

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
October 22, 2014

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction of Incorporation)

1-10542
(Commission File Number)

11-2165495
(IRS Employer Identification No.)

7201 West Friendly Avenue
Greensboro, North Carolina
(Address of Principal Executive Offices)

27410
(Zip Code)

Registrant's telephone number, including area code: **(336) 294-4410**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 22, 2014, Unifi, Inc. (the "Registrant") issued a press release announcing its preliminary operating results for the first quarter ended September 28, 2014, which press release is filed as Exhibit 99.1 and is incorporated herein by reference.

ITEM 7.01. REGULATION FD DISCLOSURE.

On October 23, 2014, the Registrant will host a conference call to discuss its preliminary operating results for the first quarter ended September 28, 2014. The slide package prepared for use by management during this conference call is furnished herewith as Exhibit 99.2. All of the information in the conference call and in the slide package is being presented as of October 23, 2014, except for information for which an earlier date is indicated, and the Registrant does not assume any obligation to update such information in the future.

The information included in the preceding paragraph, as well as the exhibit referenced therein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

ITEM 8.01. OTHER EVENTS.

On October 22, 2014, the Registrant issued a press release announcing its preliminary operating results for the first quarter ended September 28, 2014, a copy of which press release is filed as Exhibit 99.1 and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

The following exhibits are filed herewith:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
99.1	Press Release dated October 22, 2014 with respect to the Registrant's preliminary operating results for the first quarter ended September 28, 2014.
99.2	Slide Package prepared for use in connection with the Registrant's conference call to be held on October 23, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIFI, INC.

By: /S/ W. RANDY EADDY

W. Randy Eaddy
General Counsel

Dated: October 23, 2014

INDEX TO EXHIBITS

EXHIBIT NO.

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99.2

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For more information, contact:
James M. Otterberg
Chief Financial Officer
(336) 316-5424

Unifi Announces First Quarter 2015 Results

GREENSBORO, N.C., October 22, 2014 – Unifi, Inc. (NYSE: UFI) today released preliminary operating results for the first quarter ended September 28, 2014. Net sales increased \$5.5 million, or 3.3%, to \$174.2 million for the September 2014 quarter compared to net sales of \$168.7 million for the prior year quarter. The year-over-year improvement in net sales is attributable to improved volume in the Company's Nylon and International Segments, along with mix enrichment improvements in the Company's Polyester Segment.

Net income for the September 2014 quarter was \$7.1 million, or \$0.39 per basic share, compared to net income of \$8.9 million, or \$0.46 per basic share, for the prior year quarter. Improved operating results for the Company's Central American operations were offset primarily by a \$2.5 million decrease in earnings from the Company's equity affiliate, Parkdale America, LLC.

Other highlights for the September 2014 quarter included:

- Gross margin increasing by 20 basis points despite larger than anticipated manufacturing variances related to the Company's July 4th shutdown;
- Adjusted EBITDA of \$14.2 million for the September 2014 quarter, a slight decline from \$14.5 million for the prior year quarter;
- Repurchase of 148,500 shares of common stock under a previously announced stock repurchase program;
- Completion of a new long-term yarn supply agreement with Hanesbrands, Inc., which will be in effect through June 30, 2018; and
- The Fifth Amendment to our Credit Agreement, which increased borrowing capacity by \$22 million.

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“We are very pleased with the growth for our textured polyester business within the CAFTA region and the continued strength of our REPREVE® recycled fiber,” said Roger Berrier, President and Chief Operating Officer of Unifi. “We will continue to drive awareness and demand for REPREVE® through high visibility partnerships and consumer activations, which include programs with the Detroit Lions of the NFL, the University of North Carolina at Chapel Hill, and *Marvel Universe Live!*. Our marketing programs have attracted the attention of many brands and retailers, and have led to the development and adoption of new programs featuring REPREVE® and our other value-added products.”

Cash and cash equivalents of \$15.8 million as of September 28, 2014 remained relatively unchanged compared to \$15.9 million as of June 29, 2014. Net debt at the end of the September 2014 quarter was \$95.8 million, compared to \$83.6 million at June 29, 2014. The Company had \$72.5 million available under its revolver as of September 28, 2014, compared to \$61.1 million as of June 29, 2014.

Bill Jasper, Chairman and CEO of Unifi, added: “Based on the success of our domestic business and the expansion of our business within the CAFTA region, the Company anticipates utilizing our cash from operations and additional borrowing capacity to fund growth related initiatives in fiscal year 2015. We are planning to increase texturing capacity in the U.S. and Central America to better serve the growing demand for synthetic yarns in the CAFTA region and to support our mix enrichment strategies. Because of the continued success and expected growth of REPREVE®, we will also continue exploring backward integration opportunities into bottle washing.”

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The Company will provide additional commentary regarding its first quarter results and other developments during its earnings conference call on October 23, 2014, at 8:30 a.m. Eastern Time. The call will be webcast live at <http://investor.unifi.com/>, will be available for replay approximately two hours after the live event, and will be archived for approximately twelve months. Additional supporting materials and information related to the call, as well as the Company's financial results for the September 2014 quarter, will also be available at <http://investor.unifi.com/>.

The Company will also host its annual investor update at the New York Stock Exchange in New York, NY, on Thursday, November 6, 2014 from 1:00 p.m. to 3:00 p.m. To attend, please contact Amber Smith at 336-316-5455 or ahsmith@unifi.com.

Unifi, Inc. (NYSE: UFI) is a multi-national manufacturing company that produces and sells textured and other processed yarns designed to meet customer specifications, and premier value-added ("PVA") yarns with enhanced performance characteristics. Unifi maintains one of the textile industry's most comprehensive polyester and nylon product offerings. Unifi enhances demand for its products, and helps others in creating a more effective textile industry supply chain, through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. In addition to its flagship REPVEVE® products – a family of eco-friendly yarns made from recycled materials – key Unifi brands include: SORBTEK®, REFLEXX®, aio® - all-in-one performance yarns, SATURA®, AUGUSTA® A.M.Y., MYNX® UV, and MICROVISTA®. Unifi's yarns are readily found in the products of major brands in the apparel, hosiery, automotive, home furnishings, industrial and other end use markets. For more information about Unifi, visit www.unifi.com; to learn more about REPVEVE®, visit www.repreve.com.

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Financial Statements to Follow

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(amounts in thousands, except share and per share amounts)

	September 28, 2014	June 29, 2014
ASSETS		
Cash and cash equivalents	\$ 15,792	\$ 15,907
Receivables, net	92,702	93,925
Inventories	114,024	113,370
Income taxes receivable	183	179
Deferred income taxes	2,171	1,794
Other current assets	5,175	6,052
Total current assets	<u>230,047</u>	<u>231,227</u>
Property, plant and equipment, net	122,887	123,802
Deferred income taxes	2,905	2,329
Intangible assets, net	6,882	7,394
Investments in unconsolidated affiliates	102,811	99,229
Other non-current assets	5,001	5,086
Total assets	<u>\$ 470,533</u>	<u>\$ 469,067</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 46,682	\$ 51,364
Accrued expenses	14,054	18,589
Income taxes payable	4,636	3,134
Current portion of long-term debt	13,347	7,215
Total current liabilities	<u>78,719</u>	<u>80,302</u>
Long-term debt	98,233	92,273
Other long-term liabilities	7,383	7,549
Deferred income taxes	2,636	2,205
Total liabilities	<u>186,971</u>	<u>182,329</u>
Commitments and contingencies		
Common stock, \$0.10 par (500,000,000 shares authorized, 18,165,459 and 18,313,959 shares outstanding)	1,817	1,831
Capital in excess of par value	42,311	42,130
Retained earnings	248,949	245,673
Accumulated other comprehensive loss	(11,556)	(4,619)
Total Unifi, Inc. shareholders' equity	<u>281,521</u>	<u>285,015</u>
Non-controlling interest	2,041	1,723
Total shareholders' equity	<u>283,562</u>	<u>286,738</u>
Total liabilities and shareholders' equity	<u>\$ 470,533</u>	<u>\$ 469,067</u>

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(amounts in thousands, except per share amounts)

	For The Three Months Ended	
	September 28, 2014	September 29, 2013
Net sales	\$ 174,182	\$ 168,669
Cost of sales	153,227	148,684
Gross profit	20,955	19,985
Selling, general and administrative expenses	11,286	10,114
Provision (benefit) for bad debts	591	(38)
Other operating expense, net	1,461	1,624
Operating income	7,617	8,285
Interest income	(317)	(1,214)
Interest expense	819	1,252
Equity in earnings of unconsolidated affiliates	(3,721)	(6,123)
Income before income taxes	10,836	14,370
Provision for income taxes	4,161	5,751
Net income including non-controlling interest	6,675	8,619
Less: net (loss) attributable to non-controlling interest	(402)	(251)
Net income attributable to Unifi, Inc.	\$ 7,077	\$ 8,870
Net income attributable to Unifi, Inc. per common share:		
Basic	\$ 0.39	\$ 0.46
Diluted	\$ 0.37	\$ 0.44

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(amounts in thousands)

	For The Three Months Ended	
	September 28, 2014	September 29, 2013
Cash and cash equivalents at beginning of year	\$ 15,907	\$ 8,755
<i>Operating activities:</i>		
Net income including non-controlling interest	6,675	8,619
Adjustments to reconcile net income including non-controlling interest to net cash provided by operating activities:		
Equity in earnings of unconsolidated affiliates	(3,721)	(6,123)
Distributions received from unconsolidated affiliates	—	2,559
Depreciation and amortization expense	4,492	4,408
Non-cash compensation expense, net	625	414
Excess tax benefit on stock-based compensation plans	—	(1,318)
Deferred income taxes	(912)	17
Other	83	1,235
Changes in assets and liabilities:		
Receivables, net	(667)	8,185
Inventories	(3,209)	(3,981)
Other current assets and income taxes receivable	508	(1,483)
Accounts payable and accruals	(5,346)	(10,102)
Income taxes payable	1,523	2,073
Other non-current assets	51	4,807
Net cash provided by operating activities	<u>102</u>	<u>9,310</u>
<i>Investing activities:</i>		
Capital expenditures	(7,383)	(5,691)
Proceeds from sale of assets	22	245
Proceeds from other investments	34	141
Other	(50)	(36)
Net cash used in investing activities	<u>(7,377)</u>	<u>(5,341)</u>
<i>Financing activities:</i>		
Proceeds from revolving credit facility	45,600	32,100
Payments on revolving credit facility	(55,300)	(39,700)
Proceeds from term loan	22,000	7,200
Common stock repurchased and retired under publicly announced programs	(4,160)	(5,768)
Proceeds from stock option exercises	—	2,373
Contributions from non-controlling interest	720	—
Excess tax benefit on stock-based compensation plans	—	1,318
Other	(669)	(18)
Net cash provided by (used in) financing activities	<u>8,191</u>	<u>(2,495)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,031)	81
Net (decrease) increase in cash and cash equivalents	<u>(115)</u>	<u>1,555</u>
Cash and cash equivalents at end of period	<u>\$ 15,792</u>	<u>\$ 10,310</u>

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RECONCILIATIONS OF NET INCOME ATTRIBUTABLE TO UNIFI, INC. TO ADJUSTED EBITDA (Unaudited)
(amounts in thousands)

The reconciliations of Net income attributable to Unifi, Inc. to EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA are as follows:

	For the Three Months Ended	
	September 28, 2014	September 29, 2013
Net income attributable to Unifi, Inc.	\$ 7,077	\$ 8,870
Provision for income taxes	4,161	5,751
Interest expense, net	502	38
Depreciation and amortization expense	4,341	4,269
EBITDA	16,081	18,928
Non-cash compensation expense	625	414
Other	1,202	1,262
Adjusted EBITDA Including Equity Affiliates	17,908	20,604
Equity in earnings of unconsolidated affiliates	(3,721)	(6,123)
Adjusted EBITDA	<u>\$ 14,187</u>	<u>\$ 14,481</u>

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NON-GAAP FINANCIAL MEASURES

Certain non-GAAP financial measures included herein are designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes such measures are useful to investors. These non-GAAP financial measures are Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA.

EBITDA represents net income or loss attributable to Unifi, Inc. before net interest expense, income tax expense, and depreciation and amortization expense. Adjusted EBITDA Including Equity Affiliates represents EBITDA adjusted to exclude non-cash compensation expense, gains or losses on extinguishment of debt, loss on previously held equity interest, and certain other adjustments. Such other adjustments include operating expenses for Repreve Renewables, restructuring charges and start-up costs, gains or losses on sales or disposals of property, plant and equipment, currency and derivative gains or losses, and other operating or non-operating income or expense items necessary to understand and compare the underlying results of the Company. Adjusted EBITDA represents Adjusted EBITDA Including Equity Affiliates adjusted to exclude equity in earnings and losses of unconsolidated affiliates. The Company may, from time to time, change the items included within Adjusted EBITDA.

EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA are alternative views of performance used by management, and we believe that investors' understanding of our performance is enhanced by disclosing these performance measures. 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 also a key performance metric utilized in the determination of variable compensation.

We believe that the use of EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA 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. We also believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense decreases as deductible interest expense increases; and depreciation and amortization are non-cash charges. Equity in earnings and losses of unconsolidated affiliates is excluded because such earnings or losses do not reflect our operating performance. The other items excluded from Adjusted EBITDA are excluded in order to better reflect the performance of our continuing operations.

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In evaluating EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the adjustments included herein. Our presentation of EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA should not be construed as indicating that our future results will be unaffected by unusual or non-recurring items. EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA are not determined in accordance with GAAP and should not be considered as substitutes for net income, operating income or any other performance measures determined in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Each of our EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not indicative of our ongoing operations;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the cash requirements necessary to make payments on our debt;
- it does not reflect our future requirements for capital expenditures or contractual commitments;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA 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.

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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 Unifi, Inc. (the “Company”) that are based on management’s beliefs, assumptions and expectations about our future economic performance, considering the information currently available to management. The words “believe,” “may,” “could,” “will,” “should,” “would,” “anticipate,” “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; they involve risk 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 worldwide 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, such as recession and other economic and political factors over which the Company has no control; changes in consumer spending, customer preferences, fashion trends and end-uses; the financial condition of the Company’s customers; the loss of a significant customer; the success of the Company’s strategic business initiatives; the continuity of the Company’s leadership; volatility of financial and credit markets; the ability to service indebtedness and fund capital expenditures and strategic initiatives; availability of and access to credit on reasonable terms; changes in currency exchange, interest and inflation rates; the ability to reduce production costs; the ability to protect intellectual property; employee relations; the impact of environmental, health and safety regulations; the operating performance of joint ventures and other equity 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 law. 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.

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Unifi, Inc.

Preliminary Results
For the First Quarter Ended
September 28, 2014

Conference Call
Slide Presentation

Cautionary Statement

Certain statements included herein contain forward-looking statements within the meaning of federal securities laws about the financial condition and results of operations of Unifi, Inc. (the "Company") that are based on management's beliefs, assumptions and expectations about our future economic performance, considering the information currently available to management. The words "believe," "may," "could," "will," "should," "would," "anticipate," "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; they involve risk 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.

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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 law. 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.

Net Sales and Gross Profit Highlights

(Amounts in Thousands, Except Percentages)

	Quarter over Quarter	
	For the Three Months Ended	
	September 28, 2014 vs. September 29, 2013	
	<u>Volume</u>	<u>Price</u>
Net Sales:		
Polyester	(4.2%)	3.6%
Nylon	10.2%	2.4%
International	4.7%	(1.6%)
Consolidated	<u>(0.2%)</u>	<u>3.5%</u>

	For the Three Months Ended	
	September 28, 2014	September 29, 2013
	Gross Profit:	
Polyester	\$ 10,455	\$ 10,360
Nylon	5,187	4,694
International	5,313	4,931
Consolidated	<u>\$ 20,955</u>	<u>\$ 19,985</u>

Income Statement Highlights

(Amounts in Thousands, Except Percentages and Per Share Amounts)

	For the Three Months Ended					
	September 28, 2014		September 29, 2013			
Net sales	\$	174,182	100.0%	\$	168,669	100.0%
Gross profit		20,955	12.0%		19,985	11.8%
Selling, general and administrative expenses		11,286	6.5%		10,114	6.0%
Operating income		7,617	4.4%		8,285	4.9%
Interest expense, net		502			38	
Equity in earnings of unconsolidated affiliates		3,721			6,123	
Income before income taxes		10,836			14,370	
Earnings per share (basic)	\$	0.39		\$	0.46	
Weighted average shares outstanding		18,289			19,264	

Equity Affiliates Highlights

(Amounts in Thousands, Except Percentages)

	For the Three Months Ended	
	<u>September 28, 2014</u>	<u>September 29, 2013</u>
<u>Earnings:</u>		
Parkdale America (34%)	\$ 3,404	\$ 5,915
Other	317	208
Total	<u>\$ 3,721</u>	<u>\$ 6,123</u>
<u>Distributions:</u>		
Parkdale America (34%)	\$ -	\$ 2,559
Other	-	-
Total	<u>\$ -</u>	<u>\$ 2,559</u>

Reconciliations of Net Income to Adjusted EBITDA

(Amounts in Thousands)

	For the Three Months Ended	
	September 28, 2014	September 29, 2013
Net income attributable to Unifi, Inc.	\$ 7,077	\$ 8,870
Provision for income taxes	4,161	5,751
Interest expense, net	502	38
Depreciation and amortization expense	4,341	4,269
EBITDA	16,081	18,928
Non-cash compensation expense	625	414
Other	1,202	1,262
Adjusted EBITDA Including Equity Affiliates	17,908	20,604
Equity in earnings of unconsolidated affiliates	(3,721)	(6,123)
Adjusted EBITDA	\$ 14,187	\$ 14,481

Working Capital Highlights

(Amounts in Thousands)

	September 28, 2014	June 29, 2014	June 30, 2013
Receivables, net	\$ 92,702	\$ 93,925	\$ 98,392
Inventories	114,024	113,370	110,667
Accounts payable	(46,682)	(51,364)	(45,544)
Accrued expenses (1)	(13,964)	(18,487)	(18,383)
Adjusted Working Capital	<u>\$ 146,080</u>	<u>\$ 137,444</u>	<u>\$ 145,132</u>
Adjusted Working Capital	\$ 146,080	\$ 137,444	\$ 145,132
Cash	15,792	15,907	8,755
Other current assets	7,529	8,025	9,016
Accrued interest	(90)	(102)	(102)
Other current liabilities	(17,983)	(10,349)	(916)
Working capital	<u>\$ 151,328</u>	<u>\$ 150,925</u>	<u>\$ 161,885</u>

(1) Excludes accrued interest

Capital Structure

(Amounts in Thousands)

	September 28, 2014	June 29, 2014	June 30, 2013
ABL Revolver	\$ 16,300	\$ 26,000	\$ 52,500
ABL Term Loan	90,000	68,000	42,800
Other	5,280	5,488	2,453
Total debt	<u>\$ 111,580</u>	<u>\$ 99,488</u>	<u>\$ 97,753</u>
Cash	15,792	15,907	8,755
Net debt	<u>\$ 95,788</u>	<u>\$ 83,581</u>	<u>\$ 88,998</u>
Cash	\$ 15,792	\$ 15,907	\$ 8,755
Revolver availability, net	72,475	61,103	36,105
Total liquidity	<u>\$ 88,267</u>	<u>\$ 77,010</u>	<u>\$ 44,860</u>

Key Dates

Form 10-Q for the fiscal quarter ended September 28, 2014

- Filing due on or before Friday, November 7, 2014

Annual Investor Update Meeting

- Thursday, November 6, 2014 from 1pm to 3pm EST
- The New York Stock Exchange
- Contact: Amber Smith
 - (336) 316-5455
 - ahsmith@unifi.com

Non-GAAP Financial Measures

Certain non-GAAP financial measures included herein are designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes such measures are useful to investors. These non-GAAP financial measures are Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA.

EBITDA represents net income or loss attributable to Unifi, Inc. before net interest expense, income tax expense, and depreciation and amortization expense. Adjusted EBITDA Including Equity Affiliates represents EBITDA adjusted to exclude non-cash compensation expense, gains or losses on extinguishment of debt, loss on previously held equity interest, and certain other adjustments. Such other adjustments include operating expenses for Repreve Renewables, restructuring charges and start-up costs, gains or losses on sales or disposals of property, plant and equipment, currency and derivative gains or losses, and other operating or non-operating income or expense items necessary to understand and compare the underlying results of the Company. Adjusted EBITDA represents Adjusted EBITDA Including Equity Affiliates adjusted to exclude equity in earnings and losses of unconsolidated affiliates. The Company may, from time to time, change the items included within Adjusted EBITDA.

EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA are alternative views of performance used by management, and we believe that investors' understanding of our performance is enhanced by disclosing these performance measures. 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 also a key performance metric utilized in the determination of variable compensation.

We believe that the use of EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA 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. We also believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense decreases as deductible interest expense increases; and depreciation and amortization are non-cash charges. Equity in earnings and losses of unconsolidated affiliates is excluded because such earnings or losses do not reflect our operating performance. The other items excluded from Adjusted EBITDA are excluded in order to better reflect the performance of our continuing operations.

Non-GAAP Financial Measures - continued

In evaluating EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA, you should be aware that in the future, we may incur expenses similar to the adjustments included herein. Our presentation of EBITDA, Adjusted EBITDA Including Equity Affiliates and Adjusted EBITDA should not be construed as indicating that our future results will be unaffected by unusual or non-recurring items. EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA are not determined in accordance with GAAP and should not be considered as substitutes for net income, operating income or any other performance measures determined in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Each of our EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not indicative of our ongoing operations;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the cash requirements necessary to make payments on our debt;
- it does not reflect our future requirements for capital expenditures or contractual commitments;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA, Adjusted EBITDA Including Equity Affiliates, and Adjusted EBITDA 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.