

January 18, 2001



## **Delta Apparel Operating Earnings up 58% From Prior Year Driven by Increase in Sales of 22%**

DULUTH, Ga.--(BUSINESS WIRE)--Jan. 18, 2001--For the second fiscal quarter ended December 30, 2000, Delta Apparel, Inc. (AMEX: DLA) recorded sales of \$26.4 million, up \$4.8 million or 22.3% from the second fiscal quarter of last year.

The increase in sales was almost entirely a result of increased unit volume. Operating earnings were \$2.0 million, up \$0.7 million, or 58% from the second fiscal quarter of last year. EBITDA for the quarter was \$3.6 million, up \$0.7 million or 25% from the second fiscal quarter of last year.

Interest expense was \$0.3 million for the quarter, compared to \$2.1 million in the prior year quarter. This reduction was a result of improved operating results and the contribution to equity of the intercompany debt in connection with the spin-off from Delta Woodside Industries, Inc. on June 30, 2000.

The effective income tax rate on pretax income for the three months ended December 30, 2000 was 18.0%, compared to 1.3% for the fiscal year ended July 1, 2000. Based on results to date and projections for the remainder of fiscal year 2001, the Company expects to use its remaining net operating loss carryforwards and be subject to income taxes on a portion of its income. Based on these projections, management estimates that the valuation allowances on the tax benefit resulting from net operating loss carryforwards will be reduced or eliminated, resulting in an annualized forecasted effective income tax rate of approximately 18.0%.

Net earnings for the quarter were \$1.4 million, up \$2.1 million from the second fiscal quarter of last year. Net earnings were 5.3% of sales, compared with a loss of 3.5% of sales in the prior year quarter.

Basic and diluted earnings per share in the quarter ended December 30, 2000 were \$0.58 and \$0.57 per share, respectively.

Sales for the first six months of fiscal year 2001 were \$57.0 million, up \$6.8 million, or 13.5% from the first six months of last year. For the six months ended December 30, 2000, operating earnings were \$6.5 million, up \$3.5 million, or 116.9%, from the six months ended January 1, 2000. EBITDA for the first six months of fiscal year 2001 was \$9.9 million, up \$3.5 million or 56% from the first six months of last year.

Net earnings for the six months ended December 30, 2000 were \$4.9 million, versus a \$1.2 million loss in the first six months of fiscal year 2000. Basic and diluted earnings per share for the six months ended December 30, 2000 were \$2.04 and \$2.00 per share, respectively.

The Company purchased 3,300 shares of its stock through its Stock Repurchase Program in the second quarter of fiscal year 2001.

"We are very pleased with our continued growth in sales and operating earnings for the second quarter of the fiscal year," commented President and CEO Robert W. Humphreys. "The first half results put us on target for our previously announced sales and earnings range for fiscal 2001."

"We continue to increase our customer base, allowing us to remain on track to achieve our sales growth target of approximately 10% and our operating profit range of \$15.0 to \$18.6 million for fiscal year 2001. This performance is driven by continued improvement in our sales mix, as well as our manufacturing operations, with increased output at all of our facilities compared to the first six months of last year. This has allowed our inventory to increase as expected to levels necessary to meet our projected sales growth for the remainder of the fiscal year. Our expansion into Mexico is progressing, as we continue training sewing operators in our training center. We expect our Mexican sewing facility to be completed by April."

Delta Apparel, Inc. is a vertically integrated supplier of knit apparel, particularly T-shirts. The Company sells its products as blanks, which are then screen printed or embroidered with designs and logos for sales to consumers. Delta Apparel was spun-off on June 30, 2000 as an independent business when Delta Woodside Industries, Inc. separated into three businesses. Delta Apparel has operations in four states, two company-operated sewing facilities in Honduras and one company-operated sewing facility in Mexico. The Company employs about 2,400 worldwide.

Statements 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		Six Months Ended	
	12/30/00	01/01/00	12/30/00	01/01/00
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Net Sales	\$ 26,370	\$ 21,562	\$ 57,019	\$ 50,221
Cost of Goods Sold	21,653	18,545	45,062	43,511

Gross Margin	4,717	3,017	11,957	6,710
SG&A	2,762	1,773	5,422	3,679
Other Income/(Expense)	8	(1)	14	(12)
Operating Income	1,963	1,243	6,549	3,019
Interest Expense	261	2,074	556	4,286
Taxes	305	(82)	1,079	(59)
Net Income	\$ 1,397	\$ (749)	\$ 4,914	\$ (1,208)

Weighted Average Shares Outstanding (2000 Proforma)

Basic	2,411,679	2,386,400	2,409,775	2,383,200
Diluted	2,453,363	2,386,400	2,451,438	2,383,200

Net Income (Loss) per Common Share (2000 Proforma)

Basic	\$ (0.31)	\$ (0.31)	\$ 2.04	\$ (0.51)
Diluted	\$ 0.57	\$ (0.31)	\$ 2.00	\$ (0.51)

12/30/00 01/01/00

Current Assets

Cash	\$ 218	\$ 69
Receivables	18,190	13,973
Income Tax Receivable	930	-
Inventories	39,508	29,449
Other Assets	1,704	914

Total Current Assets 60,550 44,405

Noncurrent Assets

Property, Plant & Equipment	24,655	29,142
Other Noncurrent Assets	206	175

Total Noncurrent Assets 24,861 29,317

Total Assets \$ 85,411 \$ 73,722

Current Liabilities

Current Portion of Long Term Debt	\$ 2,000	\$ 219
Other Current Liabilities	14,250	110,330

Total Current Liabilities 16,250 110,549

Noncurrent Liabilities

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Long Term Debt	9,642	30,417
Other Noncurrent Liabilities	746	520
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Total Noncurrent Liabilities	10,388	30,937
Stockholders' Equity/(Divisional Deficit)	58,773	(67,764)
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Total Liabilities and Stockholders' Equity/(Divisional Deficit)	\$ 85,411	\$ 73,722
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FY01 PROJECTED SALES AND EARNINGS  
(In thousands, except per share amounts)

	YTD Actual			
	FY 00 Act	FY 01 Act	Inc/(Dec)	Inc/(Dec)
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Net Sales \$	50,221	57,019	6,798	13.5%
EBIT	3,019	6,549	3,530	116.9%
E.P.S. (Basic)	(0.51)	2.04	3	--
EBITDA	6,312	9,862	3,550	56.2%

Annual Projections

	Low Range				High Range			
	FY 00 Act	FY 01 Fcst	Inc/(Dec)	%Chg	FY 01 Fcst	Inc/(Dec)	%Chg	
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Net Sales	\$114,466	118,500	4,034	3.5%	132,900	18,434	16.1%	
EBIT	12,206	15,000	2,794	22.9%	18,600	6,394	52.4%	
E.P.S. (Basic)	2.00	4.88	2.88	144.0%	5.79	3.79	189.4%	
EBITDA	18,805	21,524	2,719	14.5%	25,124	6,319	33.6%	

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