

October 22, 2002



Delta Apparel Reports Increased Earnings for the First Quarter of Fiscal Year 2003

DULUTH, Ga., Oct 22, 2002 (BUSINESS WIRE) -- Delta Apparel, Inc. (AMEX:DLA) announces net income for the quarter ended September 28, 2002 of \$1.8 million, or 6.2% of sales, up \$1.7 million from the prior year quarter.

Sales were \$28.9 million for the quarter ended September 28, 2002, down \$2.1 million, or 6.9%, from the prior year quarter. The lower sales were the result of a 9.8% decrease in unit volume, partially offset by a 3.2% increase in average selling prices. Higher unit volume and lower average selling prices in the prior year quarter resulted from the increased demand for basic white products as a result of the events of September 11, 2001. Operating income was \$3.1 million for the quarter, an increase of \$2.7 million from \$0.3 million in the first fiscal quarter of the prior year. This increase was primarily the result of lower raw material prices and lower manufacturing cost, driven by increased manufacturing schedules and improvements in sewing efficiency in both the Honduras and Mexico facilities. EBITDA for the quarter was \$4.7 million, up \$2.9 million from the prior year quarter.

Interest expense was \$0.1 million for the quarter, compared to \$0.2 million in the prior year quarter. The reduction in interest expense resulted from a decrease of approximately \$5.0 million in average debt outstanding and a reduction in the average interest rates of over 200 basis points.

The effective income tax rate on pretax income for the three months ended September 28, 2002 was 38.5%, compared to 37.3% for the first fiscal quarter of the prior year and 33.0% for the fiscal year ended June 29, 2002. In fiscal year 2002, the Company reversed the valuation allowance against its net operating loss carryforwards, resulting in the effective tax rate of 33.0%. The Company expects its annualized effective tax rate to more closely approximate statutory rates for fiscal year 2003.

Net earnings for the quarter were \$1.8 million, or 6.2% of sales, up \$1.7 million from the prior year quarter. Basic and diluted earnings per share for the quarter ended September 28, 2002 were \$0.44 and \$0.43 per share on 4.05 million and 4.21 million shares, respectively. Basic and diluted earnings per share for the quarter ended September 29, 2001 were \$0.01 on 4.77 million and 4.97 million shares, respectively (after giving effect to the 2-for-1 stock split effective as of September 20, 2002). On September 28, 2002, the Company had 4.08 million shares outstanding.

Accounts receivable decreased \$6.2 million from September 29, 2001 to \$14.5 million on September 28, 2002. The decrease was a result of lower sales during the current year quarter, as well as lower days sales outstanding. Days sales outstanding decreased to 45

days compared to 48 days in the prior year.

Inventories on September 28, 2002 were \$48.4 million, up \$12.9 million from June 29, 2002 and up \$12.8 million from the prior year quarter. The Company increased inventory to support its expanded product line and anticipated sales growth for fiscal year 2003. The Company will be opening a new distribution center in Florida and is increasing its field sales personnel to achieve the anticipated sales growth. The Company expects to further increase its inventory of finished product in the second quarter to prepare for the spring selling season. The Company has also increased its raw material inventory to take advantage of lower cotton prices and to support its increased textile capacity. The Company expects raw material inventories to return to traditional levels in the second half of the year.

On August 15, 2002, the Company's Board of Directors approved a 2-for-1 stock split of the Company's common stock. The stock split took the form of a 100% stock dividend payable on September 20, 2002 to shareholders of record as of September 6, 2002. In addition, the Company's Board of Directors declared a cash dividend of ten cents per common share of stock (pre-split), that was paid on September 16, 2002 to shareholders of record as of the close of business on September 3, 2002.

On September 13, 2002, the Company's Board of Directors authorized the repurchase by the Company in open market transactions of up to an additional \$3.0 million of Delta Apparel common stock pursuant to its Stock Repurchase Program, bringing the total amount authorized to \$6.0 million. The Company purchased 18,604 shares of its stock through its Stock Repurchase Program during the quarter ended September 28, 2002 for a total cost of \$0.3 million. The Company has continued to repurchase its stock in the second quarter of fiscal year 2003.

Robert W. Humphreys, President and CEO, commented, "We are pleased with the increase in earnings for the quarter and the progress we made in building the foundation to grow Delta Apparel in the future. We continued to add new customers during the quarter and increased our sales percentage in the catalog direct segment. Our West Coast Distribution Center continues to allow us to reach new customers in this important geographic region. We have now signed a lease on a distribution center in Miami, which will be open in time to support our spring selling season."

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. The 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, the discovery of unknown conditions (such as with respect to environmental matters and similar items) and other risks described from time to time in the Company's reports filed with the Securities and Exchange Commission. 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 publicly to 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 28, 2002	Sept 29, 2001	
Net Sales	\$28,883	\$31,014	
Cost of Goods Sold	22,879	28,047	
Gross Margin	6,004	2,967	
SG&A	2,835	2,665	
Other Income (Expense)	(108)	28	
Operating Income	3,061	330	
Interest Expense	148	228	
Taxes	1,122	38	
Net Income	\$1,791	\$64	
Weighted Average Shares Outstanding (a)			
Basic	4,053	4,772	
Diluted	4,209	4,970	
Net Income per Common Share			
Basic	\$0.44	\$0.01	
Diluted	\$0.43	\$0.01	
	Sept 28, 2002	June 29, 2002	Sept 29, 2001
Current Assets			
Cash	\$1,115	\$4,102	\$2,376
Receivables, Net	14,486	22,812	20,691
Income Tax Receivable	-	-	420
Inventories	48,395	35,483	35,609
Deferred Income Taxes	818	1,119	931
Other Assets	1,220	1,835	1,455
Total Current Assets	66,034	65,351	61,482
Noncurrent Assets			
Property, Plant & Equipment, Net	22,058	22,992	22,921
Other Noncurrent Assets	97	3	110
Total Noncurrent Assets	22,155	22,995	23,031
Total Assets	\$88,189	\$88,346	\$84,513
Current Liabilities			
Current Portion of Long Term Debt	\$2,000	\$2,000	\$2,000
Income Tax Payable	789	1,860	-
Other Current Liabilities	17,100	17,718	12,805
Total Current Liabilities	19,889	21,578	14,805
Noncurrent Liabilities			

Long-Term Debt	3,167	3,667	5,167
Deferred Income Taxes	448	700	878
Other Noncurrent Liabilities	1,275	1,123	997
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Total Noncurrent Liabilities	4,890	5,490	7,042
Stockholders' Equity	63,410	61,278	62,666
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Total Liabilities and Stockholders' Equity	\$88,189	\$88,346	\$84,513
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(a) Adjusted for 2-for-1 stock split effective as of September 20, 2002

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