Press Release

Delta Galil Reports 2014

6th consecutive year of sales growth

First year to cross the $1 billion mark, with improved profitability

Mr. Isaac Dabah, Delta Galil CEO: "We summarize today six years of growth and increased profitability. With $ 167 million cash on hand, a strong balance sheet and strengthened management, we are ready to rise to the next level."

2014 Fourth Quarter Highlights

- Sales increased to $277.4 million in the 2014 fourth quarter, up 8% from the same period of 2013, sales in original currency increased by 12%.

- 2014 sales crossed $1 billion and amounted to $1,031.9 million, for a 6th consecutive year of growth.

- Operating income was $22.3 million in the 2014 fourth quarter before one-time items, up 6% from a year ago.

- EBITDA was $28.0 million or 10.1% of sales in the 2014 fourth quarter, increasing 4% compared to the 2013 fourth quarter.

- Net income excluding non-recurring items rose to $15.3 million in the 2014 fourth quarter, increasing 6% from the comparable amount a year ago.

- Diluted earnings per share attributed to shareholders rose to $0.60 for the 2014 fourth quarter, excluding non-recurring items, rising 5% from a year ago.

- Operating cash flow in 2014 amounted to $53.3 million compared to $46.2 million in 2013.

- Strong balance sheet was highlighted by $332.6 million in equity as of December 31, 2014, and $167.4 million in cash and equivalents

- Initial 2015 financial guidance: 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. Full-year 2015 diluted EPS is expected to range between $1.88-$2.00.

- The Board of Directors declared a dividend of $3.5 million or $0.139 per share, to be distributed on March 24, 2015. The determining and "ex-dividend" date will be March 9, 2015, per the Tel Aviv Stock Exchange.

- Isaac Dabah, CEO of Delta Galil, stated: "Our performance in 2014 set records in many key areas, including our first full year of sales over $1 billion, and meaningful increases in operating income, cash flow and net income. As a global enterprise, we are capitalizing on the growth potential of diverse markets around the world. Delta Galil is relentless in seeking new opportunities to innovate, grow and enhance our shareholder value."

Tel Aviv, February 26, 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, children, Leisurewear and Activewear, today reported its financial results for the fourth quarter and full year ended December 31, 2014.

Delta Galil reported sales of $277.4 million for the fourth quarter of 2014, an increase of 8% from $255.9 million for the same quarter of 2013 and 12% increase in original currency. Sales for the full year 2014 were $1,031.9 million, an increase of 6% from $974.7 million in 2013. Representing the Company's first full year of sales over $1 billion, the annual increase reflected top-line growth in all key geographic regions, as well as the positive impact of Delta Galil's diverse customer mix and growing sales of branded products.

Operating income was $22.3 million for fourth quarter of 2014 before one-time items, up 6% from $21.1 million in the same quarter of 2013. For the full year 2014, operating income before one-time items rose 9%, to $74.4 million from $67.9 million a year earlier.

The growth in full year operating income reflected the Company's growing sales and higher gross profit margin, partly offset by increased selling and marketing expenses as it invested in the growth of its business. Gross profit was 30.7% of sales for the fourth quarter and 30.8% for the full year 2014, compared with 32.1% of sales for the fourth quarter and 30.2% for the full year 2013.

Net income excluding non-recurring items was $15.3 million in the 2014 fourth quarter, a 6% increase compared with $14.5 million a year earlier. Diluted earnings per share attributed to shareholders, excluding non-recurring items, rose to $0.60 for the 2014 fourth quarter, from $0.57 for the 2013 period. For the full year 2014, net income excluding non-recurring items was $48.4 million or $1.86 per diluted share, compared to $44.3 million or $1.75 per diluted share for 2013.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our performance in 2014 set records in many key areas, including our first full year of sales over $1 billion, and meaningful increases in operating income, cash flow and net income. As a global enterprise, we are capitalizing on the growth potential of diverse markets around the world. In the past year, our progress included double-digit top-line growth and improved profitability for Delta USA, higher sales and EBIT at Delta Israel, and solid sales growth and higher EBIT in our Schiesser business in Europe. We also continued to add or expand several lines, including the introduction of Avia branded sports

products in Walmart, and new joint ventures in socks and seamless products. And we have added significant management talent in areas that will drive our future growth."

"Delta Galil is relentless in seeking new opportunities to innovate, grow and enhance our shareholder value. In 2015, we expect to benefit from our newer relationships, such as Lacoste and Marc O'Polo, our first full year with Avia, and continued expansion of our Activewear business. At the same time, we are driving improvements in the production area, and will invest in a new facility in Vietnam to support growth in the coming years. In addition to organic growth, we remain open to strategic acquisitions that would leverage our expertise in design, production, marketing and our financial strength."

EBITDA, Cash Flow, Net Debt and Equity

EBITDA was $28.0 million in the 2014 fourth quarter, increasing 4% compared with $26.9 million in the same period of 2013. As a percentage of sales, EBITDA was 10.1% in the 2014 fourth quarter and 10.5% a year earlier. For the full year 2014, EBITDA rose 8% to $93.0 million or 9.0% of sales, compared to $86.2 million or 8.8% of sales in 2013.

Operating cash flow was $34.9 million in the fourth quarter and $53.3 million in the full year 2014. In the respective periods of 2013, operating cash flow was $22.1 million and $46.2 million.

Net financial debt held relatively steady at $64.5 million at December 31, 2014 versus $63.3 million a year earlier.

The net financial debt to EBITDA ratio remained unchanged at 0.7 at December 31, 2014 and December 31, 2013.

Equity on December 31, 2014 was $332.6 million, up from $321.9 million a year earlier.

2015 Financial Guidance

Delta Galil provided its 2015 financial guidance, excluding non-recurring items which is based on current market conditions and current exchange rate of $1.14 per euro and 3.9NIS per US$.

The Company estimates that the impact of the changes in 2015 expected rates compared to the average exchange rates in 2014, on the operating income and EBITDA are approximately $8.0 million, on net income is approximately $ 5.8 million and approximately $ 0.22 on diluted earnings per share. The above effect is included in the forecasts presented below.

- 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%.

Dividend

Delta Galil declared a dividend of $3.5 million or $0.139 per share, to be distributed on March 24, 2015. The determining and "ex-dividend" date will be March 9, 2015, per the Tel Aviv Stock Exchange.

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 December 31, 2014

	December 31	
	2014	2013
	Thousands of Dollars	
Assets		
Current assets:		
Cash and cash equivalents	**166,958**	97,346
Restricted Cash	**369**	1,448
Other accounts receivable:		
Trade receivables	**108,559**	112,293
Taxes on income receivable	**6,096**	2,427
Others	**26,202**	9,522
Financial derivative	**329**	2,955
Inventory	**181,687**	169,303
Assets classified as held for sale	**1,000**	1,000
Total current assets	**491,200**	396,294
Non-current assets:		
Long-term receivables	**8,013**	15,520
Investment property	**4,132**	4,850
Fixed assets, net of accumulated depreciation	**98,861**	95,797
Intangible assets, net of accumulated amortization	**118,506**	118,135
Deferred tax assets	**11,348**	9,560
Financial derivative	**1,254**	10,942
Total non-current assets	**242,114**	254,804
Total assets	**733,314**	651,098

	December 31	
	2014	2013
	Thousands of Dollars	
Liabilities and Equity		
Current liabilities:		
Short-term bank loans	**931**	26,438
Current maturities of long-term loans from banking corporations		150
Current maturities of debentures	**23,054**	17,847
Financial derivative	**2,235**	
Other accounts payable:		
Trade payables	**80,648**	71,283
Taxes on income payable	**4,961**	4,401
Others	**57,548**	56,441
T**otal current liabilities**	**169,377**	176,560
Non-current liabilities:		
Severance pay liabilities less plan assets	**2,339**	2,105
Other non-current liabilities	**19,999**	17,196
Debentures	**197,262**	129,717
Reserve for deferred taxes	**2,954**	3,630
Financial derivative	**8,784**	
Total non-current liabilities	**231,338**	152,648
Total liabilities	**400,715**	329,208
Equity:		
Equity attributable equity holders of the parent company:		
Share capital	**23,579**	23,499
Share premium	**128,274**	127,024
Other capital reserves	**(6,598)**	16,212
Retained earning	**197,135**	163,990
Treasury shares	**(10,933)**	(10,996)
	331,457	319,729
Minority interests	**1,142**	2,161
Total equity	**332,599**	321,890
Total liabilities and equity	**733,314**	651,098

The enclosed notes constitute an integral part of these Financial Statements

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Comprehensive Income
For the 3-month and 12-month periods ending December 31, 2014

	For the year ended December 31			Three months ended December 31		
	2014	2013		2014	2013	
	Thousands of Dollars		% Increase/(Decrease)	Thousands of Dollars		% Increase/(Decrease)
Sales	**1,031,861**	974,719	*6%*	**277,398**	255,897	*8%*
Cost of sales	**713,798**	680,426		**192,178**	173,730	
Gross profit	**318,063**	294,293		**85,220**	82,167	
% of sales	***30.8%***	*30.2%*		***30.7%***	*32.1%*	
Selling and marketing expenses	**211,507**	190,593	*11%*	**54,735**	52,053	*5%*
% of sales	***20.5%***	*19.6%*		***19.7%***	*20.3%*	
Administrative and general expenses	**34,698**	36,250	*(4)%*	**8,297**	8,459	*(2)%*
% of sales	***3.4%***	*3.7%*		***3.0%***	*3.3%*	
Other income (expenses), net	**2,674**	472		**(29)**	(565)	
Share in losses (profit) of associated companies accounted for using the equity method	**178**			**(146)**		
Operating income excluding non-recurring items	**74,354**	67,922	*9%*	**22,305**	21,090	*6%*
% of sales	***7.2%***	*7.0%*		***8.0%***	*8.2%*	
Acquisition examination cost	**1,082**			**1,082**		
Restructuring expenses	**182**	1,529				
Operating income	**73,090**	66,393		**21,223**	21,090	
Finance expenses, net	**15,806**	10,981	*44%*	**5,054**	3,463	*46%*
Profit before tax on income	**57,284**	55,412		**16,169**	17,627	
Taxes on income	**9,853**	12,732		**1,639**	3,110	
Net income for the period	**47,431**	42,680	*11%*	**14,530**	14,517	-
Net income for period excluding non-recurring items, net of tax	**48,389**	44,254	*9%*	**15,325**	14,517	*6%*
Attribution of net earnings for the period						
Attributed to company's shareholders	**46,760**	42,560		**14,500**	14,487	
Attributed to non-controlling interests	**671**	120		**30**	30	
	47,431	42,680		**14,530**	14,517	
Net diluted earnings per share attributed to shareholders of the company	**1.82**	1.69		**0.56**	0.57	
Net diluted earnings per share excluding non-recurring items net of tax, attributed to shareholders of the company	**1.86**	1.75	*6%*	**0.60**	0.57	*5%*

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports

	For the year ended December 31	
	2014	2013
	Thousands of Dollars	
Cash flows from operating activities:		
Net profit for the period	**47,431**	42,680
Adjustments required to reflect cash flows deriving from operating activities	**28,352**	28,910
Interest paid in cash	**(11,693)**	(10,001)
Interest received in cash	**895**	471
Taxes on income paid in cash, net	**(11,652)**	(15,820)
Net cash generated from operating activities	**53,333**	46,240
Cash flows from investment activities:		
Acquisition of fixed assets and intangible assets	**(26,913)**	(20,649)
Restricted cash deposit	**1,037**	1,448
Investments in associated companies	**(6,500)**	
Proceeds from realization of assets held for sale, net of tax	**-**	6,233
Proceeds from sale of fixed asset	**1,914**	632
Payments related to realization of asset held for sale (Tax payment related to the realization)	**(1,989)**	3,161
Loans from (to) subcontractor	**71**	(826)
Others	**(3)**	(85)
Net cash used for Investing activities	**(32,383)**	(10,086)
Cash flows from financing activities:		
Dividends paid to non-controlling interest holders in consolidated subsidiary	**(1,690)**	(123)
Long term payables credit for fixed assets purchase	**(2,459)**	(1,867)
Debentures principle pay down	**(17,699)**	(11,285)
Dividend paid	**(13,500)**	(10,500)
Repayment of loans and other long-term liabilities	**(696)**	(3,155)
Short-term credit from banking corporations, net	**(25,173)**	(14,716)
Debentures issuance return, excluding issuance expenses	**115,689**	55,704
Bank deposit used as security with respect of the SWAP transaction	**(4,950)**	
Proceeds from exercise of option by employees	**1,115**	2,542
Net cash generated from financing activities	**50,637**	16,600
Net increase in cash and cash equivalents	**71,587**	52,754
Exchange rate differences and revaluation of cash and cash equivalents, net	**(1,975)**	(883)
Balance of cash and cash equivalents at the beginning of the period	**97,346**	45,475
Balance of cash and cash equivalents at the end of the Period	**166,958**	97,346

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports

	For the year ended December 31	
	2014	2013
	Thousands of Dollars	
Adjustments required to reflect cash flows from operating activities:		
Revenues and expenses not involving cash flow:		
Depreciation	**15,851**	15,722
Amortization	**2,751**	2,528
Cash erosion, net	**652**	1,155
Interest paid in cash	**11,693**	10,001
Interest received in cash	**(895)**	(471)
Taxes on income paid in cash, net	**11,652**	15,820
Deferred taxes on income, net	**(2,124)**	(694)
Severance pay liability, net	**124**	(159)
Restructuring expenses ,net	**(77)**	1,328
Capital gain from sale of fixed assets and asset held for Sale, net	**(1,257)**	(1,121)
Change in benefit component of options and restricted shares granted to Employees	**716**	563
Change to the fair value of financial derivatives	**(705)**	707
Share in losses of associated companies accounted for using the equity method	**178**	-
Increase in liabilities of Long-term employee bonuses	**608**	1,266
Changes in long term balances	**1,451**	-
Others	**1,552**	(482)
	42,170	46,163
Changes to operating assets and liabilities:		
Increase in trade receivables	**(538)**	(2,528)
Increase in other receivable and balances	**(8,002)**	(1,302)
Increase (decrease) in trade payables	**11,816**	(729)
Increase in other payables	**4,600**	3,989
Increase in inventory	**(21,694)**	(16,683)
	(13,818)	(17,253)
	28,352	28,910