

Unifi, Inc.
Third Qtr. Conf. Call
May 1, 2008

Unifi, Inc.

Third Quarter Ended
March 23, 2008

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, as well as management's beliefs and assumptions. 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, 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

(Amounts in thousands)

	For the Quarters Ended	
	<u>March 2008</u>	<u>March 2007</u>
Total sales from continuing operations	\$169,836	\$178,202
Income (loss) from continuing operations before income taxes	1,461	(16,022)
Income (loss) from continuing operations	67	(13,923)
Selling, general and administrative expense	10,080	11,177
Interest expense	6,308	6,610
Depreciation and amortization expense	9,589	11,374
Net income (loss)	12	(13,257)

Volume and Pricing Highlights

(Amounts in thousands, except percentages)

	For the Quarter Ended March 2008 as Compared to March 2007		For the Quarter Ended March 2008 as Compared to December 2007	
	Volume	Price	Volume	Price
Polyester	(18.1)%	9.5%	(9.0)%	2.5%
Nylon	12.3%	(3.4)%	(7.6)%	(2.1)%
Consolidated	<u>(15.5)%</u>	<u>10.8%</u>	<u>(8.9)%</u>	<u>1.5%</u>

Income Statement Highlights

(Amounts in thousands)

	<u>For the Nine-Months Ended</u>	
	<u>March 2008</u>	<u>March 2007</u>
Total sales from continuing operations	\$523,741	\$505,041
Loss from continuing operations before income taxes	(28,238)	(46,301)
Loss from continuing operations	(16,944)	(42,063)
Selling, general and administrative expense	36,542	32,854
Interest expense	19,598	18,786
Depreciation and amortization expense	30,182	32,823
Net loss	(16,922)	(41,600)

Balance Sheet Highlights

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

	March 2008	December 2007	September 2007	June 2007
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 26,187	\$ 25,775	\$ 33,859	\$ 40,031
Restricted Cash	16,374	18,846	4,951	4,036
Short-Term Debt	9,382	10,247	10,548	9,345
Long-Term Debt	218,384	223,814	228,500	234,609
Total Debt	<u>227,766</u>	<u>234,061</u>	<u>239,048</u>	<u>243,954</u>
Equity	296,560	294,947	299,244	304,954
Net Working Capital (1)	\$ 183,906	\$ 174,585	\$ 180,516	\$ 166,008
Days in receivable	53.3	49.4	50.0	46.3
Days in payables	23.7	22.8	28.1	29.7

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

Adjusted EBITDA Reconciliation to Pre-Tax Income

(Amounts in thousands)

	/-----Quarters Ended -----\ September 23, 2007 December 23, 2007 March 23, 2008			Year-to-Date March 23, 2008
	Pre-tax income (loss) from continuing operations	\$ (16,087)	\$ (13,612)	\$ 1,461
Interest expense, net	5,886	5,824	5,657	17,367
Depreciation and amortization expense	10,470	10,123	9,589	30,182
Equity in (earnings) losses of				
unconsolidated equity affiliates	(178)	21	(757)	(914)
Non-cash compensation, net of distributions	109	456	(257)	308
(Gains) losses on sales of PP&E	(142)	(1,271)	(459)	(1,872)
Hedging (gains) losses	(115)	(86)	28	(173)
Write down of long-lived assets & equity affiliate	5,038	2,247	-	7,285
Restructuring charges (recoveries)	2,632	4,205	(2,199)	4,638
Non-recurring SG&A severance charges	2,368	1,696	258	4,322
Kinston shutdown expenses	822	2,498	302	3,622
Deposit write offs	1,248	-	-	1,248
Adjusted EBITDA	<u>12,051</u>	<u>12,101</u>	<u>13,623</u>	<u>37,775</u>
Dividends from unconsolidated equity affiliates	<u>694</u>	<u>-</u>	<u>482</u>	<u>1,176</u>
Adjusted EBITDA and dividends from unconsolidated equity affiliates	<u>\$ 12,745</u>	<u>\$ 12,101</u>	<u>\$ 14,105</u>	<u>\$ 38,951</u>

Non-GAAP Financial Measures

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors.

Adjusted EBITDA

Adjusted EBITDA represents pre-tax income before interest expense, depreciation and amortization expense and loss or income from discontinued operations, adjusted to exclude restructuring charges, equity in earnings and losses of unconsolidated affiliates, impairment write-downs, non-cash compensation expense, gains and losses on sales of property, plant and equipment, hedging gains and losses, deposit write offs and Kinston shutdown costs. We present Adjusted EBITDA as a supplemental measure of our performance and ability to service debt. We also present Adjusted EBITDA because we believe such measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and in measuring the ability of "high-yield" issuers to meet debt service obligations.

We 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 goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges. Equity in earnings and losses of unconsolidated affiliates is excluded because such earnings or losses do not have an impact on our ability to service our debt. The other items excluded from Adjusted EBITDA are excluded in order to better reflect our continuing operations.

In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Adjusted EBITDA and dividends from unconsolidated equity affiliates

Adjusted EBITDA and dividends from unconsolidated equity affiliates represents the same calculation of Adjusted EBITDA included above along with cash distributions from equity affiliates. We include actual cash distributions from equity affiliates along with the Adjusted EBITDA because such cash is available to service our debt, and provides investors and other interested parties a better measure of our performance and ability to service debt.

Non-GAAP

Financial Measures – Continued

Our Adjusted EBITDA measure 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 does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our Adjusted EBITDA measure does not reflect any cash requirements for such replacements;
- 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 be indicative of our ongoing operations;
- 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, 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 the notes. You should compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.