

DELTA APPAREL, INC  
Form 10-Q  
February 04, 2019  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 29, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-15583

DELTA APPAREL, INC.

(Exact name of registrant as specified in its charter)

GEORGIA 58-2508794

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

322 South Main Street  
Greenville, SC 29601  
(Address of principal executive offices) (Zip Code)  
(864) 232-5200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of a "large accelerated filer," "accelerated filer" , "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
(Do not check if a smaller reporting company)				

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of January 24, 2019, there were outstanding 6,945,417 shares of the registrant's common stock, par value of \$0.01 per share, which is the only class of outstanding common or voting stock of the registrant.

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## PART 1. FINANCIAL INFORMATION

## Item 1. Financial Statements

Delta Apparel, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Amounts in thousands, except share amounts and per share data)

(Unaudited)

	December 29, 2018	September 29, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 558	\$ 460
Accounts receivable, less allowances of \$483 and \$1,475, respectively	52,952	46,537
Other receivables	3,905	342
Income tax receivable	18	38
Inventories, net	187,653	174,983
Note receivable	50	100
Prepaid expenses and other current assets	3,602	2,962
Total current assets	248,738	225,422
Property, plant and equipment, net of accumulated depreciation of \$76,044 and \$74,018, respectively	54,883	52,114
Goodwill	36,597	33,217
Intangibles, net	24,028	20,498
Deferred income taxes	1,924	1,374
Equity method investment	9,399	8,980
Other assets	1,760	2,004
Total assets	\$ 377,329	\$ 343,609
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 62,184	\$ 48,008
Accrued expenses	18,811	16,742
Current portion of contingent consideration	638	638
Current portion of capital lease financing	5,106	3,846
Current portion of long-term debt	8,176	6,577
Total current liabilities	94,915	75,811
Long-term taxes payable	3,862	4,259
Long-term capital lease financing, less current maturities	11,512	9,302
Long-term debt, less current maturities	109,322	92,083
Deferred income taxes	2,404	2,132
Contingent Consideration	9,644	9,904
Other non-current liabilities	315	—
Total liabilities	\$ 231,974	\$ 193,491
Shareholders' equity:		
Preferred stock—\$0.01 par value, 2,000,000 shares authorized, none issued and outstanding		—
Common stock —\$0.01 par value, 15,000,000 shares authorized, 9,646,972 shares issued, 96 and 6,970,770 and 6,909,446 shares outstanding as of December 29, 2018, and		96

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September 29, 2018, respectively		
Additional paid-in capital	58,663	61,979
Retained earnings	127,539	128,695
Accumulated other comprehensive income (loss)	(236	) 136
Treasury stock —2,676,202 and 2,737,526 shares as of December 29, 2018, and September 29, 2018, respectively	(40,724	) (40,881 )
Equity attributable to Delta Apparel, Inc.	145,338	150,025
Equity attributable to non-controlling interest	17	93
Total equity	145,355	150,118
Total liabilities and equity	\$ 377,329	\$ 343,609
See accompanying Notes to Condensed Consolidated Financial Statements.		

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Delta Apparel, Inc. and Subsidiaries  
Condensed Consolidated Statements of Operations  
(Amounts in thousands, except per share data)  
(Unaudited)

	Three Months Ended	
	December 2018	December 30, 2017
Net sales	\$ 101,675	\$ 90,342
Cost of goods sold	83,105	73,972
Gross profit	18,570	