

October 18, 2001



Delta Apparel Reports Earnings for the First Quarter of Fiscal Year 2002

DULUTH, Ga.--(BUSINESS WIRE)--Oct. 18, 2001--Delta Apparel, Inc. (AMEX: DLA) announces sales of \$31.0 million for the quarter ended September 29, 2001 up \$0.4 million, or 1.2%, from the first fiscal quarter of the prior year.

Increased sales were the result of a 16.7% increase in unit volume, offset by a 13.3% decrease in average selling prices. Lower average prices were the result of price decreases in certain basic styles, changes in the product mix and lower shipments in the private label segment. Operating earnings were \$0.3 million, down \$4.3 million from the prior year quarter. Lower operating earnings were primarily the result of lower selling prices, higher raw material cost and less efficient manufacturing schedules. EBITDA for the quarter was \$1.9 million, down \$4.4 million from the prior year quarter.

Interest expense was \$0.2 million for the quarter, compared to \$0.3 million in the prior year quarter. This reduction in interest expense resulted from a decrease in interest rates of over 200 basis points, offset partially by an increase in the average daily borrowings.

The effective income tax rate on pretax income for the three months ended September 29, 2001 was 37.3%, compared to 18.0% for the first fiscal quarter of the prior year and 9.0% for the fiscal year ended June 30, 2001. During fiscal year 2001, the Company used \$8.6 million in federal net operating loss carryforwards, resulting in the lower effective tax rate. The Company believes that its effective tax rate will be approximately 36% to 38% for fiscal year 2002.

Net earnings for the quarter were \$0.1 million, down \$3.5 million from the first fiscal quarter of last year. Net earnings were 0.2% of sales, compared with 11.5% of sales in the prior year quarter.

Basic and diluted earnings per share in the quarter ended September 29, 2001 were \$0.03 per share, down from \$1.46 earnings per share for the same quarter in fiscal year 2001.

Inventories decreased \$6.0 million from June 30, 2001 to \$35.6 million at September 29, 2001. The decrease in inventory was the result of increased unit volume and reduced manufacturing schedules. The improvements in working capital allowed the Company to

reduce its debt level and eliminate the balance on the revolver loan by September 29, 2001.

The Company purchased 57,000 shares of its stock through its Stock Repurchase Program from June 30, 2001 to October 15, 2001. Since the inception of the program, the Company has purchased 91,700 shares of its stock for a total cost of \$1.7 million. As of October 15, 2001, the Company had 2,334,149 shares of stock outstanding. The Company requested and received an amendment to its loan agreement to increase from \$3.0 million to \$11.0 million the aggregate amount permitted for share repurchases.

Robert W. Humphreys, President and CEO, commented, "While we are not satisfied with the margins we achieved in the September quarter, we are pleased with the progress we made in a number of areas. We achieved significant unit volume growth despite difficult economic conditions. Pricing improved towards the end the quarter, but is still below levels from a year ago. We continued to add new customers and increase our sales volume in the direct sales segment. Our West Coast Distribution Center continues to allow us to reach new customers in this important geographic region.

"Just as we reduced our manufacturing schedules and lowered our inventories, we believe that inventories and production levels have been reduced across all channels in the T-shirt industry. This should result in improved business conditions in the remaining quarters of this fiscal year."

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 five states, two company-operated sewing facilities in Honduras and one company-operated sewing facility in Mexico. The Company employs about 2,600 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 | |
|--------------------|---------------|
| Sept 29, 2001 | Sept 30, 2000 |
| ----- | ----- |

| | | |
|--------------------|-----------|-----------|
| Net Sales | \$ 31,014 | \$ 30,649 |
| Cost of Goods Sold | 28,047 | 23,408 |
| | ----- | ----- |
| Gross Margin | 2,967 | 7,241 |
| SG&A | 2,665 | 2,660 |
| Other Income | 28 | 6 |
| | ----- | ----- |
| Operating Income | 330 | 4,587 |
| Interest Expense | 228 | 295 |
| Taxes | 38 | 774 |
| | ----- | ----- |
| Net Income | \$ 64 | \$ 3,518 |
| | ===== | ===== |

| | | |
|-------------------------------------|-----------|-----------|
| Weighted Average Shares Outstanding | | |
| Basic | 2,385,907 | 2,407,937 |
| Diluted | 2,485,067 | 2,417,142 |

| | | |
|-----------------------------|---------|---------|
| Net Income per Common Share | | |
| Basic | \$ 0.03 | \$ 1.46 |
| Diluted | \$ 0.03 | \$ 1.46 |

| | 09/29/01 | 06/30/01 | 09/30/00 |
|-----------------------------------|-----------|-----------|-----------|
| | ----- | ----- | ----- |
| Current Assets | | | |
| Cash | \$ 2,376 | \$ 165 | \$ 3,899 |
| Receivables, Net | 20,691 | 22,042 | 18,599 |
| Income Tax Receivable | 420 | 1,086 | - |
| Inventories | 35,609 | 41,619 | 32,016 |
| Deferred Income Taxes | 931 | 925 | 672 |
| Other Assets | 1,455 | 1,597 | 1,278 |
| | ----- | ----- | ----- |
| Total Current Assets | 61,482 | 67,434 | 56,464 |
| Noncurrent Assets | | | |
| Property, Plant & Equipment, Net | 22,921 | 23,750 | 25,634 |
| Other Noncurrent Assets | 110 | 139 | 308 |
| | ----- | ----- | ----- |
| Total Noncurrent Assets | 23,031 | 23,889 | 25,942 |
| | ----- | ----- | ----- |
| Total Assets | \$ 84,513 | \$ 91,323 | \$ 82,406 |
| | ===== | ===== | ===== |
| Current Liabilities | | | |
| Current Portion of Long Term Debt | \$ 2,000 | \$ 8,435 | \$ 2,000 |
| Other Current Liabilities | 12,805 | 12,627 | 15,114 |
| | ----- | ----- | ----- |
| Total Current Liabilities | 14,805 | 21,062 | 17,114 |
| Noncurrent Liabilities | | | |
| Long-Term Debt | 5,167 | 5,667 | 7,167 |
| Deferred Income Taxes | 878 | 375 | - |
| Other Noncurrent Liabilities | 997 | 736 | 696 |
| | ----- | ----- | ----- |
| Total Noncurrent Liabilities | 7,042 | 6,778 | 7,863 |

| | | | |
|---|-----------|-----------|-----------|
| Stockholders' Equity | 62,666 | 63,483 | 57,429 |
| | ----- | ----- | ----- |
| Total Liabilities and Stockholders' Equity | \$ 84,513 | \$ 91,323 | \$ 82,406 |
| | ===== | ===== | ===== |

--30-- ak/at*

CONTACT: Delta Apparel, Inc.
Herb Mueller, 678/775-
6948