

January 17, 2002



Delta Apparel Reports Fiscal Year 2002 Second Quarter Results

DULUTH, Ga., Jan 17, 2002 (BUSINESS WIRE) -- Delta Apparel, Inc. (AMEX:DLA) announces sales of \$24.3 million for the quarter ended December 29, 2001, down \$2.0 million, or 7.7%, from the prior year quarter.

Decreased sales were the result of a 4.2% decrease in unit volume and a 3.7% decrease in average selling prices from the prior year quarter. Lower average prices were the result of price decreases in certain basic styles. In addition, the drop in retail demand negatively impacted the Company's private label volume for the quarter. Operating earnings were \$1.2 million, down \$0.8 million from the prior year quarter. Lower operating earnings were primarily the result of lower selling prices, higher raw material cost and additional costs associated with the build in productivity at our new Mexico sewing facility. EBITDA for the quarter was \$2.9 million, down \$0.7 million from the prior year quarter.

Interest expense was \$0.1 million for the quarter, compared to \$0.3 million in the prior year quarter. The reduction in interest expense resulted from a decrease in average interest rates of over 300 basis points and a decrease in the average daily borrowings.

The effective income tax rate on pretax income for the three months ended December 29, 2001 was 36.9%, compared to 17.9% for the prior year quarter 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 \$0.7 million, or 2.8% of sales, down \$0.7 million from the prior year quarter. Basic and diluted earnings per share for the quarter ended December 29, 2001 were \$0.29 and \$0.28 per share, respectively, down from \$0.58 and \$0.56 basic and diluted earnings per share for the prior year quarter.

Sales for the first six months of fiscal year 2002 were \$55.4 million, down \$1.7 million, or 2.9%, from the first six months of last year. For the six months ended December 29, 2001, operating earnings were \$1.5 million, down \$5.0 million from the first six months of last year. EBITDA for the first six months of fiscal year 2002 was \$4.8 million, down \$5.1 million, or 51.7%, from the first six months of last year.

Interest expense was \$0.4 million for the six months ended December 29, 2001, compared to \$0.6 million in the first six months of last year. This reduction in interest expense resulted from a decrease in average interest rates.

Net earnings for the first six months of fiscal year 2002 were \$0.7 million, down \$4.2 million from the first six months of last year. Basic and diluted earnings per share for the six months

ended December 29, 2001 were \$0.32 and \$0.30 per share, respectively. For the six months ended December 30, 2000, basic and diluted earnings per share were \$2.04 and \$2.01 per share, respectively.

As previously reported, the Company's Tender Offer expired January 10, 2002. A total of 338,171 shares were validly tendered, not properly withdrawn, and accepted for purchase by the Company at a purchase price of \$22.00 per share.

Robert W. Humphreys, President and CEO, commented, "While results in the December quarter, traditionally our weakest quarter, were below the prior year quarter, we are encouraged with the improvement in profitability compared with the first quarter of the current fiscal year. We expect this improvement to continue in the second half of the year. While activewear demand remains weak, inventories at the distributors have been reduced which should provide a quick rebound for the industry when the general economy improves."

"We are especially pleased with the results of our Tender Offer. We believe the repurchase of our shares is an excellent use of our capital and allows us to provide liquidity for our shareholders. We still have approximately \$1.2 million authorized to continue the repurchase of shares in the open market, which we will continue to do at the current trading range. At current prices, share repurchases are accretive to our earnings."

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 2,700 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 | | Six Months Ended | |
|--------------------|--------------------|-----------------|------------------|-----------------|
| | Dec 29, 2001 | Dec 30, 2000 | Dec 29, 2001 | Dec 30, 2000 |
| Net Sales | \$ 24,337 | \$ 26,370 | \$ 55,351 | \$ 57,019 |
| Cost of Goods Sold | 20,596 | 21,653 | 48,643 | 45,062 |

| | | | | |
|---|---------|-----------------|------------------|-----------------|
| Gross Margin | 3,741 | 4,717 | 6,708 | 11,957 |
| SG&A | 2,675 | 2,762 | 5,340 | 5,422 |
| Other Income | 147 | 8 | 175 | 14 |
| | ----- | ----- | ----- | ----- |
| Operating Income | 1,213 | 1,963 | 1,543 | 6,549 |
| Interest Expense | 139 | 261 | 367 | 556 |
| Taxes | 396 | 305 | 434 | 1,079 |
| | ----- | ----- | ----- | ----- |
| Net Income | \$ 678 | \$ 1,397 | \$ 742 | \$ 4,914 |
| | ===== | ===== | ===== | ===== |
| Weighted Average Shares Outstanding | | | | |
| Basic | 2,319 | 2,411 | 2,353 | 2,409 |
| Diluted | 2,429 | 2,477 | 2,459 | 2,448 |
| Net Income per Common Share | | | | |
| Basic | \$ 0.29 | \$ 0.58 | \$ 0.32 | \$ 2.04 |
| Diluted | \$ 0.28 | \$ 0.56 | \$ 0.30 | \$ 2.01 |
| | | Dec 29, 2001 | June 30, 2001 | Dec 30, 2000 |
| | | ----- | ----- | ----- |
| Current Assets | | | | |
| Cash | | \$ 5,754 | \$ 165 | \$ 218 |
| Receivables, Net | | 13,531 | 22,042 | 18,190 |
| Income Tax Receivable | | - | 1,086 | 930 |
| Inventories | | 39,581 | 41,619 | 39,508 |
| Deferred Income Taxes | | 981 | 925 | 516 |
| Other Assets | | 1,119 | 1,597 | 1,188 |
| | | ----- | ----- | ----- |
| Total Current Assets | | 60,966 | 67,434 | 60,550 |
| Noncurrent Assets | | | | |
| Property, Plant & Equipment, Net | | 21,771 | 23,750 | 24,655 |
| Other Noncurrent Assets | | 81 | 139 | 206 |
| | | ----- | ----- | ----- |
| Total Noncurrent Assets | | 21,852 | 23,889 | 24,861 |
| | | ----- | ----- | ----- |
| Total Assets | | \$ 82,818 | \$ 91,323 | \$ 85,411 |
| | | ===== | ===== | ===== |
| Current Liabilities | | | | |
| Current Portion of Long Term Debt | | \$ 2,000 | \$ 8,435 | \$ 2,000 |
| Income Tax Payable | | 125 | - | - |
| Other Current Liabilities | | 11,495 | 12,627 | 14,250 |
| | | ----- | ----- | ----- |
| Total Current Liabilities | | 13,620 | 21,062 | 16,250 |
| Noncurrent Liabilities | | | | |
| Long-Term Debt | | 4,667 | 5,667 | 9,642 |
| Deferred Income Taxes | | 761 | 375 | 22 |
| Other Noncurrent Liabilities | | 1,038 | 736 | 724 |
| | | ----- | ----- | ----- |
| Total Noncurrent Liabilities | | 6,466 | 6,778 | 10,388 |
| Stockholders' Equity | | 62,732 | 63,483 | 58,773 |
| | | ----- | ----- | ----- |
| Total Liabilities and Stockholders' Equity | | \$ 82,818 | \$ 91,323 | \$ 85,411 |
| | | ===== | ===== | ===== |

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