

29 July 2015

Delta Galil Reports Strong 2015 Second Quarter Results

Sales Increase 8% in Original Currency; Operating Cash Flow More than Doubles

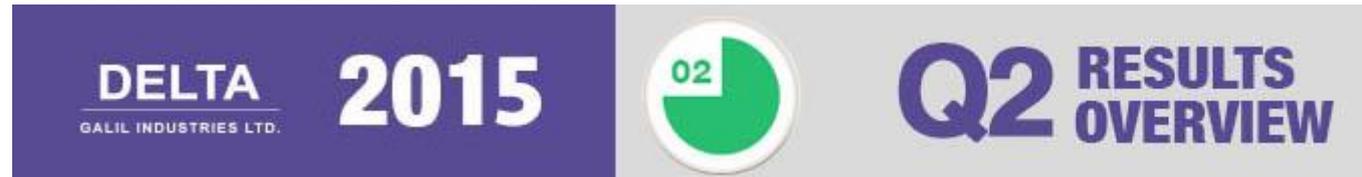
Reaffirms 2015 Guidance; Sales Expected to Reach \$1,065 Million-\$1,085 Million and

Full-Year EPS Expected to Reach \$1.88-2.00

Key Senior Management Appointments Announced:

Yossi Hajaj Named Deputy CEO, EVP and Head of Global Operations;

Jacob Heen Joins Delta Galil as CFO



2015 Second Quarter Highlights

- Sales increased to \$255.5 million in the 2015 second quarter, growing 8% in original currency (or 3% after the effect of currency translation).
- Operating cash flow rose to \$24.0 million in the 2015 second quarter, up by 135% compared to \$10.2 million a year ago.
- Operating income was \$14.5 million in the 2015 second quarter, a 7% decrease from the comparable period a year ago, primarily reflecting currency exchange rates.
- Net income attributed to shareholders was \$9.3 million in the 2015 second quarter, compared with \$9.7 million for the year-ago period.
- Diluted earnings per share attributed to shareholders were \$0.36 for the 2015 second quarter, versus \$0.38 a year ago.
- Financial guidance for 2015 was reaffirmed: full-year sales expected to be a record \$1,065 million-\$1,085 million, rising 7%-9% in constant currency. Full-year 2015 diluted EPS is expected to be \$1.88- \$2.00.
- The Board of Directors declared a dividend of \$3.5 million or \$0.139 per share, to be distributed on August 20, 2015. The determining and “ex-dividend” date will be August 6, 2015, per the Tel Aviv Stock Exchange.
- Strong balance sheet was highlighted by \$343.2 million in equity and \$199.6 million in cash as of June 30, 2015.
- Isaac Dabah, CEO of Delta Galil, stated: “Our results for the 2015 second quarter demonstrate the strength of the Company’s business model, which is built on a diverse blend of branded and private label products, an expanding global presence, and a range of market segments that, together, provide both growth momentum and balance. Thus, while the volatile currency exchange environment posed headwinds to profit growth, we still delivered our second-highest quarter for sales and increased our cash flow substantially. This also has been an important year for strategic growth initiatives.”

Tel Aviv, July 29, 2015 – Delta Galil Industries, Ltd. (DELT/Tel Aviv Stock Exchange, DELTY.PK/OTCQX), the global manufacturer and marketer of branded and private label apparel products for men, women and children, as well as leisurewear and activewear, today reported its financial results for the second quarter ended June 30, 2015.

The Company reported sales of \$255.5 million for the second quarter of 2015, up from \$249.2 million for the same quarter last year, an increase of 3% after the

effect of currency translation, and an 8% increase in original currency. Sales in the first six months of 2015 were \$508.4 million, an increase of 4% from \$487.2 million in the same period of 2014. Sales growth over the past six months benefitted from Delta Galil's focus on increasing the diversity of its geographic base and customer mix, as well as an increase in sales of branded products.

Operating income was \$14.5 million for second quarter of 2015, down 7% from \$15.5 million in the same quarter of 2014. For the first six months of 2015, operating income was down 2%, to \$29.8 million from \$30.4 million a year earlier. The decrease in operating income was driven primarily by currency translation.

Net income attributable to shareholders was \$9.3 million in the 2015 second quarter, compared to \$9.8 million in the same quarter of 2014, a 5% decrease. Diluted earnings per share attributed to shareholders were \$0.36 for the 2015 second quarter, compared to \$0.38 for the 2014 period. For the first six months of 2015, net income attributable to shareholders was \$18.2 million or \$0.71 per diluted share, compared to \$18.5 million or \$0.73 per diluted share for the same period of 2014.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our results for the 2015 second quarter demonstrate the strength of the Company's business model, which is built on a diverse blend of branded and private label products, an expanding global presence, and a range of market segments that, together, provide both growth momentum and balance. Thus, while the volatile currency exchange environment posed headwinds to profit growth, we still delivered our second-highest quarter for sales and increased our cash flow substantially."

"This also has been an important year for strategic growth initiatives," Mr. Dabah continued. "We recently announced the acquisition of the PJ Salvage brand, which will add to our branded business, increase our penetration of the upper market segment, and broaden our international footprint. The opening of our seamless R&D center at Nike HQ in Oregon, and our men's and ladies' underwear license with Columbia reflect the growth of these two important customer relationships. And, we are adding capacity with a factory in Vietnam and a dye house in Egypt, to support our continued global expansion."

"Thanks to our balanced and diversified business model and investments in growth, we are on track to deliver \$1,065 million-\$1,085 million in sales for full-year 2015, with low double-digit increases in EBITDA, net profit and diluted EPS, in constant currency. We will also continue to strengthen our operational resources, management team and to pursue growth both through organic means and strategic acquisitions."

Cash Flow, EBITDA, Net Debt, Equity and Dividend

Operating cash flow showed significant growth, rising to \$24.0 million in the second quarter and \$4.2 million in the first six months of 2015. In the respective second quarter and six month periods of 2014, operating cash flow was \$10.2 million and \$3.6 million.

EBITDA was \$19.0 million or 7.5% of sales in the 2015 second quarter, decreasing 5% compared with \$19.9 million or 8.0% of sales in the 2014 period. For the first six months of 2015, EBITDA was \$38.7 million or 8.0% of sales, compared to \$38.9 million or 8.0% of sales in the same period of 2014.

Net financial debt as of June 30, 2015 was \$71.1 million, compared to \$82.4 million as of June 30, 2014 and \$64.5 million as of December 31, 2014.

The net financial debt to EBITDA ratio was improved to 0.8 as of June 30 2015 comparing a ratio of 0.9 in June 30 2014.

Equity on June 30, 2015 was \$343.2 million, compared to \$336.3 million a year earlier.

Delta Galil declared a dividend of \$3.5 million, or \$0.139 per share, to be distributed on August 20, 2015. The determining and “ex-dividend” date will be August 6, 2015, per the Tel Aviv Stock Exchange.

Reaffirming Guidance for 2015

The Company today reiterated its 2015 financial guidance, excluding non-recurring items, which is based on current market conditions and current exchange rates of \$1.10 per Euro and 3.80NIS per US\$, reflecting a strong outlook for sales and profitability.

- Full-year 2015 sales are expected to range between \$1,065 million-\$1,085 million, representing an increase of 3%-5% (equivalent to 7% to 9% in constant currency) from 2014 actual sales of \$1,031.9 million.
- Full-year 2015 EBIT is expected to range between \$75 million-\$79 million, representing an increase of 1%-6% from 2014 actual EBIT of \$74.4 million; excluding the exchange rate impact the increase is between 12%-17%.
- Full-year 2015 EBITDA is expected to range between \$94 million-\$99 million, representing an increase of 1%-6% from 2014 actual EBITDA of \$93 million; excluding the exchange rate impact the increase is between 10%-15%.
- Full-year 2015 net income is expected to range between \$48.5 million-\$51.5 million, representing an increase of 0%-6% from 2014 actual net income of \$48.4 million; excluding the exchange rate impact the increase is between 12%-18%.
- Full-year 2015 diluted EPS is expected to range between \$1.88-\$2.00, representing an increase of 1%-8% from 2014 actual EPS of \$1.86; excluding the exchange rate impact the increase is between 13%-19%.

Key Senior Management Appointments

Separately, Delta Galil today announced several key appointments to its senior management team, in a move designed to continue and accelerate the Company's growth.

Yossi Hajaj, currently the Company's CFO, will be appointed Deputy CEO, EVP and Head of Global Operations. In this capacity, he will be responsible for Delta's growing global production and other key operations.

Jacob Heen will join Delta's senior management team and will succeed Mr. Hajaj as CFO, effective in October 2015. Mr. Heen comes with deep financial management experience, having served as CFO of Tnuva, Israel's leading food products group, and Cellcom, Israel's largest telecommunications company.

Mr. Dabah stated: “We are pleased to announce significant senior management appointments that will enable us to continue Delta Galil's transformation as a major global apparel company and support our increased scale, global reach and operation diversification. The promotion of Yossi Hajaj as Deputy CEO, EVP and Head of Global Operations, along with the addition of Jacob Heen as CFO, demonstrates the Company's strategy to grow managers from within, as

well as recruit talented personnel from the outside. We are fortunate to have the new expertise of Jacob Heen and the long-term contributions of Yossi Hajaj to strengthen Delta's senior management team and advance our business goals."

Yossi Hajaj joined Delta in 1997, and has served as Chief Financial Officer since 2004. During his tenure, he contributed to the Company's growth over the last 6 years

Delta's incoming CFO, Jacob Heen, comes from Tnuva, Israel's largest food products group, where he serves as Corporate CFO since 2013. During his tenure, he was responsible for preparing the company for an IPO and its eventual acquisition by the Chinese Bright Food Group, during which he managed and supported the transition process with the new shareholders.

Prior to Tnuva, Mr. Heen served as CFO of Cellcom, where he was responsible for all financial activities of the group, including strategy, business development and investor relations in Israel and abroad, and managed all financial processes for the dual-listed company (NYSE, TASE) in compliance with SEC standards. He also was active in capital raising, having led three debenture offerings in the TASE raising a total sum of over NIS 3 billion, and led the negotiation, completion and integration of two strategic transactions (the Netvision and Dynamica acquisitions).

Miki Laxer has been promoted to VP Finance. Miki joined the Company in 1999 and since 2004 has acted as Chief Comptroller and Secretary. In the last few years Mr. Laxer played an integral part in the Company's strategic process.

Yaniv Benedek has been promoted to Chief Comptroller. Yaniv has been with the Company since 2011 as Assistant Comptroller.

About Delta Galil Industries

Delta Galil Industries is a global manufacturer and marketer of branded and private label apparel products for men, women and children. Since its inception in 1975, the Company has continually strived to create products that follow a body-before-fabric philosophy, placing equal emphasis on comfort, aesthetics and quality. Delta Galil develops innovative seamless apparel including bras, shapewear and socks; intimate apparel for women; extensive lines of underwear for men; babywear, activewear, sleepwear, and leisurewear. For more information, visit www.deltagalil.com.

Safe Harbor Statement

Matters discussed in this press release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipate," "believe," "estimate," "may," "intend," "expect" and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein, and while expected, there is no guarantee that we will attain the aforementioned anticipated developmental milestones. These forward-looking statements are based largely on the expectations of the Company and are subject to a number of risks and uncertainties. These include, but are not limited to, risks and uncertainties associated with: the impact of economic, competitive and other factors affecting the Company and its operations, markets, product, and distributor performance, the impact on the national and local economies resulting from terrorist actions, and U.S. actions subsequently; and other factors detailed in reports filed by the Company.

