

2014 ANNUAL MEETING

July 24, 2014



KEY POINTS OF INTEREST – FY 2014

- ◆ **Adjusted Earnings** increased from \$.95 to \$1.35 per diluted share for the year.
- ◆ **Sales** increased by 1.7% for the year to \$542.4 million.
- ◆ **Gross profit margin** increased from 23.3% to 26.5% for the year.
- ◆ **Adjusted Operating profit margin** increased from 7.9% to 10.6% for the year.
- ◆ **Why?**

The input costs related to cotton was fairly stable during the year which meant the costs following through our operating statement was significantly less than the previous fiscal year which allowed our apparel margins to improve even though selling prices remained under pressure. In addition, print margins improved as operational efficiencies continued to be realized at the newly acquired plants.

OTHER ITEMS OF INTEREST – FY 2014

- ◆ In September 2013, we completed the acquisitions of NIC/WISCO and Folder Express, which collectively were doing about \$60 million in sales.
- ◆ In June 2014, we completed the acquisition of Sovereign Business Forms and related entities. Collectively these entities were doing approximately \$27 million in sales.

CHALLENGES IN THE YEAR AHEAD—2014

- ◆ As indicated earlier, cotton prices were fairly stable during most FY 2014, which allowed us to realize a lower cost than the previous year flowing through our operating statement. This will most likely not be the case in fiscal year 2015, as the average price of yarn in our finished goods at the start and end of our inventory cycle was about the same. So unless cotton prices fall, any reduction in selling prices will have a direct impact on our reported apparel margins.
- ◆ Lower-end retail environment continues to be fairly soft, so apparel operational environment for FY 2015 is expected to continue to be challenging.
- ◆ Continue to be opportunistic on the acquisition front. The level of potential activity continues to be relatively high.

Inventory





FIRST QUARTER ENDED MAY 31, 2014

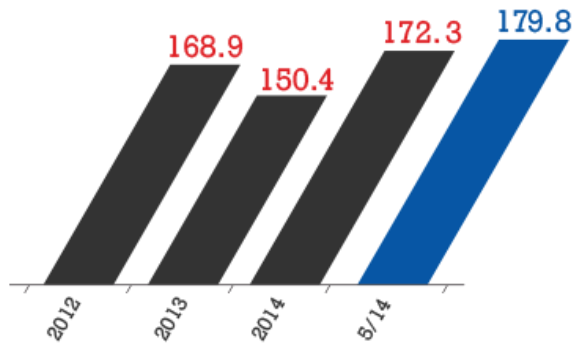
1ST QUARTER RESULTS

	5/31/14	5/31/13
Sales (1)	\$141.2M	\$138.5M
Gross Profit Margin	\$ 35.4M	\$ 35.8M
GPM% (2)	25.1%	25.9%
Operating Income	\$ 13.6M	\$ 13.6M
Net earnings	\$ 8.0M	\$ 8.5M
Diluted EPS	\$ 0.31	\$ 0.33

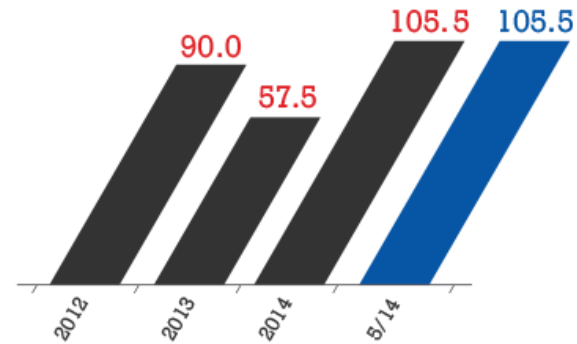
- (1) Apparel sales decreased 7.4% (volume down 2.6% and selling pricing down 4.8%). Print sales were up 8.6% for the quarter.
- (2) Apparel margin decreased 430 basis points from 20.3% to 16.0% due to lower ASP and slightly higher input costs.

FINANCIAL STRENGTH HIGHLIGHTS

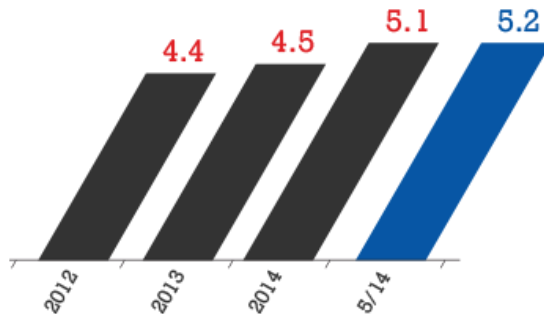
WORKING CAPITAL
(in millions)



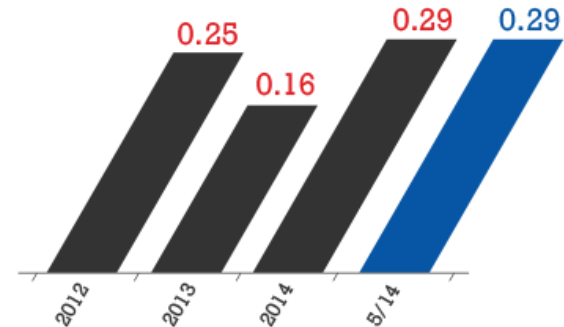
LONG-TERM DEBT
(in millions)



CURRENT RATIO
(to 1.0)



LONG-TERM DEBT TO EQUITY RATIO
(to 1.0)





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Thank you for your support!