Press Release

Delta Galil Reports Strong 2015 Third Quarter Results

Quarterly Sales Increase 12% in Original Currency;
Net Income before One-Time Items Attributed to Shareholders Rises 2%

Reiterating 2015 Earnings Guidance;
Sales Expected to Reach $1,080 Million-$1,095 Million and
Full-Year EPS Expected to Reach $1.88-2.00

2015 Third Quarter Highlights

- Sales increased to $284.6 million in the 2015 third quarter, growing 12% in original currency, 10% in organic sales or 6% after the effect of currency translation.

- Operating income before one-time items was $22.1 million in the 2015 third quarter, up by 2% from the comparable period a year ago.

- EBITDA before one-time items was $27.1 million in the 2015 third quarter, an increase of 4% compared with $26.1 million in the 2014 period.

- Net income before one-time items attributed to shareholders was $14.1 million in the 2015 third quarter, up by 2% compared with $13.9 million for the year-ago period.

- Diluted earnings per share before one-time items attributed to shareholders were $0.55 for the 2015 third quarter, unchanged from the comparable period a year ago.

- Delta Galil reiterated financial guidance for 2015: full-year sales are expected to be a record $1,080 million-$1,095 million (including the effect of the PJ Salvage acquisition), with organic sales growth of 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 November 17, 2015. The determining and "ex-dividend" date will be November 4, 2015, per the Tel Aviv Stock Exchange.

- Strong balance sheet was highlighted by $349.9 million in equity and $128 million in cash and equivalents as of September 30, 2015.

- Isaac Dabah, CEO of Delta Galil, stated: “The 2015 third quarter was consistent with our expectations. Sales in the third quarter and the first nine months of 2015 increased at a double digit rate, led by an increase in activewear products.”

Tel Aviv, October 27, 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 third quarter ended September 30, 2015.

The Company reported sales of $284.6 million for the third quarter of 2015, up from $267.2 million for the same quarter last year, an increase of 6% after the effect of currency translation, 5% organic growth, and a 12% increase in original currency representing 10% organic growth. Sales in the first nine months of 2015 were $792.9 million, an increase of 5% from $754.5 million in the same period of 2014, equal to 5% organic growth and 11% in constant currency. Sales growth over the past nine months benefitted from Delta Galil's focus on increasing the diversity of its geographic base and customer mix.

Operating income before one-time items was $22.1 million for third quarter of 2015, up by 2% from $21.7 million in the same quarter of 2014. For the first nine months of 2015, operating income before one-time items was $51.9 million, virtually unchanged from $52.0 million a year earlier, primarily due to currency translation.

Net income before one-time items attributable to shareholders was $14.1 million in the 2015 third quarter, compared to $13.9 million in the same quarter of 2014, a 2% increase. For the first nine months of 2015, net income before one-time items attributable to shareholders was $32.3 million compared to $32.4 million for the same period of 2014.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "The 2015 third quarter was consistent with our expectations. Sales in the third quarter and the first nine months of 2015 increased at a double digit rate, led by an increase in activewear products. Growth in sales, in terms of constant currency, was reflected in all of our geographic markets."

"Looking at the key drivers of our profitable growth this quarter, we saw an increase in sales in Delta USA and in the Global Upper Market segments, while both our Schiesser business in Europe and Delta Israel increased sales in original currency. A rising proportion of our sales now comes from branded products, which has been another of our major strategic initiatives."

"We have continued to invest in long-term growth initiatives," Mr. Dabah continued."Earlier this year, we acquired the PJ Salvage brand, providing an opportunity to expand our presence in sleepwear and loungewear, attract a millennial customer base, and strengthen our position in the upper market. We are also excited about our license agreement with Columbia for men's and ladies' underwear, launching in 2016; our new seamless R&D center at Nike HQ in Oregon; and a new factory in Vietnam set to open in the 2016 first half."

Cash Flow, EBITDA, Net Debt, Equity and Dividend

Operating cash flow was $5.9 million in the third quarter and $10.2 million in the first nine months of 2015. In the respective third quarter and nine month periods of 2014, operating cash flow was $14.8 million and $18.4 million.

EBITDA before one-time items was $27.1 million or 9.5% of sales in the 2015 third quarter, an increase of 4% compared with $26.1 million in the 2014 period. For the first nine months of 2015, EBITDA was $65.8 million or 8.3% of sales, compared to $65.0 million in the same period of 2014, increase of 1%.

Net financial debt as of September 30, 2015 was $123.5 million, compared to $77.3 million as of September 30, 2014 and $64.5 million as of December 31, 2014. The increase in the net financial debt was driven primarily by the PJ Salvage acquisition in the third quarter of 2015.

Equity on September 30, 2015 rose to $349.9 million, compared to $335.6 million a year earlier.

Delta Galil declared a dividend of $3.5 million, or $0.139 per share, to be distributed on November 17, 2015. The determining and "ex-dividend" date will be November 4, 2015, per the Tel Aviv Stock Exchange.

Reiterating 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 $1.12 per Euro and 3.85NIS per US$, reflecting a strong outlook for sales and profitability.

- Full-year 2015 sales are expected to range between $1,080 million-$1,095 million, representing an organic increase of 4%-6% (equivalent to 7% to 9% in constant currency) from 2014 actual sales of $1,031.9 million. The expected sales level includes the contribution from the PJ Salvage brand, acquired in the 2015 third quarter.

- 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; ladies intimate apparel; extensive lines of underwear for men; kids, 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, 2015

	September 30		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	**128,088**	147,727	166,958
Restricted Cash	**456**	196	369
Other accounts receivable:			
Trade receivables	**122,291**	114,437	108,559
Taxes on income receivable	**8,530**	3,173	6,096
Others	**15,408**	15,987	26,202
Financial derivative	**264**	1,074	329
Inventory	**204,702**	201,790	181,687
Assets classified as held for sale	**1,935**	1,000	1,000
Total current assets	**481,674**	485,384	491,200
Non-current assets:			
Long-term receivables	**10,433**	17,788	8,013
Investment property	**3,719**	4,316	4,132
Fixed assets, net of accumulated depreciation	**114,977**	98,153	98,861
Intangible assets, net of accumulated amortization	**154,474**	121,761	118,506
Deferred tax assets	**10,376**	11,631	11,348
Financial derivative	**1,033**	9,340	1,254
Total non-current assets	**295,012**	262,989	242,114
Total assets	**776,686**	748,373	733,314

	September 30		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	Thousands of Dollars		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	**617**	830	931
Current maturities of debentures	**23,489**	24,353	23,054
Financial derivative	**2,854**	756	2,235
Other accounts payable:			
Trade payables	**83,851**	90,815	80,648
Taxes on income payable	**4,343**	4,409	4,961
Others	**60,526**	55,236	57,548
Total current liabilities	**175,680**	176,399	169,377
Non-current liabilities:			
Severance pay liabilities less plan assets	**2,254**	2,290	2,339
Other non-current liabilities	**20,282**	21,802	19,999
Debentures	**216,446**	205,400	197,262
Reserve for deferred taxes	**3,118**	3,800	2,954
Financial derivative	**9,052**	3,045	8,784
Total non-current liabilities	**251,152**	236,337	231,338
Total liabilities	**426,832**	412,736	400,715
Equity:			
Equity attributable to equity holders of the parent company:			
Share capital	**23,662**	23,555	23,579
Share premium	**130,113**	127,737	128,274
Other capital reserves	**(13,814)**	7,403	(6,598)
Retained earning	**219,712**	186,763	197,135
Treasury shares	**(10,933)**	(10,933)	(10,933)
	348,740	334,525	331,457
Minority interests	**1,114**	1,112	1,142
Total equity	**349,854**	335,637	332,599
Total liabilities and equity	**776,686**	748,373	733,314

DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income
For the 3-month and 9-month periods ending September 30, 2015

	Nine months ended September 30		% Increase/(Decrease)	Three months ended September 30		% Increase/(Decrease)
	2015	2014		2015	2014	
	(Unaudited)					
	Thousands of Dollars					
	Except for Earnings per Share Data					
Sales	**792,931**	754,463	*5%*	**284,556**	267,237	*6%*
Cost of sales	**564,549**	521,620		**201,539**	184,587	
Gross profit	**228,382**	232,843	*(2%)*	**83,017**	82,650	
% of sales	*28.8%*	*30.9%*		*29.2%*	*30.9%*	
Selling and marketing expenses	**150,788**	156,772	*(4%)*	**51,613**	53,252	*(3%)*
% of sales	*19.0%*	*20.8%*		*18.1%*	*19.9%*	
General and administrative expenses	**27,136**	26,401	*3%*	**9,616**	8,587	*12%*
% of sales	*3.4%*	*3.5%*		*3.4%*	*3.2%*	
Other income, net	**801**	2,521		**66**	1,084	
Share in profits (losses) of associated companies accounted for using the equity method	**594**	(324)		**199**	(223)	
Operating income before one-time items	**51,853**	52,049	*0%*	**22,053**	21,672	*2%*
% of sales	*6.5%*	*6.9%*		*7.7%*	*8%*	
Costs associated with acquisition of activity	**809**			**809**		
Restructuring cost, net		182			182	
	51,044	51,867	*(2%)*	**21,244**	21,490	*(1%)*
Finance expenses, net	**12,122**	10,752	*13%*	**4,555**	4,664	*(2%)*
Income before tax on income	**38,922**	41,115		**16,689**	16,826	
Taxes on income	**7,247**	8,214		**3,245**	3,028	
Net income for the period	**31,675**	32,901	*(4%)*	**13,444**	13,798	*(2%)*
Net income for the period before one-time items, net of tax	**32,403**	33,064	*(2%)*	**14,172**	13,961	*2%*
Attribution of net earnings for the period:						
Attributed to company's shareholders	**31,585**	32,260	*(2%)*	**13,414**	13,768	*(3%)*
Attributed to non-controlling interests	**90**	641		**30**	30	
	31,675	32,901		**13,444**	13,798	
Net diluted earnings per share attributed to company's shareholders	**1.26**	1.27		**0.55**	0.55	

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month and 9-month periods ending September 30, 2015

	Nine months ending September 30		Three months ending September 30	
	2015	2014	2015	2014
	(Unaudited)			
	Thousands of Dollars			
Cash flows from operating activities:				
Net income for the period	**31,675**	32,901	**13,444**	13,798
Adjustments required to reflect cash flows deriving from operating activities	**(4,198)**	4,241	**(37)**	9,975
Interest paid in cash	**(10,277)**	(9,079)	**(3,840)**	(4,213)
Interest received in cash	**1,488**	220	**176**	38
Taxes on income paid in cash, net	**(8,537)**	(9,865)	**(3,808)**	(4,785)
Net cash generated from operating activities	**10,151**	18,418	**5,935**	14,813
Cash flows from investment activities:				
Acquisition of fixed assets and intangible assets	**(26,539)**	(18,534)	**(10,361)**	(6,166)
Restricted cash release (deposit)	**(103)**	1,252	**(18)**	271
Acquisition of a subsidiary (see appendix A)	**(2,000)**	(1,500)		(1,500)
Acquisition of activity	**(37,368)**		**(37,368)**	
Investments and investment down payment in associated companies	**(3,700)**	(5,000)	**(3,700)**	
Proceeds from selling of fixed asset	**149**	1,807	**33**	68
Payments related to realization of asset held for sale (Tax payment related to the realization)	**10,879**	(1,989)		
Others	**146**	77	**65**	52
Net cash used for Investing activities	**(58,536)**	(23,887)	**(51,349)**	(7,275)
Cash flows from financing activities:				
Dividends paid to non-controlling interest holders in consolidated subsidiary	**(118)**	(1,690)	**(90)**	(29)
Long term payables credit for fixed assets purchase	**(2,104)**	(2,289)	**(262)**	(487)
Dividend paid	**(10,500)**	(10,000)	**(3,500)**	(3,500)
Repayment of loans and other long-term liabilities	**(19,379)**	(11,285)	**(19,379)**	(11,285)
Short-term credit from banking corporations, net	**(1,706)**	(25,344)	**(854)**	(5,515)
Repayment of other long term liabilities	**(215)**	(566)		(236)
Issuance of debentures, net of issuance costs	**40,006**	107,532		45,650
Release of bank deposit used as a security with respect of SWAP transaction	**2,670**		**(2,280)**	
Proceeds from exercise of employee options	**1,922**	832	**326**	583
Net cash generated from (used in) financing activities	**10,576**	57,190	**(26,039)**	25,181
Net increase (decrease) in cash and cash equivalents	**(37,809)**	51,721	**(71,453)**	32,719
Exchange rate differences and revaluation of cash and cash equivalents, net	**(1,061)**	(1,340)	**(61)**	(1,812)
Balance of cash and cash equivalents at the beginning of the period	**166,958**	97,346	**199,602**	116,820
Balance of cash and cash equivalents at the end of the Period	**128,088**	147,727	**128,088**	147,727

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month and 9-month periods ending September 30, 2015

	Nine months ending September 30		Nine months ending September 30	
	2015	**2014**	**2015**	**2014**
	(Unaudited)			
	Thousands of Dollars			
Adjustments required to reflect cash flows from operating activities:				
Revenues and expenses not involving cash flow:				
Depreciation	**12,037**	11,001	**4,369**	3,769
Amortization	**1,896**	1,948	**644**	667
Cash erosion (revaluation), net	**361**	437	**171**	976
Interest paid in cash	**10,277**	9,079	**3,840**	4,213
Interest received in cash	**(1,488)**	(220)	**(177)**	(38)
Taxes on income paid in cash, net	**8,537**	9,865	**3,808**	4,785
Deferred taxes on income, net	**1,101**	(1,461)	**1,697**	(66)
Severance pay liability, net	**81**	341	**(58)**	117
Restructuring expenses, net	**(628)**	(182)	**(201)**	(182)
Capital gain from sale of fixed assets and asset held for sale	**(133)**	(1,339)	**(40)**	(20)
Change to the benefit component of options and restricted shares granted to employees	**1,492**	513	**653**	164
Share in losses (profits) of associated companies accounted for using the equity method	**(594)**	324	**(199)**	223
Increase (decrease) in liabilities of Long-term employee bonuses		463		(532)
Changes in long term balances	**(661)**	995	**(747)**	681
Others	**(645)**	(470)	**(364)**	466
	31,633	31,294	**13,396**	15,223
Changes to operating assets and liabilities:				
Decrease (Increase) in trade receivables	**(13,106)**	(1,638)	**(2,057)**	6,900
Increase in other receivable and balances	**(608)**	(3,586)	**(191)**	(133)
Increase (decrease) in trade payables	**4,247**	22,768	**(3,909)**	11,022
Decrease in other payables	**(546)**	(5,201)	**(531)**	(3,003)
Increase in inventory	**(25,818)**	(39,396)	**(6,745)**	(20,034)
	(35,831)	(27,053)	**(13,433)**	(5,248)
	(4,198)	4,241	**(37)**	9,975

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month and 9-month periods ending September 30, 2015

Appendix A

On July 31st 2015 the company purchased the activity of Loomwork Apparel Inc.

Following below the assets and liabilities recognized:

	As of July 31st, 2015 USD in thousands
Accounts receivable	1,708
Inventory	1,472
Other receivable	109
Accounts payable	(78)
Financial institutes	(1,478)
Fixed assets	6
Trade mark	14,000
Goodwill	18,763
Costumer relations	6,200
Conditioned liability presented on a discounted value basis	(3,334)
	37,368