



Conference Call Presentation

First Quarter Ended
September 29, 2019

(Unaudited Results)

October 29, 2019

Cautionary Statement on Forward-Looking Statements

Certain statements included herein contain “forward-looking statements” within the meaning of federal securities laws about the financial condition and results of operations of the Company that are based on management’s beliefs, assumptions and expectations about our future economic performance, considering the information currently available to management. An example of such forward-looking statements include, among others, guidance pertaining to our financial outlook. The words “believe,” “may,” “could,” “will,” “should,” “would,” “anticipate,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek,” “strive” and words of similar import, or the negative of such words, identify or signal the presence of forward-looking statements. These statements are not statements of historical fact, and they involve risks and uncertainties that may cause our actual results, performance or financial condition to differ materially from the expectations of future results, performance or financial condition that we express or imply in any forward-looking statement.

Factors that could contribute to such differences include, but are not limited to: the competitive nature of the textile industry and the impact of global competition; changes in the trade regulatory environment and governmental policies and legislation; the availability, sourcing and pricing of raw materials; general domestic and international economic and industry conditions in markets where the Company competes, including economic and political factors over which the Company has no control; changes in consumer spending, customer preferences, fashion trends and end uses for products; the financial condition of the Company’s customers; the loss of a significant customer or brand partner; natural disasters, industrial accidents, power or water shortages, extreme weather conditions and other disruptions at one of our facilities; the success of the Company’s strategic business initiatives; the volatility of financial and credit markets; the ability to service indebtedness and fund capital expenditures and strategic business initiatives; the availability of and access to credit on reasonable terms; changes in foreign currency exchange, interest and inflation rates; fluctuations in production costs; the ability to protect intellectual property; the strength and reputation of our brands; employee relations; the ability to attract, retain and motivate key employees; the impact of environmental, health and safety regulations; the impact of tax laws, the judicial or administrative interpretations of tax laws and/or changes in such laws or interpretations; the operating performance of joint ventures and other equity method investments; and the accurate financial reporting of information from equity method investees.

All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the impact of each such factor on the Company. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, except as may be required by federal securities laws. The above and other risks and uncertainties are described in the Company’s most recent Annual Report on Form 10-K, and additional risks or uncertainties may be described from time to time in other reports filed by the Company with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

Non-GAAP Financial Measures

Certain non-GAAP financial measures included herein are designed to complement the financial information presented in accordance with GAAP. These non-GAAP financial measures include Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”), Adjusted EBITDA, Adjusted Working Capital and Net Debt (collectively, the “non-GAAP financial measures”).

- EBITDA represents Net income before net interest expense, income tax expense, and depreciation and amortization expense.
- Adjusted EBITDA represents EBITDA adjusted to exclude equity in loss of Parkdale America, LLC (“PAL”) and, from time to time, certain other adjustments necessary to understand and compare the underlying results of the Company.
- Adjusted Working Capital represents receivables plus inventory and other current assets, less accounts payable and accrued expenses, which is an indicator of the Company’s production efficiency and ability to manage its inventory and receivables.
- Net Debt represents debt principal less cash and cash equivalents.

The non-GAAP financial measures are not determined in accordance with GAAP and should not be considered a substitute for performance measures determined in accordance with GAAP. The calculations of the non-GAAP financial measures are subjective, based on management’s belief as to which items should be included or excluded in order to provide the most reasonable and comparable view of the underlying operating performance of the business. The Company may, from time to time, modify the amounts used to determine its non-GAAP financial measures.

We believe that these non-GAAP financial measures better reflect the Company’s underlying operations and performance and that their use, as operating performance measures, provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets, among otherwise comparable companies.

Management uses Adjusted EBITDA (i) as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of (a) items directly related to our asset base (primarily depreciation and amortization) and (b) items that we would not expect to occur as a part of our normal business on a regular basis; (ii) for planning purposes, including the preparation of our annual operating budget; (iii) as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and (iv) as one measure in determining the value of other acquisitions and dispositions. Adjusted EBITDA is a key performance metric utilized in the determination of variable compensation. We also believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity, because it serves as a high-level proxy for cash generated from operations and is relevant to our fixed charge coverage ratio. Equity in loss of PAL is excluded from Adjusted EBITDA because such results do not reflect our operating performance.

Management uses Adjusted Working Capital as an indicator of the Company’s production efficiency and ability to manage inventory and receivables. In the first quarter of fiscal 2019, in connection with changes to balance sheet presentation required by the adoption of new revenue recognition guidance, the Company updated the definition of Adjusted Working Capital to include Other current assets for current and historical calculations of the non-GAAP financial measure. Other current assets includes amounts capitalized for future conversion into inventory or receivables (e.g., vendor deposits and contract assets), and management believes that its inclusion in the definition of Adjusted Working Capital improves the understanding of the Company’s capital that is supporting production and sales activity.

In evaluating non-GAAP financial measures, investors should be aware that, in the future, we may incur expenses similar to the adjustments included herein. Our presentation of non-GAAP financial measures should not be construed as indicating that our future results will be unaffected by unusual or non-recurring items. Each of our non-GAAP financial measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results or liquidity measures as reported under GAAP. Some of these limitations are (i) it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; (ii) it does not reflect the impact of earnings or charges resulting from matters we consider not indicative of our ongoing operations; (iii) it does not reflect changes in, or cash requirements for, our working capital needs; (iv) it does not reflect the cash requirements necessary to make payments on our debt; (v) it does not reflect our future requirements for capital expenditures or contractual commitments; (vi) it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and (vii) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, these non-GAAP financial measures should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations, including those under our outstanding debt obligations. You should compensate for these limitations by relying primarily on our GAAP results and using these measures only as supplemental information.

Non-GAAP reconciliations are included in the Appendix of this presentation, except for the reconciliations of Working Capital, Adjusted Working Capital and Net Debt which are set forth on slide 6.

NET SALES AND GROSS PROFIT HIGHLIGHTS¹

(dollars in thousands)

Three-Month Comparison (Q1 FY19 vs. Q1 FY20)

<u>Net Sales</u>	<u>Polyester *</u>	<u>Nylon *</u>	<u>Brazil *</u>	<u>Asia *</u>	<u>All Other</u>	<u>Consolidated</u>
Prior Period	\$ 100,131	\$ 27,949	\$ 26,913	\$ 25,440	\$ 1,178	\$ 181,611
Volume Change	(9.6%)	(30.7%)	(3.7%)	116.7%	nm	16.1%
Price/Mix Change	(1.8%)	3.5%	(5.9%)	(32.7%)	nm	(16.4%)
FX Change ²	—	(0.5%)	(0.6%)	(3.3%)	nm	(0.6%)
Total Change	(11.4%)	(27.7%)	(10.2%)	80.7%	(21.6%)	(0.9%)
Current Period	\$ 88,695	\$ 20,202	\$ 24,172	\$ 45,957	\$ 923	\$ 179,949

<u>Gross Profit¹</u>	<u>Polyester *</u>	<u>Nylon *</u>	<u>Brazil *</u>	<u>Asia *</u>	<u>All Other</u>	<u>Consolidated</u>
Prior Period	\$ 7,801	\$ 2,144	\$ 6,418	\$ 3,532	\$ 124	\$ 20,019
Margin Rate	7.8%	7.7%	23.8%	13.9%	nm	11.0%
Current Period	\$ 7,795	\$ 1,178	\$ 4,159	\$ 4,282	\$ 29	\$ 17,443
Margin Rate	8.8%	5.8%	17.2%	9.3%	nm	9.7%

¹ Gross profit for the Polyester and Asia Segments reflect the Company's update to segment profitability completed in the fourth quarter of fiscal 2019. Prior period amounts have been revised accordingly.

² Approximates the impact of foreign currency translation.

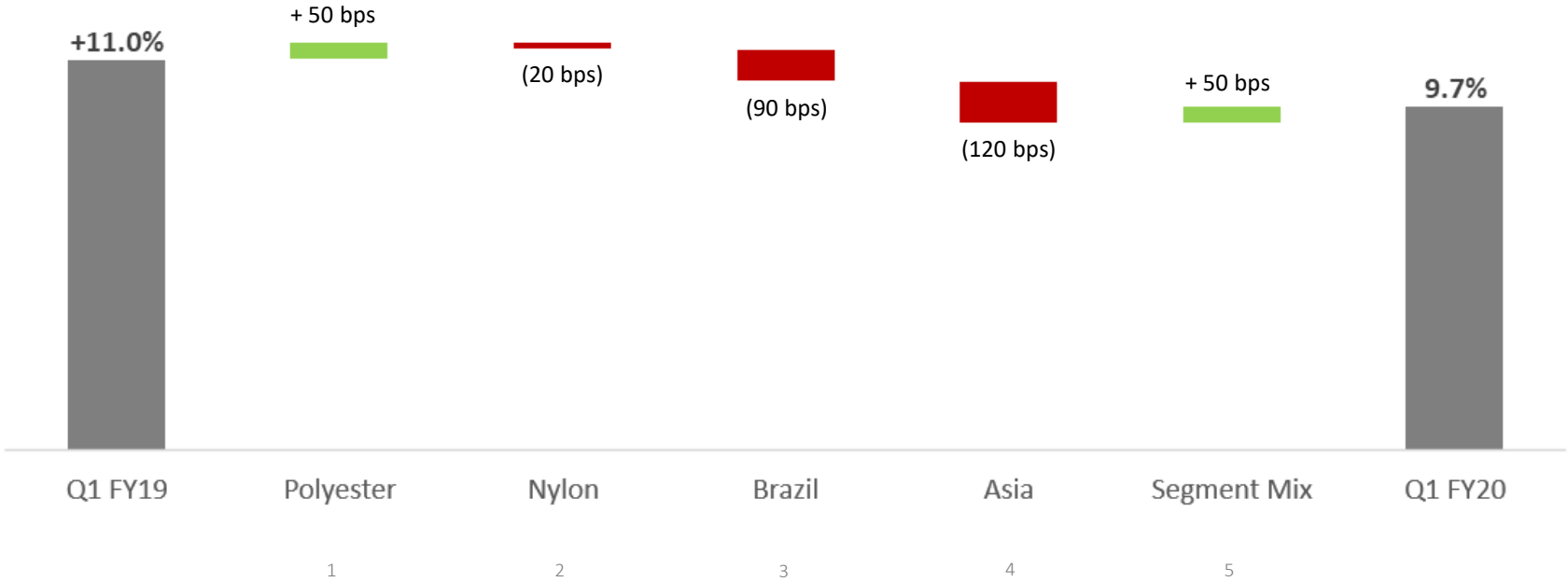
Note: The "Prior Period" ended on September 30, 2018. The "Current Period" ended on September 29, 2019. The Prior Period had 14 fiscal weeks and the Current Period had 13 fiscal weeks.

* The Polyester Segment includes operations in the U.S. and El Salvador.
The Nylon Segment includes operations in the U.S. and Colombia.
The Brazil Segment includes operations in Brazil.
The Asia Segment includes operations in Asia.

nm - Not meaningful

CONSOLIDATED GROSS MARGIN – Q1 FY19 TO Q1 FY20

(percentage points and basis points (“bps”))



When comparing consolidated gross margin from Q1 FY19 to Q1 FY20:

- ¹ The Polyester Segment experienced moderate raw material cost relief.
- ² The Nylon Segment was adversely impacted by weaker fixed cost absorption due to lower revenues.
- ³ The Brazil Segment was adversely impacted by competitive pricing pressures during a declining raw material cost environment.
- ⁴ The Asia Segment was adversely impacted by portfolio growth for certain lower-priced products.
- ⁵ Approximates the impact of segment mix.

Note: The above graphic is intended to depict the approximate impact of certain items on the consolidated gross margin profile. As many items share indirect relationships, this representation is only intended for a general understanding and not an exact calculation of relevant impacts.

EQUITY AFFILIATES HIGHLIGHTS

(dollars in thousands)

	For the Three Months Ended	
	September 29, 2019	September 30, 2018
<u>Pre-Tax (Loss) Earnings:</u>		
Parkdale America, LLC	\$ (1,175)	\$ (17)
Nylon joint ventures	309	256
Total	<u>\$ (866)</u>	<u>\$ 239</u>

<u>Distributions:</u>		
Parkdale America, LLC	\$ 10,437	\$ 4
Nylon joint ventures	—	500
Total	<u>\$ 10,437</u>	<u>\$ 504</u>

BALANCE SHEET HIGHLIGHTS

(dollars in thousands)

Working Capital and Adjusted Working Capital¹

	September 29, 2019	June 30, 2019	September 30, 2018
Cash and cash equivalents	\$ 34,118	\$ 22,228	\$ 42,195
Receivables, net	85,598	88,884	87,082
Inventories	129,447	133,781	131,961
Income tax receivable	3,605	4,373	5,522
Other current assets	16,440	16,356	15,658
Accounts payable	(41,131)	(41,796)	(46,139)
Accrued expenses	(16,162)	(16,849)	(14,214)
Other current liabilities	(18,186)	(16,088)	(19,950)
Working Capital	\$ 193,729	\$ 190,889	\$ 202,115
Less Cash and cash equivalents	(34,118)	(22,228)	(42,195)
Less Income tax receivable	(3,605)	(4,373)	(5,522)
Less Other current liabilities	18,186	16,088	19,950
Adjusted Working Capital¹	\$ 174,192	\$ 180,376	\$ 174,348
As a % of Annualized 60-day Net Sales	24.0%	24.9%	24.8%

Net Debt¹ and Total Liquidity¹

	September 29, 2019	June 30, 2019	September 30, 2018
ABL Revolver	\$ 17,000	\$ 19,400	\$ 42,200
ABL Term Loan	95,000	97,500	82,500
Other debt	10,387	11,118	16,317
Total Principal	\$ 122,387	\$ 128,018	\$ 141,017
Cash and cash equivalents	34,118	22,228	42,195
Net Debt¹	\$ 88,269	\$ 105,790	\$ 98,822
Cash and cash equivalents	\$ 34,118	\$ 22,228	\$ 42,195
Revolver availability	62,765	61,501	46,501
Total Liquidity¹	\$ 96,883	\$ 83,729	\$ 88,696

¹ Represents a non-GAAP financial measure.

FISCAL 2020 OUTLOOK

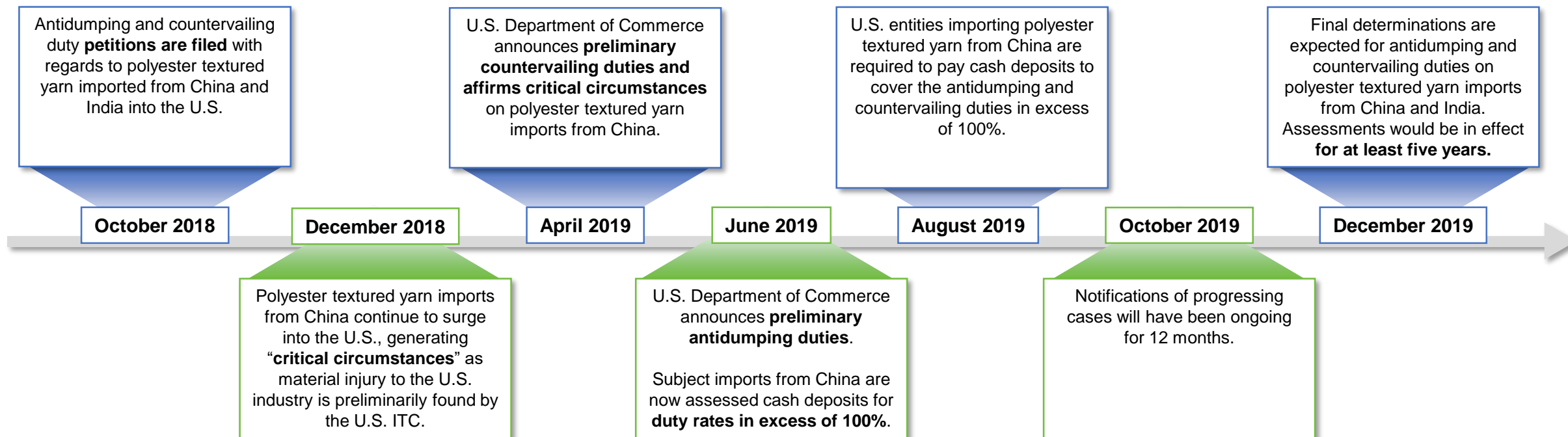
For Fiscal 2020, the Company has reaffirmed the following outlook, assuming no significant volatility in raw material costs:

Metric	Guidance
Sales volumes	High-single-digit percentage growth from fiscal 2019
Net sales	Mid-single-digit percentage growth from fiscal 2019
Operating income	Between \$22.0 million and \$27.0 million
Adjusted EBITDA ^	Between \$47.0 million and \$52.0 million
Capital expenditures	Approximately \$25.0 million
Effective tax rate	Not to exceed 25%

^ Adjusted EBITDA is a non-GAAP financial measure detailed in the Appendix.

APPENDIX

UPDATE ON RECENT TRADE ACTIONS



Approximate duty rate in effect for subject imports from China

	<u>October 2018</u>	<u>December 2018</u>	<u>May 2019</u>	<u>July 2019</u>	<u>October 2019</u>
[1]	+9%	+9%	+9%	+9%	+9%
[1]	+10%	+10%	+25%	+25%	+30%
[2]	-	-	+32% to +460%	+32% to +460%	-
[3]	-	-	-	+65%	+77%
TOTAL	19%	19%	66% to 494%	131% to 559%	116%

[1] – Regular duties (9%), plus Section 301 duties (30% effective Oct. 15, 2019) unrelated to antidumping and countervailing duty petitions in effect for polyester textured yarn imports from China into the U.S.

[2] – Preliminary countervailing duty cash deposits (suspended Sep. 1, 2019 until final determination) for polyester textured yarn imports from China into the U.S.

[3] – Preliminary antidumping duty cash deposits now in effect for polyester textured yarn imports from China into the U.S.

NON-GAAP RECONCILIATIONS

(dollars in thousands)

EBITDA and Adjusted EBITDA

	For the Three Months Ended	
	September 29, 2019	September 30, 2018
Net income	\$ 3,712	\$ 1,812
Interest expense, net	1,047	1,320
Provision for income taxes	721	2,824
Depreciation and amortization expense	5,622	5,948
EBITDA	11,102	11,904
Equity in loss of PAL	1,175	17
EBITDA excluding PAL	12,277	11,921
Other adjustments ⁽¹⁾	—	—
Adjusted EBITDA	\$ 12,277	\$ 11,921

(1) For the periods presented, there were no other adjustments necessary to reconcile EBITDA to Adjusted EBITDA.

HISTORICAL SEGMENT DATA

(dollars in thousands)

Segment Net Sales by Quarter

	For the Fiscal Quarters Ended				For the Fiscal Year Ended
	September 30, 2018	December 30, 2018	March 31, 2019	June 30, 2019	June 30, 2019
Polyester	\$ 100,131	\$ 85,789	\$ 95,745	\$ 89,105	\$ 370,770
Nylon	27,949	22,647	25,563	21,968	98,127
Brazil	26,913	24,234	25,110	26,620	102,877
Asia	25,440	34,003	32,571	40,852	132,866
Other	1,178	1,038	1,000	948	4,164
Consolidated Net Sales	<u>\$ 181,611</u>	<u>\$ 167,711</u>	<u>\$ 179,989</u>	<u>\$ 179,493</u>	<u>\$ 708,804</u>

Segment Gross Profit by Quarter

	For the Fiscal Quarters Ended				For the Fiscal Year Ended
	September 30, 2018	December 30, 2018	March 31, 2019	June 30, 2019	June 30, 2019
Polyester	\$ 7,801	\$ 3,312	\$ 4,804	\$ 7,902	\$ 23,819
Nylon	2,144	2,032	2,312	1,408	7,896
Brazil	6,418	4,409	2,776	4,976	18,579
Asia	3,532	4,324	3,841	4,003	15,700
Other	124	79	58	53	314
Consolidated Gross Profit	<u>\$ 20,019</u>	<u>\$ 14,156</u>	<u>\$ 13,791</u>	<u>\$ 18,342</u>	<u>\$ 66,308</u>

Thank You!