in state net operating loss carryforwards.

Net earnings for the quarter were \$3.9 million, or 8.9% of sales, up \$1.0 million from the prior year quarter. Basic and diluted earnings per share for the quarter ended June 29, 2002 were \$1.93 and \$1.84 per share on 1.99 million and 2.10 million shares, respectively. Basic and diluted earnings per share for the quarter ended June 30, 2001 were \$1.20 and \$1.16 on 2.40 million and 2.48 million shares, respectively. On June 29, 2002, the Company had 2.01 million shares outstanding.

Sales for the year ended June 29, 2002 were \$131.6 million, up \$11.2 million, or 9.3% from the prior year. Operating earnings for fiscal year 2002 were \$10.3 million, down \$2.0 million, or 16.0%, from the prior year. EBITDA for the year ended June 29, 2002 was \$16.7 million, down \$1.9 million from the year ended June 30, 2001.

Other income for the year ended June 29, 2002 was \$0.8 million. In the first quarter of the fiscal year, the Company sold its facility located Washington, Georgia, resulting in a gain of

\$0.2 million. During the fourth quarter of the fiscal year, the Company recognized a gain of \$0.3 million on cotton options and received final payment on an installment sale of a previously idle manufacturing facility, resulting in a recognizable gain of \$0.3 million.

Interest expense was \$0.7 million for the year ended June 29, 2002, compared to \$1.3 million for the year ended June 30, 2001. The reduction in interest resulted from a decrease in average borrowings and a decrease in interest rates.

The effective tax rate on pretax income for the year ended June 29, 2002 was 33.0%, compared to 9.0% for the prior year. During the quarter ended June 29, 2002, the Company reversed the valuation allowance against \$8.7 million in state net operating loss carryforwards, as the Company believes these state net operating losses will be used in the upcoming years. This reduced the effective tax rate from the expected 37.0% to the actual effective tax rate of 33.0% for the year ended June 29, 2002. During fiscal year 2001, the Company used \$8.6 million in federal net operating loss carryforwards, resulting in the annual effective tax rate of 9.0%.

Net earnings for the year ended June 29, 2002 were \$6.5 million, down \$3.5 million from the prior year. Basic and diluted earnings per share for the year ended June 29, 2002 were \$2.96 and \$2.84 per share, respectively.

During the year ended June 29, 2002, the Company purchased 418,443 shares of its stock through its Stock Repurchase Program and Dutch Tender. The stock was purchased at an average cost of \$21.78 per share. The Company did not purchase any shares in its fourth quarter.

Robert W. Humphreys, President and CEO, commented on the year's performance, "We are excited by the record sales for the 2002 fiscal year, especially considering the challenging retail conditions during the year. Our unit volume increased by 16.8% from the prior year, although a shift in our sales mix and some price deterioration drove our average selling prices lower than in the previous year. Our West Coast Sales Center has exceeded expectations, enabling us to expand our customer base, helping to drive the increase in sales, despite a difficult first two quarters.

"We are pleased with the progress of the start up of our new textile facility located in Fayette, Alabama and are on track to attain the expected 25% increase in Company output. This production will allow us to service the new accounts we are adding to our customer base and allow us to expand our product offerings to existing customers. During the upcoming year, we plan to add an additional distribution center in the southeast to expand our 48 hour delivery capability to a new group of customers."

Commenting on the Company's balance sheet, Mr. Humphreys stated, "Our balance sheet continues to be very strong. We reduced our debt by \$8.4 million and increased our cash by \$3.9 million during the past year. This is in addition to repurchasing \$9.1 million of our stock and funding \$5.3 million in capital expenditures, which includes the purchase of our additional textile facility. Inventory is below the prior year level and accounts receivable is consistent with the prior year, even with the growth in our business. On April 18, 2002, because of our strong financial performance, we announced the beginning of a dividend program to further reward our shareholders."

Delta Apparel, Inc. is a vertically integrated manufacturer and marketer of high quality knit apparel. The Company specializes in selling undecorated T-shirts, golf shirts and tank tops to distributors, screen printers and private label accounts. Delta Apparel has operations in six states, two company-operated sewing facilities in Honduras and one company-operated sewing facility in Mexico. The Company employs about 3,100 worldwide.

Statements and other information in this press release that are not reported financial results or other historical information are forward-looking statements. These are based on Delta Apparel's expectations and are necessarily dependent upon assumptions, estimates and data that the Company believes are reasonable and accurate but may be incorrect, incomplete or imprecise. Forward-looking statements are also subject to a number of business risks and uncertainties, any of which could cause actual results to differ materially from those set forth in or implied by the forward-looking statements. These risks and uncertainties include, among others, changes in the retail demand for apparel products, the cost of raw materials, competitive conditions in the apparel and textile industries, the relative strength of the United States dollar as against other currencies, changes in United States trade regulations and the discovery of unknown conditions (such as with respect to environmental matters and similar items). Accordingly, any forward-looking statements do not purport to be predictions of future events or circumstances and may not be realized. The Company does not undertake to publicly update or revise the forward-looking statements even if it becomes clear that any projected results will not be realized.

SELECTED FINANCIAL DATA:

(In thousands, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net Sales	\$ 43,390	\$ 35,406	\$ 131,601	\$ 120,400
Cost of Goods Sold	35,012	29,854	110,273	97,101
Gross Margin	8,378	5,552	21,328	23,299
SG&A	3,391	2,857	11,807	11,024
Other Expense (Income)	(667)	11	(816)	28
Operating Income	5,654	2,706	10,337	12,303
Interest Expense	153	397	677	1,339
Taxes	1,648	(571)	3,188	987
Net Income	\$ 3,853	\$ 2,880	\$ 6,472	\$ 9,977
Weighted Average Shares Outstanding				
Basic	1,992	2,392	2,184	2,403
Diluted	2,098	2,480	2,281	2,474
Net Income per Common Share				
Basic	\$ 1.93	\$ 1.20	\$ 2.96	\$ 4.15
Diluted	\$ 1.84	\$ 1.16	\$ 2.84	\$ 4.03
		June 29, 2002		June 30, 2001
Current Assets				
Cash		\$ 4,102		\$ 165
Receivables, Net		22,812		22,042
Income Tax Receivable		-		1,950
Inventories		35,483		41,619
Deferred Income Taxes		1,119		61
Other Assets		1,835		1,597

Total Current Assets	65,351	67,434
Noncurrent Assets		
Property, Plant & Equipment, Net	22,992	23,750
Other Noncurrent Assets	3	139
Total Noncurrent Assets	22,995	23,889
Total Assets	\$ 88,346	\$ 91,323
Current Liabilities		
Current Portion of Long Term Debt	\$ 2,000	\$ 8,435
Income Tax Payable	1,860	-
Other Current Liabilities	17,718	12,627
Total Current Liabilities	21,578	21,062
Noncurrent Liabilities		
Long-Term Debt	3,667	5,667
Deferred Income Taxes	700	375
Other Noncurrent Liabilities	1,123	736
Total Noncurrent Liabilities	5,490	6,778
Stockholders' Equity	61,278	63,483
Total Liabilities and Stockholders' Equity	\$ 88,346	\$ 91,323

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