

October 19, 2000



## **Delta Apparel Announces First Quarter Results**

ATLANTA--(BUSINESS WIRE)--Oct. 19, 2000--For the first quarter ended September 30, 2000, Delta Apparel, Inc. (AMEX: DLA) recorded sales of \$30.6 million, up 6.9% from \$28.7 million in the first fiscal quarter of last year.

The increase in sales was a result of increased unit volume. The gross margin increased to \$7.2 million, or 23.6% of sales, in the most recent quarter compared to \$3.7 million, or 12.9% of sales, in the prior year quarter. Operating earnings were \$4.6 million, up \$2.8 million from \$1.8 million in the first fiscal quarter of last year. EBITDA for the quarter increased to \$6.2 million, compared to \$3.4 million for the same period last year, an improvement of \$2.8 million.

Interest expense was \$0.3 million for the quarter, compared to \$2.2 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 September 30, 2000 was 18%, compared to 1.3% for the fiscal year ended July 1, 2000. Based on projections for 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, the valuation allowances on these net operating loss carryforwards are able to be released, resulting in an annualized effective income tax rate of 18%.

Net earnings for the quarter were \$3.5 million, versus a \$0.5 million loss in the first quarter of fiscal 2000. Net earnings were

- 11.5% of sales, compared with a loss of 1.6% of sales in the prior year quarter.

Basic and diluted earnings per share in the quarter ended September 30, 2000 were \$1.46 and \$1.46 per share, respectively.

The Company had \$9.2 million outstanding on its 5 year term loan and no borrowings on its \$25.0 million revolver on September 30, 2000. The Company also had \$3.9 million in cash and total equity of \$57.4 million on September 30, 2000.

"Delta Apparel made considerable progress during the first quarter of fiscal 2001 in accomplishing its short term and long term business objectives," said President and CEO Robert W. Humphreys.

"Delta Apparel's sales growth was on target and we exceeded our gross profit expectations

for the quarter. This performance was driven by a further improvement in our sales mix."

"We also made progress on the manufacturing front with increased output at all of our facilities compared to the first quarter of last year. During the quarter, we started training sewing operators for our Mexico expansion and are now making first quality garments in our training center."

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 and two company-operated sewing facilities in Honduras, and employs about 2,200 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)

	Quarter Ended	
	Sept 30, 2000	Oct 2, 1999
Net Sales	\$ 30,649	28,659
Cost of Goods Sold	23,408	24,966
Gross Margin	7,241	3,693
SG&A	2,660	1,905
Other Expense/(Income)	(6)	11
Operating Income	4,586	1,777
Interest Expense	295	2,213
Taxes	774	23
Net Income	\$ 3,518	\$ (459)

Weighted Average Shares

Outstanding (1999 Proforma)		
Basic	2,408	2,380
Diluted	2,417	2,380

Net Income per Common Share (1999 Proforma)		
Basic	\$ 1.46	\$ (0.19)
Diluted	\$ 1.46	\$ (0.19)

	Sept 30, 2000	Oct 2, 1999
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Current Assets		
Cash	\$ 3,899	\$ 102
Receivables	18,599	16,268
Inventories	32,016	25,716
Other Assets	1,951	1,323
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Total Current Assets	56,464	43,409
Noncurrent Assets		
Property, Plant & Equipment	25,634	29,880
Other Noncurrent Assets	308	197
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Total Noncurrent Assets	25,942	30,077
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Total Assets	\$ 82,406	\$ 73,486
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Current Liabilities		
Current Portion of Long-Term Debt	\$ 2,000	\$ 239
Other Current Liabilities	15,114	109,456
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Total Current Liabilities	17,114	109,695
Noncurrent Liabilities		
Long-Term Debt	7,167	30,457
Other Noncurrent Liabilities	696	349
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Total Noncurrent Liabilities	7,863	30,806
Stockholders' Equity/ (Divisional Deficit)	57,429	(67,015)
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Total Liabilities and Stockholders' Equity/ (Divisional Deficit)	\$ 82,406	\$ 73,486
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