

DELTA APPAREL, INC
Form 10-Q
May 07, 2018
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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 March 31, 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 (I.R.S. Employer
Incorporation or Organization) 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 Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
(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 April 26, 2018, there were outstanding 7,132,440 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)

	March 31, 2018	September 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$434	\$ 572
Accounts receivable, less allowances of \$1,447 and \$1,433, respectively	60,083	47,557
Income tax receivable	—	352
Inventories, net	172,213	174,551
Note receivable	200	2,016
Prepaid expenses and other current assets	3,985	2,646
Total current assets	236,915	227,694
Property, plant and equipment, net of accumulated depreciation of \$71,477 and \$67,780, respectively	50,093	42,706
Goodwill	29,717	19,917
Intangibles, net	20,885	16,151
Deferred income taxes	1,996	5,002
Other assets	6,288	6,332
Total assets	\$345,894	\$ 317,802
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$50,315	\$ 46,335
Accrued expenses	13,669	17,704
Income tax payable	256	—
Current portion of capital lease financing	2,336	848
Current portion of long-term debt	6,356	7,548
Total current liabilities	72,932	72,435
Long-term taxes payable	7,414	—
Long-term capital lease financing, less current maturities	8,402	2,519
Long-term debt, less current maturities	105,798	85,306
Other liabilities	—	55
Contingent consideration	5,850	1,600
Total liabilities	\$200,396	\$ 161,915
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, and 7,152,440 and 7,300,297 shares outstanding as of March 31, 2018, and September 30, 2017, respectively	96	96
Additional paid-in capital	60,561	61,065
Retained earnings	121,032	127,358

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Accumulated other comprehensive income (loss)	167	(35)	
Treasury stock —2,494,532 and 2,346,675 shares as of March 31, 2018, and September 30, 2017, respectively	(36,358)	(32,597)
Total shareholders' equity	145,498	155,887		
Total liabilities and shareholders' equity	\$345,894	\$ 317,802		

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		Six Months Ended	
	Ended		March 31, April 1,	
	March 31, April 1, 2018	2017	March 31, April 1, 2018	2017
Net sales	\$ 100,004	\$ 104,138	\$ 190,346	\$ 189,473
Cost of goods sold	77,769	79,908	151,741	147,685
Gross profit	22,235	24,230	38,605	