

Unifi, Inc.
Second Qtr. Conf. Call
January 20, 2005



**Second Quarter Ended
December 26, 2004**

Conference Call

Cautionary Statement

Certain statements included herein contain forward-looking statements within the meaning of federal security laws about Unifi, Inc.'s (the "Company") financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, management's beliefs and assumptions made by management. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcome and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to, availability, sourcing and pricing of raw materials, pressures on sales prices and volumes due to competition and economic conditions, reliance on and financial viability of significant customers, operating performance of joint ventures, alliances and other equity investments, technological advancements, employee relations, changes in construction spending, capital expenditures and long-term investments (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, outcomes of pending or threatened legal proceedings, negotiation of new or modifications of existing contracts for asset management and for property and equipment construction and acquisition, regulations governing tax laws, other governmental and authoritative bodies' policies and legislation, the continuation and magnitude of the Company's common stock repurchase program and proceeds received from the sale of assets held for disposal. In addition to these representative factors, forward-looking statements could be impacted by general domestic and international economic and industry conditions in the markets where the Company competes, such as changes in currency exchange rates, interest and inflation rates, recession and other economic and political factors over which the Company has no control. Other risks and uncertainties may be described from time to time in the Company's other reports and filings with the Securities and Exchange Commission.

Income Statement Highlights

(in thousands \$)

	Second Quarter	
	2005	2004
	<hr/>	<hr/>
Total sales from continuing operations	\$208,412	\$163,146
Pre-tax loss from continuing operations	(7,772)	(11,035)
Selling, general and administrative expense	10,009	11,643
Interest expense	5,293	4,788
Depreciation expense	12,443	15,040

YTD Income Statement Highlights

(in thousands \$)

	<u>For the Year to Date Periods Ended</u>	
	<u>Dec. 26</u>	<u>Dec. 28</u>
	<u>2004</u>	<u>2003</u>
Total sales from continuing operations	\$388,002	\$323,855
Pre-tax loss from continuing operations	(10,037)	(15,121)
Selling, general and administrative expense	19,514	23,925
Interest expense	9,958	9,528
Depreciation expense	25,118	29,813

Balance Sheet Highlights

(in thousands \$, except percentages and days in receivables/payables)

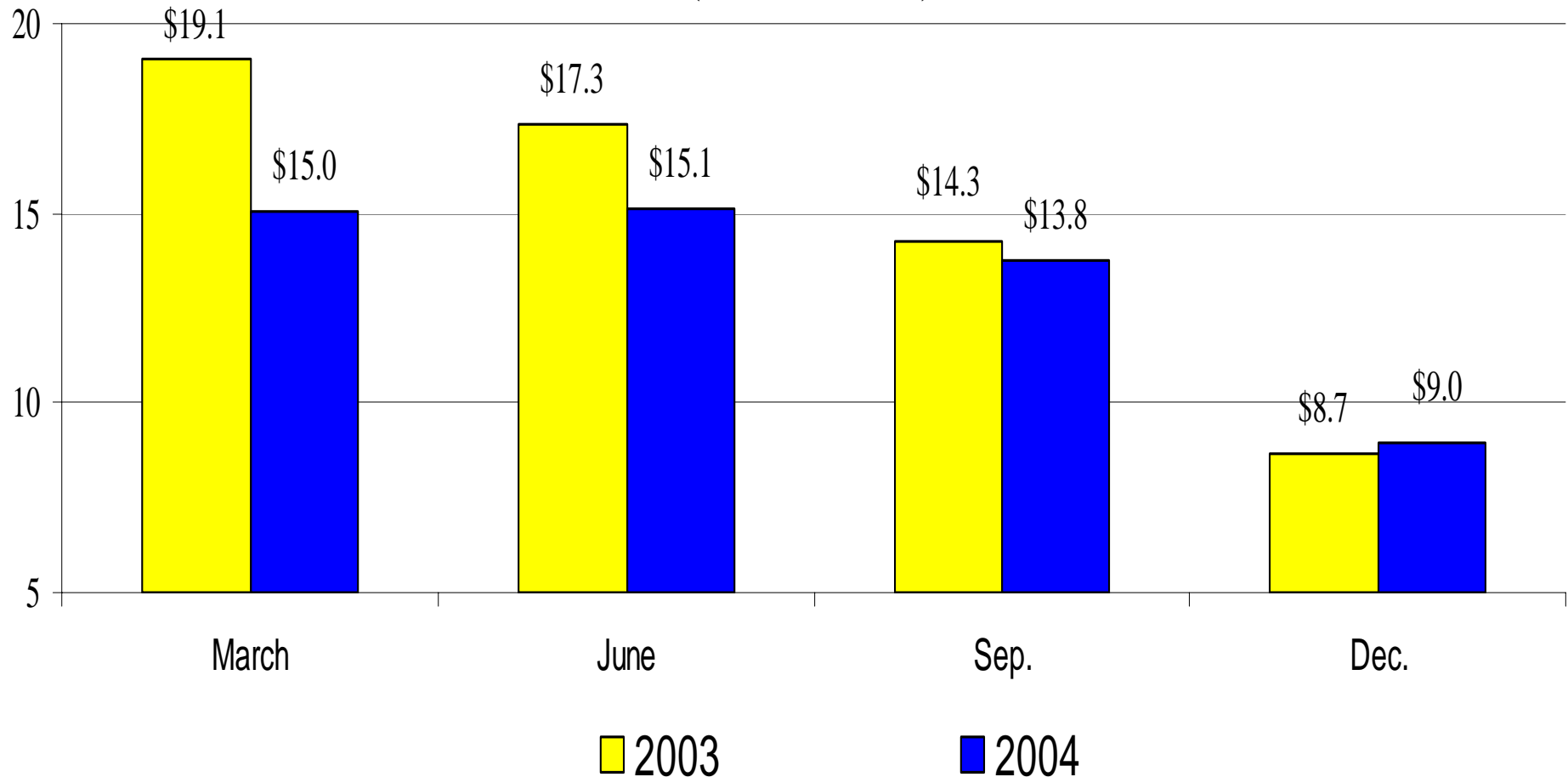
	Dec. 26 2004	Sept. 26 2004	June 27, 2004	Mar. 28, 2004
Cash	\$ 52,951	\$ 45,726	\$ 65,221	\$ 59,731
Short-Term Debt	\$ 7,394	\$ 7,055	\$ 6,719	\$ 7,133
Long-Term Debt	282,077	258,761	258,234	257,872
Total Debt	\$ 289,471	\$ 265,816	\$ 264,953	\$ 265,005
Minority Interests	\$ 4,024	\$ 4,455	\$ 4,560	\$ 4,119
Equity	\$ 383,188	\$ 384,291	\$ 401,901	\$ 410,860
Net Working Capital (1)	\$ 201,879	\$ 159,066	\$ 143,859	\$ 149,001
Days in receivable (2)	51.5	63.2	60.7	59.8
Days in payables	29.8	34.7	37.2	34.6

(1) Includes only Accounts Receivable, Inventories and Accounts Payable; excludes discontinued operations

(2) Sales annualized based on run rate for Kinston and SL Branded Apparel acquisitions

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) [1]

(in million's \$)



1 - Defined as net income before interest, taxes, depreciation and amortization, excluding equity affiliate income or loss, restructuring expenses and other special items

Reflects continuing operations only

EBITDA Reconciliation to Pre-Tax Income

(in thousands \$)

	<u>Mar-03</u>	<u>Mar-04</u>	<u>Jun-03</u>	<u>Jun-04</u>	<u>Sep-03</u>	<u>Sep-04</u>	<u>Dec-03</u>	<u>Dec-04</u>
Pre-tax loss [1]	\$ 4,766	\$ (46,531)	\$ (28,345)	\$ (8,410)	\$ (4,086)	\$ (2,265)	\$ (11,035)	\$ (7,772)
Interest expense	4,533	4,740	4,820	4,431	4,739	4,665	4,787	5,293
Depreciation expense	15,161	14,342	15,099	12,367	14,773	12,675	15,040	12,443
Income/loss from equity affiliates	(3,235)	6,507	(1,261)	481	(257)	(1,154)	146	(711)
Gain on sale of fixed asset	-	(4,049)	-	-	-	-	-	-
Minority interest	(1,163)	(4,755)	2,361	401	(955)	(188)	(1,122)	(309)
Restructuring charges	(3,486)	6,017	10,593	5,624	-	-	800	-
Impairment write-downs	-	38,702	-	-	-	-	-	-
Arbitration costs	2,458	-	13,893	179	-	-	-	-
Non cash compensation	58	61	156	21	43	36	67	13
Pension adjustment	-	-	-	-	-	-	-	-
Adjusted EBITDA	<u>\$ 19,092</u>	<u>\$ 15,034</u>	<u>\$ 17,316</u>	<u>\$ 15,094</u>	<u>\$ 14,257</u>	<u>\$ 13,769</u>	<u>\$ 8,683</u>	<u>\$ 8,957</u>

Major Components of Cash Flows

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	Continuing Operations	Discontinued Operations	Total
Net loss from continuing operations	\$ (6,222)	\$ -	(6,222)
• Depreciation & amortization	25,795	-	25,795
• Provision for bad debt and quality claims	4,649	-	4,649
• Net change in working capital - Domestic	(15,176)	-	(15,176)
• Net change in working capital - Foreign	(19,977)	19,354	(623)
• Deferred taxes	(8,835)	-	(8,835)
• Other	(1,299)	4,484	3,185
Cash provided by (used in) operating activities	(21,065)	23,838	2,773
• Capital expenditures	(3,509)	-	(3,509)
• Return of capital from equity affiliate	6,727	-	6,727
• Investment of foreign restricted assets	(574)	-	(574)
• Other	(156)	-	(156)
Cash provided by (used in) investing activities	2,488	-	2,488
• Other	6,922	(6,631)	291
Cash provided by (used in) financing activities	6,922	(6,631)	291
Cash used by discontinued operations	-	(22,566)	(22,566)
Effect of exchange rate changes on cash and cash equivalents	5,175	(431)	4,744
Net decrease in cash and cash equivalents	(6,480)	(5,790)	(12,270)
Cash and cash equivalents at beginning of period	49,565	15,656	65,221
Cash and cash equivalents at end of period	\$ 43,356	\$ 9,595	\$ 52,951