

August 17, 2007



Delta Apparel Reports Fourth Quarter and Fiscal Year 2007 Financial Results

-- 4Q07 Net Sales Rise 11.3% to Record \$91.8 Million -- -- Company Increases Share Repurchase Program -- -- Declares Quarterly Dividend of \$0.05 per Share --

DULUTH, Ga.--(BUSINESS WIRE)--

Delta Apparel, Inc. (AMEX: DLA) today reported financial results for its fourth fiscal quarter and fiscal year ended June 30, 2007. The Company's results for the fiscal 2007 fourth quarter and annual period include the operations of FunTees, which was acquired on October 2, 2006. The Company's results are in-line with the preliminary results announced on July 18, 2007.

Textile Restructuring

On July 18, 2007, the Company announced its plans to restructure its U.S. textile operations by closing its manufacturing facility in Fayette, Alabama. As a part of the Company's overall restructuring of its textile manufacturing operations, the Company is also expensing its start-up and excess manufacturing costs associated with the integration of FunTees and the opening of its Honduran textile facility. The closing of the Alabama textile facility is expected to occur in the Company's fiscal first quarter of 2008, leaving the Company with two U.S. textile operations, one located in Maiden, North Carolina and the other in Fayetteville, North Carolina.

The Company expects to incur total costs of approximately \$10.0 million, or \$0.75 per diluted share, associated with the restructuring. The expenses impacted the Company's fiscal fourth quarter of 2007 and are expected to impact the first two quarters of fiscal 2008 as follows:

	FY 07 Qtr 4	FY 08 Qtr 1	FY 08 Qtr 2	Total
Cost of Sales	\$5.4 million	\$1.7 million	\$1.4 million	\$ 8.4 million

Restructuring Charges	\$1.5 million	\$0.1 million	--	\$ 1.6 million
Total	\$6.9 million	\$1.8 million	\$1.4 million	\$10.0 million
Diluted EPS Impact	\$0.51	\$0.13	\$0.10	\$0.75

The Company expects its restructuring initiatives will result in costs savings per diluted share of approximately \$0.26 in fiscal 2008, \$0.62 in fiscal 2009, and \$0.80 in fiscal 2010.

Fiscal Year 2007 Results

For the three months ended June 30, 2007, net sales increased 11.3% to a record \$91.8 million compared to \$82.5 million in the prior year's fourth quarter. Gross margins for the fiscal fourth quarter were 20.6% compared to 28.7% in the prior year fourth quarter principally as a result of the \$5.4 million in restructuring related charges. In addition, the inclusion of FunTees reduced overall gross margins for the fourth quarter as sales from the FunTees private label business carry lower margins than the Company's branded businesses. Selling, general and administrative expenses for the fiscal 2007 fourth quarter were 17.7% of sales compared to 15.9% of sales in the prior year period due to the higher selling, general and administrative costs associated with the higher Junkfood sales in the quarter, offset partially by lower management incentive costs. The Company also incurred a \$1.5 million non-cash asset impairment charge in its fiscal fourth quarter 2007 related to the reduction of its U.S. textile operations. Net income was \$0.7 million, or \$0.08 per diluted share, in the fiscal fourth quarter of 2007 compared to the prior year's level of \$6.3 million, or \$0.73 per diluted share. The Company's fourth quarter 2007 diluted earnings per share results include a restructuring related charge of \$0.51.

For the year ended June 30, 2007, net sales increased 15.7% to a record \$312.4 million compared to \$270.1 million in the prior year. Gross margins were 23.4% compared to 29.6% in the prior year due to the restructuring related charges, higher raw material pricing, lower sales in the higher margin Junkfood business, and the inclusion of the private label FunTees business that carries lower margins than the Company's branded businesses. Selling, general and administrative expenses were 18.9% of sales compared to 19.8% of sales in the prior year, primarily due to the lower selling, general and administrative expenses in the FunTees private label business. Net income for fiscal year 2007 was \$6.3 million, or \$0.73 per diluted share, compared to \$14.8 million, or \$1.71 per diluted share. Fiscal year 2007 net income includes \$0.51 per diluted share of restructuring related charges.

Robert W. Humphreys, President and CEO, commented, "During fiscal year 2007 we achieved a 15.7% sales increase to reach a record \$312.4 million in sales. Our Junkfood business experienced strong growth in our fiscal fourth quarter, with sales up over 40% from the prior year quarter. Junkfood has new licenses and customer opportunities that should allow us to build on this sales momentum into fiscal year 2008. Our Softe business achieved record revenue for fiscal year 2007, up over 7% from the prior year. Although the slower retail environment will impact Softe sales, we continue to see good sell-through of the Softe products and expect to further grow this business in fiscal year 2008. While sales in the activewear segment, including the Delta catalog business and the FunTees private label business, were not what we anticipated in fiscal 2007, we expect to achieve strong sales in

this segment in fiscal year 2008 due to the full year revenue contribution of FunTees. In addition, as our new lower cost production becomes available to our customers in the second half of the year, we will have more products to fully participate in the marketplace. We believe the demand for our off-shore decorating capabilities will be strong and should provide us with continued growth opportunities in our private label business."

Mr. Humphreys concluded, "During fiscal year 2007 we launched several initiatives which we believe will provide significant future value for our shareholders. We expect that these initiatives will be completed in the first half of fiscal 2008 and should allow us to continue profitable growth and provide us with a platform to generate superior investment returns for our shareholders. We will continue to focus on maximizing our operating performance in all key areas of our business. We are optimistic with our growth opportunities and believe our current initiatives will further position Delta Apparel as a stronger, more competitive company in the years to come."

Fiscal 2008 Guidance

For the first fiscal quarter ending September 29, 2007, the Company expects sales to be in the range of \$74 to \$78 million and diluted per share results to be in the range of (\$0.04) to \$0.00. The per share results include approximately \$0.13 per diluted share of restructuring related expenses. This compares to prior year fiscal first quarter sales of \$62.7 million and diluted earnings of \$0.26 per diluted share, inclusive of the extraordinary gain on the Softe earnout payment of \$0.08 per diluted share.

For the 2008 fiscal year ending June 28, 2008, the Company expects net sales to be in the range of \$335 to \$350 million and diluted earnings per share to be in the range of \$1.36 to \$1.52. This includes the \$3.2 million, or \$0.23 per diluted share, of anticipated expenses associated with the start-up of the new Honduran textile facility and the shutdown of the Fayette, Alabama facility that will impact results in the first two quarters of fiscal 2008.

Retail-Ready Apparel

This segment, which includes the Softe and Junkfood businesses, reported a sales increase of 7.1% to \$43.3 million for the fourth quarter of fiscal year 2007 compared to \$40.4 million in the prior year. The sales increase was driven primarily from sales in the Junkfood business, which achieved over a 40% sales growth from a year ago. While sales were softer than expected in the Softe business for the fourth quarter, the business was up over 7% for the year. Operating income for the three months ended June 30, 2007 was \$8.6 million compared to \$8.7 million in the prior year. For the fiscal year ended June 30, 2007, sales in the Retail-Ready segment were \$134.2 million compared to \$133.4 million in the prior fiscal year. Operating income declined to \$17.1 million from \$19.1 in fiscal year 2006 due primarily to lower profitability in the Junkfood business stemming from lower sales levels during the first three quarters of fiscal year 2007.

Activewear Apparel

The Activewear segment, which includes the Delta business and the newly acquired FunTees business, reported sales of \$48.5 million for the fourth quarter of fiscal 2007, a 15.4% increase from the prior year quarter. The increase in sales is primarily the result of the addition of the FunTees revenue, offset by lower sales in the Delta catalog products.

During the integration of FunTees into the existing Maiden textile facility, the Company's fabric production was lower than originally anticipated. As such, some of the expected June deliveries were not met in the FunTees business and the Company did not meet its normal service levels in its Delta catalog business. Additionally, in anticipation of being slightly inventory constrained in the first half of fiscal 2008, the Company did not participate heavily in the competitive pricing levels of commodity t-shirts, which impacted total volume in the fourth quarter. During the fourth fiscal quarter of 2007, the Company incurred restructuring related expenses totaling \$6.9 million. This expense, along with higher priced raw material prices, drove an operating loss of \$7.5 million during the fourth quarter of 2007, compared to income of \$2.1 million in the prior year fourth quarter.

For the fiscal year ended June 30, 2007, sales in the Activewear segment were \$178.2 million, an increase of 30.4% from \$136.7 million in the prior fiscal year due to the acquisition of FunTees on October 2, 2006. The Activewear segment had operating losses of \$4.8 million in fiscal year 2007, due primarily to the restructuring related expenses and higher raw material pricing.

Share Repurchases

During fiscal year 2007, the Company purchased 196,770 shares of its stock through its Stock Repurchase Program for a total cost of \$3.4 million. In a meeting held on Wednesday, August 15, 2007, the Board of Directors increased the Company's authorization to repurchase stock in open market transactions by an additional \$4.0 million pursuant to the Company's Stock Repurchase Program, bringing the total amount authorized since inception of the program to \$15.0 million. As of today, taking into account prior repurchases of Company stock pursuant to the program, the Company has Board authorization to repurchase up to an additional \$5.9 million of its stock. 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 15, 2007, the Board of Directors declared a quarterly dividend of five cents per common share of stock payable on September 10, 2007 to shareholders of record as of the close of business on August 29, 2007. 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) 981-4901. A live webcast of the conference call will be available on the Company's web site at www.deltaapparelinc.com. Please visit the website at least 15 minutes early to register for the teleconference webcast and download any necessary software. A replay of the call will be available from August 17, 2007 through August 24, 2007. To access the telephone replay, participants should dial 719-457-0820. The access code for the replay is: 1567417.

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. The Company specializes 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. The Company focuses on its 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. The Company's operations are located throughout the United States, Honduras, El Salvador and Mexico and the Company employs approximately 6,200 people worldwide. Additional information on the Company is available at www.deltaapparelinc.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 FunTees acquisition and to integrate it successfully into our business, success of company initiatives, 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 environmental matters and similar items) and other risks described in "Item 1A. Risk Factors" in our annual Report on Form 10-K for the fiscal year ended July 1, 2006 and 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		Year Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
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Net Sales	\$ 91,796	\$82,468	\$312,438	\$270,108
Cost of Goods Sold	72,872	58,761	239,365	190,222
Gross Profit	18,924	23,707	73,073	79,886
Selling, General and Administrative	16,203	13,109	59,187	53,530
Restructuring costs	1,498	-	1,498	-
Operating Income	1,223	10,598	12,388	26,356
Other (Expense) Income, net	(164)	381	(89)	657
Interest Expense, net	1,344	1,081	5,157	3,819
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(Loss) Income Before Provision for Income Taxes and Extraordinary Gain	(285)	9,898	7,142	23,194
(Benefit) Provision for Income Taxes	(970)	3,551	1,471	8,350
Income before Extraordinary Gain	685	6,347	5,671	14,844
Extraordinary Gain, Net of Taxes	-	-	672	-
Net Income	\$ 685	\$ 6,347	\$ 6,343	\$ 14,844

Weighted Average Shares

Outstanding				
Basic	8,416	8,586	8,506	8,590
Diluted	8,611	8,718	8,675	8,665

Net Income per Common Share ,
before Extraordinary Gain

Basic	\$ 0.08	\$ 0.74	\$ 0.67	\$ 1.73
Diluted	\$ 0.08	\$ 0.73	\$ 0.65	\$ 1.71

Net Income per Common Share,
after Extraordinary Gain

Basic	\$ 0.08	\$ 0.74	\$ 0.75	\$ 1.73
Diluted	\$ 0.08	\$ 0.73	\$ 0.73	\$ 1.71

June 30, July 1,
2007 2006

Current Assets:

Cash	\$ 792	\$ 642
Accounts Receivable, Net	46,444	47,525
Income Taxes Receivable	1,209	-
Inventories, Net	124,604	103,660
Deferred Income Taxes	2,874	2,710
Other Assets	2,597	2,708

Total Current Assets 178,520 157,245

Noncurrent Assets:

Property, Plant & Equipment, Net	29,407	21,164
Goodwill and Other Intangibles, Net	22,313	22,467
Other Assets	2,550	2,247

Total Noncurrent Assets 54,270 45,878

Total Assets \$232,790 \$203,123

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 54,948	\$ 49,366
Current Portion of Long Term Debt	2,927	3,683
Income Taxes Payable	-	986
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Total Current Liabilities	57,875	54,035
Noncurrent Liabilities:		
Long-Term Debt	70,491	46,967
Deferred Income Taxes	749	1,123
Other Noncurrent Liabilities	6	10
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Total Noncurrent Liabilities	71,246	48,100
Stockholders' Equity	103,669	100,988
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Total Liabilities and Stockholders' Equity	\$232,790	\$203,123
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Source: Delta Apparel, Inc.