Press Release

Delta Galil Reports Strong Performance for Third Quarter of 2014

Net Income Rises 9% from Year-Ago Period

Sales and EBITDA Increase 4%, Setting New Quarterly Records

Trailing 12 Months' Sales Exceed $1 Billion

Outlines Strategies for Long-Term Growth

Quarterly Highlights

- Sales increased to $267.2 million in the 2014 third quarter, up 4% from the same period of 2013.

- Operating income was $21.7 million in the 2014 third quarter before one-time items, up 2% from a year ago.

- EBITDA was $26.1 million or 9.8% of sales in the 2014 third quarter, increasing 4% compared to the 2013 third quarter.

- Net income attributed to shareholders rose to $13.8 million in the 2014 third quarter, increasing 9% from the comparable amount of $12.6 million a year ago.

- Diluted earnings per share attributed to shareholders rose to $0.54 for the 2014 third quarter, up 8% from $0.50 a year ago.

- The Board of Directors declared a dividend of $3.5 million or $0.14 per share, to be distributed on November 25, 2014. The determining and "ex-dividend" date will be November 12, 2014, per the Tel Aviv Stock Exchange.

- Strong balance sheet was highlighted by $335.6 million in equity as of September 30, 2014, and $147.7 million in cash and equivalents.

- Isaac Dabah, CEO of Delta Galil, stated: "Our strong results for 2014 to-date have put the Company firmly on track for a year of record sales and earnings, including our first full year of $1 billion-plus in sales. To continue our strong growth momentum we are pursuing a number of strategic initiatives, with a goal of significantly increasing our sales over the next five years through both organic means and acquisitions."

Tel Aviv, November 4, 2014 – 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, today reported its financial results for the third quarter and nine months ended September 30, 2014.

The Company reported sales of $267.2 million for the third quarter of 2014, an increase of 4% from $257.2 million for the same quarter of 2013. Sales in the first nine months of 2014 were

$754.5 million, an increase of 5% from $718.8 million in the same period of 2013. Sales growth over the past nine 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 $21.7 million for third quarter of 2014 before one-time items, up 2% from $21.3 million in the same quarter of 2013. For the first nine months of 2014, operating income rose 11%, to $52.0 million from $46.8 million a year earlier.

The growth in operating income reflected Delta Galil's increasing sales and a wider gross profit margin, due in part to the expansion of its branded products business. Gross profit increased to 30.9% of sales for both the third quarter and nine months of 2014, up from 30.4% in the third quarter and 29.5% in the nine months of 2013. This was partly offset by higher selling and marketing expenses as the Company invested in the growth of its business.

Net income attributable to shareholders was $13.8 million in the 2014 third quarter, compared to $12.6 million in the same quarter of 2013, a 9% increase. Diluted earnings per share attributed to shareholders rose to $0.54 for the 2014 third quarter, from $0.50 for the 2013 period. For the first nine months of 2014, net income attributable to shareholders was $32.3 million or $1.26 per diluted share, compared to $28.1 million or $1.11 per diluted share for the same period of 2013.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our strong results for 2014 to-date have put the Company firmly on track for a year of record sales and earnings, including our first full year of $1 billion-plus in sales. To continue our strong growth momentum we are pursuing a number of strategic initiatives, with a goal of significantly increasing our sales over the next five years through both organic means and acquisitions. The Company is adding world-class management talent in key areas such as the U.S. Intimates business, global manufacturing, and acquisitions and corporate development. We are growing our Activewear business by penetrating new distribution channels and partnering with customers to create innovative products. And we will centralize and consolidate some office locations to promote greater efficiency, teamwork and more agile decision-making."

"As we invest for long-term, consistent growth, our strategies will be supported by a solid balance sheet with $147.7 million in cash and $335.6 million in equity. Throughout the year, we have allocated capital to expanding our manufacturing capacity, enhancing our retail store operations in Israel and Europe, and other investments in our future."

"Our strategy going forward remains focused on organic growth and acquisitions; further development of our branded, retail and activewear businesses; and continual innovation as a source of competitive advantage," Mr. Dabah concluded.

EBITDA, Cash Flow, Net Debt, Equity and Dividend

EBITDA was $26.1 million or 9.8% of sales in the 2014 third quarter, increasing 4% compared with $25.2 million or 9.8% of sales in the 2013 period. For the first nine months of 2014, EBITDA rose 10% to $65.0 million or 8.6% of sales, compared to $59.3 million or 8.2% of sales in the same period of 2013.

Operating cash flow was $14.8 million in the third quarter and $18.4 million in the first nine months of 2014. In the respective third quarter and nine month periods of 2013, operating cash flow was $19.4 million and $24.1 million. Operating cash flow for the last four quarters was $40.6 million.

Net financial debt decreased to $77.3 million at September 30, 2014 from $85.4 million at September 30, 2013.

The net financial debt to EBITDA ratio (based on the last four quarters) improved to 0.8 as of September 30, 2014, down from 1.0 a year earlier.

Equity on September 30, 2014 was $335.6 million, up from $305.7 million a year earlier.

Delta Galil declared a dividend of $3.5 million or $0.14 per share, to be distributed on November 25, 2014. The determining and "ex-dividend" date will be November 12, 2014, per the Tel Aviv Stock Exchange

2014 Updated Financial Guidance

Delta Galil also has updated its 2014 financial guidance.

- Full-year 2014 sales are expected to range between $1,040 million-$1,050 million, representing an increase of 7%-8% from 2013 sales of $974.7 million.

- Full-year 2014 EBIT is expected to range between $77 million-$79 million, representing an increase of 13%-16% from 2013 EBIT of $67.9 million.

- Full-year 2014 EBITDA is expected to range between $95 million-$97 million, representing an increase of 10%-13% from 2013 EBITDA of $86.2 million.

- Full-year 2014 net income is expected to range between $50 million-$51 million, representing an increase of 13%-15% from 2013 net income of $44.3 million.

- Full-year 2014 diluted EPS is expected to range between $1.95-$2.00, representing an increase of 11%-14% from 2013 EPS of $1.75.

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.

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DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets
As of September 30, 2014

	September 30		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	**147,727**	85,541	97,346
Restricted Cash	**196**	1,421	1,448
Other accounts receivable:			
Trade receivables	**114,437**	113,968	112,293
Taxes on income receivable	**3,173**	2,040	2,427
Others	**15,987**	23,435	9,522
Financial derivative	**1,074**	1,994	2,955
Inventory	**201,790**	175,433	169,303
Assets classified as held for sale	**1,000**	1,018	1,000
Total current assets	**485,384**	404,850	396,294
Non-current assets:			
Long-term receivables	**17,788**	8,015	15,520
Investment property	**4,316**	4,790	4,850
Fixed assets, net of accumulated depreciation	**98,153**	97,906	95,797
Intangible assets, net of accumulated amortization	**121,761**	119,143	118,135
Deferred tax assets	**11,631**	9,232	9,560
Financial derivative	**9,340**	7,256	10,942
Total non-current assets	**262,989**	246,342	254,804
Total assets	**748,373**	651,192	651,098

	September 30		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	Thousands of Dollars		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	**830**	40,202	26,438
Current maturities of long-term loans from banking corporations		300	150
Current maturities of debentures	**24,353**	18,051	17,847
Financial derivative	**756**		
Other accounts payable:			
Trade payables	**90,815**	81,099	71,283
Taxes on income payable	**4,409**	4,552	4,401
Others	**55,236**	55,725	56,441
Total current liabilities	**176,399**	199,929	176,560
Non-current liabilities:			
Severance pay liabilities less plan assets	**2,290**	2,950	2,105
Other non-current liabilities	**21,802**	17,997	17,196
Debentures	**205,400**	120,793	129,717
Reserve for deferred taxes	**3,800**	3,786	3,630
Financial derivative	**3,045**		
Total non-current liabilities	**236,337**	145,526	152,648
Total liabilities	**412,736**	345,455	329,208
Equity:			
Equity attributable to equity holders of the parent company:			
Share capital	**23,555**	23,467	23,499
Share premium	**127,737**	126,092	127,024
Other capital reserves	**7,403**	13,639	16,212
Retained earning	**186,763**	151,343	163,990
Treasury shares	**(10,933)**	(10,996)	(10,996)
	334,525	303,545	319,729
Minority interests	**1,112**	2,192	2,161
Total equity	**335,637**	305,737	321,890
Total liabilities and equity	**748,373**	651,192	651,098

DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income
For the 3-month and 9-month periods ending September 30, 2014

	Nine months ended September 30		% Increase/(Decrease)	Three months ended September 30		% Increase/(Decrease)
	2014	2013		2014	2013	
	(Unaudited)					
	Thousands of Dollars					
	Except for Earnings per Share Data					
Sales	**754,463**	718,822	*5%*	**267,237**	257,199	*4%*
Cost of sales	**521,620**	506,696		**184,587**	178,931	
Gross profit	**232,843**	212,126	*10%*	**82,650**	78,268	*6%*
% of sales	***30.9%***	*29.5%*		***30.9%***	*30.4%*	
Selling and marketing expenses	**156,772**	138,540	*13%*	**53,252**	47,733	*12%*
% of sales	***20.8%***	*19.3%*		***19.9%***	*18.6%*	
Administrative and general expenses	**26,401**	27,791	*(5%)*	**8,587**	8,455	*2%*
% of sales	***3.5%***	*3.9%*		***3.2%***	*3.3%*	
Other income (expenses), net	**2,703**	1,037		**1,084**	(794)	
Share in losses of associated companies accounted for using the equity method	**324**			**223**		
Operating income before one-time items	**52,049**	46,832	*11%*	**21,672**	21,286	*2%*
% of sales	*6.9%*	*6.5%*		*8.1%*	*8.3%*	
Restructuring expenses	**182**	1,529		**182**	1,529	
Operating income	**51,867**	45,303	*14%*	**21,490**	19,757	*9%*
Finance expenses, net	**10,752**	7,518	*43%*	**4,664**	2,228	*109%*
Income before tax on income	**41,115**	37,785		**16,826**	17,529	
Taxes on income	**8,214**	9,622		**3,028**	4,855	
Net income for the period	**32,901**	28,163	*17%*	**13,798**	12,674	*9%*
Net income for the period before onetime items, net	**33,064**	29,737	*11%*	**13,961**	14,248	*(2%)*
Attribution of net earnings for the period:						
Attributed to company's shareholders	**32,260**	28,073	*15%*	**13,768**	12,644	*9%*
Attributed to non-controlling interests	**641**	90		**30**	30	
	32,901	28,163		**13,798**	12,674	
Net diluted earnings per share attributed to company's shareholders	**1.26**	1.11	*14%*	**0.54**	0.50	*8%*
Net diluted earnings per share attributed to company's shareholders before one-time items, net	**1.27**	1.17	*9%*	**0.55**	0.56	*(2%)*

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month and 9-month periods ending September 30, 2014

	Nine months ending September 30		Three months ending September 30	
	2014	2013	2014	2013
	(Unaudited)			
	Thousands of Dollars			
Cash flows from operating activities:				
Net income for the period	**32,901**	28,163	**13,798**	12,674
Adjustments required to reflect cash flows deriving from operating activities	**4,241**	14,067	**9,975**	14,782
Interest paid in cash	**(9,079)**	(6,166)	**(4,213)**	(3,583)
Interest received in cash	**220**	287	**38**	180
Taxes on income paid in cash, net	**(9,865)**	(12,247)	**(4,785)**	(4,678)
Net cash generated from operating activities	**18,418**	24,104	**14,813**	19,375
Cash flows from investment activities:				
Acquisition of fixed assets and intangible assets	**(18,534)**	(15,904)	**(6,166)**	(6,293)
Investments in associated companies	**(6,502)**		**(1,500)**	
Restricted cash release	**1,252**	1,434	**271**	424
Proceeds from realization of assets held for sale, net of tax		1,577		574
Proceeds from selling of fixed asset	**1,807**	526	**68**	60
Payments related to realization of asset held for sale (Tax payment related to the realization)	**(1,989)**	2,118		2,118
Loans to subcontractor, net	**55**	(412)	**19**	(12)
Others	**24**	(115)	**33**	(67)
Net cash used for Investing activities	**(23,887)**	(10,776)	**(7,275)**	(3,196)
Cash flows from financing activities:				
Dividends paid to non-controlling interest holders in consolidated subsidiary	**(1,690)**	(63)	**(29)**	(63)
Long term payables credit for fixed assets purchase	**(2,289)**	(1,577)	**(487)**	(201)
Debentures principle pay down	**(11,285)**	(11,285)	**(11,285)**	(11,285)
Debentures issuance return, excluding issuance expenses	**107,532**	49,710	**45,650**	49,710
Dividend paid	**(10,000)**	(7,500)	**(3,500)**	(2,500)
Repayment of loans and other long-term liabilities	**(566)**	(2,723)	**(236)**	(839)
Short-term credit from banking corporations, net	**(25,344)**	(795)	**(5,515)**	489
Proceeds from exercise of employee options	**832**	2,028	**583**	212
Net cash generated from financing activities	**57,190**	27,795	**25,181**	35,523
Net increase in cash and cash equivalents	**51,721**	41,123	**32,719**	51,702
Exchange rate differences and revaluation of cash and cash equivalents, net	**(1,340)**	(1,057)	**(1,812)**	(986)
Balance of cash and cash equivalents at the beginning of the period	**97,346**	45,475	**116,820**	34,825
Balance of cash and cash equivalents at the end of the Period	**147,727**	85,541	**147,727**	85,541

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month and 9-month periods ending September 30, 2014

	Nine months ending September 30		Three months ending September 30	
	2014	**2013**	**2014**	**2013**
	(Unaudited)			
	Thousands of Dollars			
Adjustments required to reflect cash flows from operating activities:				
Revenues and expenses not involving cash flow:				
Depreciation	**11,001**	10,701	**3,769**	3,397
Amortization	**1,948**	1,750	**667**	552
Cash erosion, net	**437**	1,175	**976**	1,191
Interest paid in cash	**9,079**	6,166	**4,213**	3,583
Interest received in cash	**(220)**	(287)	**(38)**	(180)
Taxes on income paid in cash, net	**9,865**	12,247	**4,785**	4,678
Deferred taxes on income, net	**(1,461)**	106	**(66)**	879
Severance pay liability, net	**341**	275	**117**	(25)
Restructuring expenses, net	**(182)**	1,529	**(182)**	1,529
Capital gain from sale of fixed assets and asset held for sale	**(1,339)**	(1,103)	**(20)**	240
Change to the benefit component of options and restricted shares granted to employees	**513**	377	**164**	140
Change to the fair value of financial derivatives	**(671)**	262	**(114)**	753
Share in losses of associated companies accounted for using the equity method	**324**	-	**223**	-
Increase in liabilities of Long-term employee bonuses	**463**	814	**(532)**	814
Changes in long term balances	**995**	(416)	**681**	(177)
Others	**201**	123	**580**	181
	31,294	33,719	**15,223**	17,555
Changes to operating assets and liabilities:				
Decrease (increase) in trade receivables	**(1,638)**	(4,768)	**6,900**	2,707
Increase in other receivable and debtor balances	**(3,586)**	(4,002)	**(133)**	(77)
Increase in trade payables	**22,768**	9,205	**11,022**	9,442
Increase (decrease) in other payables	**(5,201)**	3,777	**(3,003)**	(532)
Increase in inventory	**(39,396)**	(23,864)	**(20,034)**	(14,313)
	(27,053)	(19,652)	**(5,248)**	(2,773)
	4,241	14,067	**9,975**	14,782