Press Release

Delta Galil Reports Record 2015 First Quarter Results

Sales Increase 13% in Original Currency

Operating Income Rises 3% Compared to 2014 First Quarter

Reaffirms 2015 Guidance; Sales Expected to Reach $1,065 Million-$1,085 Million and Full-Year EPS Expected to Reach $1.88-2.00

2015 First Quarter Highlights

- Sales increased to $252.8 million in the 2015 first quarter, an increase of 13% in original currency (or 6% after the effect of currency translation).

- Operating income was $15.3 million in the 2015 first quarter, growing 3% from the comparable period a year ago.

- EBITDA was $19.6 million in the 2015 first quarter, increasing 3% compared with the same quarter of 2014.

- Net income attributed to shareholders rose to $8.9 million in the 2015 first quarter, increasing 2% from the year-ago period.

- Diluted earnings per share attributed to shareholders increased to $0.35 for the 2015 first quarter, up 3% from $0.34 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 May 28, 2015. The determining and "ex-dividend" date will be May 19, 2015, per the Tel Aviv Stock Exchange.

- Strong balance sheet was highlighted by $328.2 million in equity and $145.3 million in cash as of March 31, 2015.

- Isaac Dabah, CEO of Delta Galil, stated: “Our balanced and diversified mix of businesses, products and markets – along with our strategic efforts to grow in areas such as branded products and activewear – drove solid momentum in sales and earnings in the 2015 first quarter.. And we are investing in new products and resources to drive sustained profitable growth and long-term shareholder value.”

Tel Aviv, May 11, 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 first quarter ended March 31, 2015.

The Company reported sales of $252.8 million for the first quarter of 2015, up from $238.1 million for the same quarter last year, an increase of 6% after the effect of currency translation, and a 13% increase in original currency. The growth in sales reflected increases in several geographic markets.

Operating income was $15.3 million for first quarter 2015, up 3% from $14.8 million in the same quarter of 2014. The growth in operating income was driven primarily by higher sales.

Net income attributable to shareholders was $8.9 million in the 2015 first quarter, compared to $8.7 million in the same quarter of 2014, a 2% increase. Diluted earnings per share attributed to shareholders were $0.35 for the 2015 first quarter, up from $0.34 for the 2014 first quarter.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our balanced and diversified mix of businesses, products and markets – along with our strategic efforts to grow in areas such as branded products and activewear – drove solid momentum in sales and earnings in the 2015 first quarter.. And we are investing in new products and resources to drive sustained profitable growth and long-term shareholder value."

"The strongest contributors to our sales growth globally have been North America, Germany and Israel. Branded products continue to contribute a larger proportion of our sales, reflecting our strategy to grow this aspect of our business in recent years. We also are benefitting from our focus on activewear, which is one of the fastest growing segments of the apparel industry, and where our strengths in seamless products and innovative fabrics provide Delta Galil with a sharp competitive edge."

"Delta Galil's performance in 2015 will benefit from new products and licensing relationships with leading brands that we have launched during the first quarter of 2015, such as Lacoste and Marc O'Polo. In Activewear, we have licenses with Avia and Kenneth Cole, and a design and manufacturing agreement with Asics, among others. We also are continuing to invest in additional manufacturing capacity, as well as in our retail stores in Europe and Israel. And, with a solid cash position of $145.3 million, we have the financial resources to support our investments in innovation, growth and progress."

EBITDA, Cash Flow, Net Debt, Equity and Dividend

EBITDA was $19.6 million or 7.8% of sales in the 2015 first quarter, increasing 3% compared with $19.0 million or 8.0 % of sales in the same quarter of 2014.

Operating cash flow was negative $19.8 million in the 2015 first quarter, versus negative $6.6 million in the same period of 2014. The increase in the negative operating cash flow in the 2015

first quarter was due to a $33.5 million increase in working capital, compared with a moderate working capital increase of $18.7 million in the same quarter of 2014, reflecting the seasonality of the business.

Net financial debt as of March 31, 2015 was $83.7 million, compared to $83.2 million as of March 31, 2014 and $64.5 million as of December 31, 2014. The increase in the net financial debt as of March 31, 2015 compared to December 31, 2014 is attributed mainly to the negative operating cash flow.

The net financial debt to EBITDA ratio remained unchanged at 0.9 for both the first quarter of 2015 and 2014.

Equity on March 31, 2015 was $328.2 million, compared to $328.6 million a year earlier.

Delta Galil declared a dividend of $3.5 million, or $0.139 per share, to be distributed on May 28, 2015. The determining and "ex-dividend" date will be May 19, 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 $1.12 per Euro and 3.90NIS per US$, 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%.

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 March 31, 2015

	March 31		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	**145,341**	51,228	166,958
Restricted Cash	**409**	1,561	369
Other accounts receivable:			
Trade receivables	**110,292**	107,384	108,559
Taxes on income receivable	**5,704**	4,632	6,096
Others	**16,845**	11,416	26,202
Financial derivative	**107**	2,817	329
Inventory	**185,136**	178,912	181,687
Assets classified as held for sale	**1,000**	1,000	1,000
Total current assets	**464,834**	358,950	491,200
Non-current assets:			
Long-term receivables	**6,626**	18,174	8,013
Investment property	**3,621**	4,817	4,132
Fixed assets, net of accumulated depreciation	**104,360**	94,793	98,861
Intangible assets, net of accumulated amortization	**117,872**	127,482	118,506
Deferred tax assets	**10,770**	10,028	11,348
Financial derivative	**1,014**	11,976	1,254
Total non-current assets	**244,263**	267,270	242,114
Total assets	**709,097**	626,220	733,314

	March 31		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	**390**	2,165	931
Current maturities of debentures	**22,882**	18,080	23,054
Financial derivative	**2,784**		2,235
Other accounts payable:			
Trade payables	**65,238**	61,418	80,648
Taxes on income payable	**5,535**	5,241	4,961
Others	**58,290**	54,754	57,548
Total current liabilities	**155,119**	141,658	169,377
Non-current liabilities:			
Severance pay liabilities less plan assets	**2,296**	2,238	2,339
Other non-current liabilities	**17,031**	20,822	19,999
Debentures	**192,378**	128,817	197,262
Reserve for deferred taxes	**2,863**	4,105	2,954
Financial derivative	**11,181**		8,784
Total non-current liabilities	**225,749**	155,982	231,338
Total liabilities	**380,868**	297,640	400,715
Equity:			
Equity attributable to equity holders of the parent company:			
Share capital	**23,610**	23,510	23,579
Share premium	**128,864**	127,194	128,274
Other capital reserves	**(17,421)**	17,790	(6,598)
Retained earning	**202,965**	169,915	197,135
Treasury shares	**(10,933)**	(10,996)	(10,933)
	327,085	327,413	331,457
Minority interests	**1,144**	1,167	1,142
Total equity	**328,229**	328,580	332,599
Total liabilities and equity	**709,097**	626,220	733,314

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income
For the 3-month period ending March 31, 2015

	Three months ended on March 31		
	2015	**2014**	*% Increase*
	(Unaudited)		
	Thousands of dollars		
Sales	**252,838**	238,074	*6%*
Cost of sales	**179,972**	165,635	
Gross profit	**72,866**	72,439	*1%*
% of sales	*28.8%*	*30.4%*	
Selling and marketing expenses	**49,859**	49,950	
% of sales	*19.7%*	21.0%	
General and administrative expenses	**9,280**	8,786	*6%*
% of sales	*3.7%*	*3.7%*	
Other income, net	**1,423**	1,135	
Share in profit of associated companies accounted for using the equity method	**179**	-	
Operating income	**15,329**	14,838	*3%*
% of sales	*6.1%*	*6.2%*	
Finance expenses, net	**4,199**	3,047	*38%*
Income before taxes on income	**11,130**	11,791	
Taxes on income	**2,211**	2,461	
Net income for the period	**8,919**	9,330	
Attribution of net earnings for the period:			
Attributed to company's shareholders	**8,889**	8,749	*2%*
Attributed to non-controlling interests	**30**	581	
	8,919	9,330	
Net diluted earnings per share attributable to Company's shareholders	**0.35**	0.34	*3%*

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2015

	Three months ended on March 31		Year Ending December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Cash flows from operating activities			
Net profit for the period	**8,919**	9,330	47,431
Adjustments required to reflect cash flows deriving from operating activities	**(24,713)**	(12,051)	28,352
Interest paid in cash	**(3,786)**	(2,978)	(11,693)
Interest received in cash	**1,211**	102	895
Taxes on income paid in cash, net	**(1,461)**	(1,017)	(11,652)
Net cash generated from (used in) operating activities	**(19,830)**	(6,614)	53,333
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	**(6,714)**	(6,182)	(26,913)
Acquisition of a subsidiary	**(2,000)**		(1,500)
Restricted cash release (deposit)	**(86)**	(110)	1,037
Investments in associated companies		(2,798)	(5,000)
Proceeds from the sale of fixed assets	**86**	1,454	1,914
Payments related to realization of asset held for sale (Tax payment related to the realization)	**10,879**	(1,989)	(1,989)
Others	**(18)**	15	68
Net cash generated from (used in) investment activities	**2,147**	(9,610)	(32,383)
Cash flows from financing activities:			
Dividends paid to non-controlling interest holders in consolidated subsidiary	**(28)**	(1,575)	(1,690)
Long term payables credit for fixed assets purchase	**(1,650)**	(1,068)	(2,459)
Debentures repayment			(17,699)
Dividend paid	**(3,500)**	(3,000)	(13,500)
Repayment of loans and other long-term liabilities	**(156)**	(239)	(696)
Short-term credit from banking corporations, net	**(450)**	(24,245)	(25,173)
Debentures issuance return, excluding issuance expenses			115,689
Bank deposit used as security with respect of the SWAP transaction	**2,708**		(4,950)
Proceeds from exercise of employee options	**621**	181	1,115
Net cash generated from (used in) financing activities	**(2,455)**	(29,946)	50,637
Net increase (decrease) in cash and cash equivalents	**(20,138)**	(46,170)	71,587
Exchange rate differences and revaluation of cash and cash equivalents, net	**(1,479)**	52	(1,975)
Balance of cash and cash equivalents at the beginning of the period	**166,958**	97,346	97,346
Balance of cash and cash equivalents at the end of the period	**145,341**	51,228	166,958

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2015

	Three months ended on March 31		Year Ending December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Adjustments required to reflect cash flows from operating activities:			
Revenues and expenses not involving cash flow:			
Depreciation	**3,674**	3,541	15,851
Amortization	**643**	647	2,751
Cash erosion (revaluation), net	**289**	(2)	652
Interest paid in cash	**3,786**	2,978	11,693
Interest received in cash	**(1,211)**	(102)	(895)
Taxes on income paid in cash, net	**1,461**	1,017	11,652
Deferred taxes, net	**444**	156	(2,124)
Severance pay liability, net	**154**	121	124
Restructuring expenses	**(217)**		(77)
Capital gain (loss) from sale of fixed assets and asset held for sale	**10**	(1,055)	(1,257)
Change in benefit component of options and restricted share unit granted to Employees	**431**	176	716
Change to the fair value of financial derivatives	**(79)**	(443)	(705)
Share in losses of associated companies accounted for using the equity method	**(179)**		178
Increase in liabilities of Long-term employee bonuses	**-**	166	608
Changes in long term balances	**(91)**	(371)	1,451
Others	**(301)**	(149)	1,552
	8,814	6,680	42,170
Changes to operating assets and liabilities:			
Decrease (increase) in trade receivables	**(2,864)**	5,404	(538)
Increase in other receivable	**(1,837)**	(3,268)	(8,002)
Decrease (increase) in trade payables	**(15,788)**	(8,598)	11,816
Increase (decrease) in other payables	**(3,142)**	(2,992)	4,600
Increase in inventory	**(9,896)**	(9,277)	(21,694)
	(33,527)	(18,731)	(13,818)
	(24,713)	(12,051)	28,352