

August 18, 2006



Delta Apparel Reports Fourth Quarter and Fiscal Year 2006 Financial Results

DULUTH, Ga., Aug 18, 2006 (BUSINESS WIRE) -- Delta Apparel, Inc. (AMEX: DLA):

- 4Q06 Net Sales Rise 24.4% to Record \$82.4 Million
- 4Q06 Gross Margins Improve 340 Basis Points
- 4Q06 Earnings Increase 98.4% to Record \$0.74 per Basic Share
- Reports Record FY06 Revenues and EPS Results

Delta Apparel, Inc. (AMEX: DLA) today reported financial results for its fourth fiscal quarter and fiscal year ended July 1, 2006. The Company's results for the fiscal 2006 fourth quarter and annual periods include the operations of Junkfood Clothing Company since its acquisition by the Company on August 22, 2005.

For the three months ended July 1, 2006, net sales were a record \$82.5 million, an increase of 24.4%, compared to \$66.3 million in the prior year's fourth quarter. Gross margins increased 340 basis points to 28.7% compared to 25.3% in the prior year fourth quarter. Selling, general and administrative expenses improved 60 basis points to 15.9% of net sales compared to 16.5% of net sales in the fourth quarter of the prior year. Net income was \$6.3 million, or \$0.74 per basic share, in the fiscal fourth quarter of 2006 compared to the prior year's level of \$3.2 million, or \$0.38 per basic share.

For the year ended July 1, 2006, net sales increased 18.4% to a record \$270.1 million compared to \$228.1 million in the prior year. Gross margins improved 590 basis points to 29.6% compared to 23.6% in the prior year due to increased sales of the higher margin branded apparel products and improved manufacturing costs and lower raw material pricing, offset partially by higher energy and transportation costs. Selling, general and administrative expenses were 19.8% of sales compared to 16.6% of sales in the prior year, primarily due to the increased selling costs associated with the Junkfood business. In addition, distribution costs remained higher than the prior year due to the costs associated with consolidating the Company's West Coast distribution center to a new, expanded facility. Net income for fiscal year 2006 increased 32.0% to \$14.8 million, or \$1.73 per basic share and \$1.71 per diluted share. When comparing fiscal year 2006 to fiscal year 2005 results, the following chart highlights the Company's fiscal year 2005 basic earnings per share, adjusted for the impact of the sale of its Edgefield, South Carolina yarn spinning facility and the reversal of the tax

liability associated with the Company's decision to permanently reinvest its foreign earnings in Honduras.

Actual FY05 Basic Earnings Per Share	\$1.35
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Sale of Edgefield Plant	(0.26)
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Reversal of Foreign Earnings Tax Liability	(0.08)
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Adjusted FY05 Basic Earnings per Share	\$1.01
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Excluding the preceding one-time items, fiscal year 2006 basic earnings per share improved 71.3%, or \$0.72 per share, compared to fiscal year 2005 adjusted basic earnings per share of \$1.01.

Robert W. Humphreys, President and CEO, commented, "We ended our fiscal year with solid results, achieving record sales and record earnings for the year. In our Retail-Ready segment, Softe achieved a 32.6% sales growth in the fourth quarter over the prior year and its inventory levels position this business appropriately for solid sales growth going into fiscal year 2007. While sales in the Junkfood business were not as strong as we anticipated, sell-through of our products at retail is solid and demand for our new fall product lines continues to be healthy. Our Activewear segment also achieved sales growth during the quarter, driven by record unit sales, offset partially by lower average pricing from higher sales of basic core products."

Mr. Humphreys continued, "We are excited to announce the acquisition of Fun-Tees, Inc., which is anticipated to close on October 2, 2006. Fun-Tees will enhance our Activewear segment through its private label programs and its off-shore decorating capabilities. The acquisition of Fun-Tees is expected to be immediately accretive to our earnings, even with the costs associated with the integration of the Fun-Tees manufacturing operations into our existing facilities, which will take place during the 2007 fiscal year. We are also pleased to announce that we are opening a textile facility in Honduras, which will allow us to continue to lower our manufacturing costs and enable us to produce our core activewear products from start to finish at one location."

Mr. Humphreys concluded, "As we move into our 2007 fiscal year, we believe we have an exciting and balanced product portfolio that will appeal to our growing customer base. We remain focused on increasing shareholder value and will continue exploring internal growth initiatives, diversifying our product offering, improving our operating efficiencies and identifying cost saving opportunities in each of our key business segments to grow sales and maximize our performance in fiscal year 2007 and beyond."

Fiscal 2007 Guidance

The Company will continue to issue earnings guidance of its sales and earnings expectations in fiscal year 2007. It has decided to change its earnings guidance to diluted earnings per share from the prior practice of issuing guidance based on basic earnings per share. The Company's earnings guidance includes the anticipated acquisition of Fun-Tees, Inc. on or around October 2, 2006. In addition, the Company expects to record an extraordinary gain in its first fiscal quarter associated with the final earn-out payment made

to the former M. J. Soffe shareholders. This anticipated extraordinary gain is also included in the earnings guidance for the first fiscal quarter and fiscal year guidance.

For the first fiscal quarter ended September 30, 2006, the Company expects sales to be in the range of \$64 to \$68 million and diluted earnings per share to be in the range of \$0.41 to \$0.45 per share. This compares to prior year fiscal first quarter sales of \$60.6 million and diluted earnings of \$0.39 per share.

For the 2007 fiscal year ending June 30, 2007, the Company expects sales to be in the range of \$325 to \$340 million and diluted earnings per share to be in the range of \$1.91 to \$2.05. This compares to prior year fiscal year sales of \$270.1 million and diluted earnings of \$1.71 per share.

Retail-Ready Apparel

This segment, which includes the Soffe and Junkfood businesses, reported a sales increase of 58.0% to \$40.4 million for the fourth quarter of fiscal year 2006 compared to \$25.6 million in the prior year. The sales increase was driven by both record sales in the Soffe business and the acquisition of Junkfood Clothing Company. Operating income for the three months ended July 1, 2006 increased 124.6% to \$8.7 million compared to \$3.9 million in the prior year due to the addition of the Junkfood business and improved Soffe operations. For the fiscal year ended July 1, 2006, sales in the Retail-Ready segment were \$133.4 million, an increase of 57.7% from \$84.6 million in the prior fiscal year. Operating income increased 94.9% to \$19.1 million in fiscal year 2006 compared to \$9.8 million in fiscal year 2005.

Activewear Apparel

This segment, which includes the Delta Apparel business, reported sales of \$42.0 million for the fourth quarter of fiscal 2006, a 3.3% increase from the prior year quarter. The increase in sales was due to an increase in basic tee shirt volume, offset slightly by a decrease in specialty and private label units. The change in sales mix, along with a slight decline in selling prices across the product categories, drove a decrease in average selling prices. The lower margins attributable to the basic tee shirt products, coupled with the higher energy and transportation costs, yielded a decrease in operating income to \$1.8 million compared to \$2.0 million in the prior year. For the fiscal year ended July 1, 2006, sales in the Activewear segment were \$136.7 million, a decrease of 4.7% from \$143.4 million in the prior fiscal year. Although sales declined in fiscal year 2006, operating income increased 6.0%, or \$0.4 million, to \$6.9 million in fiscal year 2006 compared to the prior year primarily due to higher gross margins from improved manufacturing operations and lower raw material pricing.

Share Repurchases

During fiscal year 2006, the Company purchased 72,477 shares of its stock through its Stock Repurchase Program for a total cost of \$1.3 million. In April, the Company announced that its Board of Directors had increased the Company's authorization to repurchase stock in open market transactions by an additional \$5.0 million pursuant to the Company's Stock Repurchase Program, bringing the total amount authorized to \$11.0 million. As of July 1, 2006, the Company had repurchased a total of 0.8 million shares of stock for a total cost of \$5.7 million. The Company is committed to its stock repurchase program and believes it is a good use of capital and illustrates the Company's commitment to increasing shareholder

value.

Dividend Payment

In a meeting held on August 17, 2006, the Board of Directors declared a quarterly dividend of five cents per common share of stock payable on September 11, 2006 to shareholders of record as of the close of business on August 30, 2006. This dividend was declared pursuant to the Company's previously announced quarterly dividend program, which the Company may amend or terminate at any time.

Conference Call

The Company will hold a conference call with senior management to discuss the financial results at 9:00 a.m. ET today. The Company invites you to join the call by dialing (913) 981-4900. A live webcast of the conference call will be available on the Company's web site at www.deltaapparel.com.

About Delta Apparel, Inc.

Delta Apparel, Inc., along with its wholly owned subsidiaries, M.J. Soffe Company and Junkfood Clothing Company, is a marketer, manufacturer and distributor of high quality branded and private label activewear apparel. We specialize in selling a variety of casual and athletic activewear tops and bottoms, embellished and unembellished T-shirts, and fleece products for the ever-changing apparel market. We focus on our broad distribution of apparel products to specialty and boutique stores, high-end and mid-tier retail stores, sporting goods stores, screen printers, and private label accounts. In addition, certain products are sold in college bookstores and to the U.S. Military. Our operations are in the United States, Honduras, and Mexico and we employ approximately 3,900 people worldwide. Additional information on our company is available at www.deltaapparel.com.

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 our expectations and are necessarily dependent upon assumptions, estimates and data that we believe 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, the ability to achieve synergies in connection with the Fun-Tees acquisition and to integrate it successfully into our business, the ability to obtain consents and fulfill other conditions required for the closing of the acquisition, 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 our 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. We do 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		Twelve Months Ended	
	Jul 1, 2006	Jul 2, 2005	Jul 1, 2006	Jul 2, 2005
Net Sales	\$82,468	\$66,297	\$270,108	\$228,065
Cost of Goods Sold	58,761	49,524	190,222	174,156
Gross Profit	23,707	16,773	79,886	53,909
Selling, General and Administrative	13,109	10,949	53,530	37,881
Operating Income	10,598	5,824	26,356	16,028
Other Income (Expense)	381	505	657	4,117
Interest Expense, net	1,081	805	3,819	3,022
Income Before Income Taxes	9,898	5,524	23,194	17,123
Provision for Income Taxes	3,551	2,324	8,350	5,880
Net Income	\$ 6,347	\$ 3,200	\$ 14,844	\$ 11,243
Weighted Average Shares Outstanding				
Basic	8,586	8,376	8,590	8,316
Diluted	8,718	8,558	8,663	8,480
Net Income per Common Share				
Basic	\$ 0.74	\$ 0.38	\$ 1.73	\$ 1.35
Diluted	\$ 0.73	\$ 0.37	\$ 1.71	\$ 1.33

	July 1, 2006	July 2, 2005
Current Assets		
Cash	\$ 642	\$ 298
Receivables, Net	47,525	36,611
Inventories	103,660	99,026
Deferred Income Taxes	2,710	1,252
Other Assets	2,708	1,968
Total Current Assets	157,245	139,155
Noncurrent Assets		
Property, Plant & Equipment, Net	21,164	19,950
Goodwill and Other Intangibles, Net	22,467	-
Other Noncurrent Assets	2,247	409
Total Noncurrent Assets	45,878	20,359

Total Assets	----- \$203,123 =====	----- \$159,514 =====
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 49,366	\$ 36,700
Current Portion of Long Term Debt	3,683	15,065
Income Tax Payable	986	480
Total Current Liabilities	----- 54,035	----- 52,245
Noncurrent Liabilities		
Long-Term Debt	46,967	17,236
Deferred Income Taxes	1,123	171
Other Noncurrent Liabilities	10	3,398
Total Noncurrent Liabilities	----- 48,100	----- 20,805
Stockholders' Equity	100,988	86,464
Total Liabilities and Stockholders' Equity	----- \$203,123 =====	----- \$159,514 =====

SOURCE: Delta Apparel, Inc.

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