

6th Consecutive Year of Sales Growth

Total Sales Up 10% in Original Currency to \$1,080 million

**Initial 2016 Earnings Guidance; Sales Expected to Reach \$1,090 Million-
\$1,110 Million and Full-Year EPS Expected to Reach \$1.93-\$2.02**



RESULTS OVERVIEW

2015 Fourth Quarter Highlights

- Sales increased 8% in original currency in the 2015 fourth quarter, with reported sales increasing to \$287.1 million, up 3% from the fourth quarter of 2014.
- Operating income increased to \$23.7 million, before one-time items, up 6% from the same period the prior year.
- EBITDA was \$29.5 million, or 10.3% of sales in the 2015 fourth quarter, increasing 6% from the 2014 fourth quarter.
- Net income excluding non-recurring items rose to \$16.1 million in the quarter, increasing 5% from the comparable period the prior year.
- Diluted earnings per share attributed to shareholders rose to \$0.62 for the 2015 fourth quarter, excluding non-recurring items, rising 3% from a year ago.
- Operating cash flow amounted to \$60.3 million, compared to \$34.9 million in the 2014 fourth quarter.
- Strong balance sheet was highlighted by \$357.5 million in equity as of December 31, 2015, and \$168.1 million in cash and cash equivalents.
- Initial 2016 financial guidance: Full-year 2016 sales are expected to range between \$1,090 million and \$1,110 million, representing an increase of 1%-3%. Full-year 2016 diluted EPS is expected to range between \$1.93 and \$2.02.
- The Board of Directors declared a dividend of \$3.5 million or \$0.139 per share, to be distributed on March, 15, 2016. The determining and "ex-dividend" date will be March 2 2016, per the Tel Aviv Stock Exchange.
- The Board of Directors approved Shares Buy-Back plan of up to \$7.5 million.
- Isaac Dabah, CEO of Delta Galil, stated: "Our 2015 performance represented the sixth consecutive year of sales growth. We delivered a 10% increase in top-line in original currency. Looking to the future, we have made investments that have positioned us to continue to innovate, add new customers and licenses, and expand our international scope."

Tel Aviv, February 24, 2016 – Delta Galil Industries, Ltd. today reported its financial results for the fourth quarter and full year ended December 31, 2015. Delta Galil reported sales of \$287.1 million for the fourth quarter of 2015, an increase of 3% from \$277.4 million for the same quarter of 2014, and an 8% increase in original currency. Sales for the 2015 full year were a record \$1,080.0 million, an increase of 5% from \$1,031.9 million in 2014, and a 10% increase in original currency. The year-over-year increase reflected top-line growth in all key geographic regions in original currency, as well as the positive impact of Delta Galil's diversified portfolio.

Operating income was \$23.7 million for fourth quarter of 2015 before one-time items, up 6% from \$22.3 million in the same quarter of 2014. For the full year

2015, operating income before one-time items was \$75.5 million, up 2% from \$74.4 million a year earlier.

Net income excluding non-recurring items, net of tax, was \$16.1 million in the 2015 fourth quarter, a 5% increase compared with \$15.3 million a year earlier. Diluted earnings per share attributed to shareholders, excluding non-recurring items, rose to \$0.62 for the 2015 fourth quarter, a 3% increase from \$0.60 for the 2014 period. For the full year 2015, net income excluding non-recurring items, net of tax was \$48.5 million or \$1.88 per diluted share, compared to \$48.4 million or \$1.86 per diluted share, for 2014.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our 2015 performance represented the sixth consecutive year of sales growth. We delivered a 10% increase in top-line in original currency."

"While 2015 was a challenging year for the global economy, we benefitted from our business model, which combines a diverse blend of branded and private label products, an expanded global presence and a range of market segments. Among our key highlights during the year, we improved our performance at Delta USA and in the global upper market, and in addition, we acquired the P.J. Salvage brand." Mr. Dabah added: "We expanded our prominent portfolio of licensed brands with men's and ladies underwear licenses for Columbia Sportswear, a sleepwear and intimates license for Juicy Couture, and an exclusive license for Puma sportswear brand products in Israel. All of these will contribute to our growth potential in future years."

"Looking to the future, we have made several investments in the Company to position us for long-term growth and enhance our shareholder value," Mr. Dabah continued. "In 2015, we significantly increased our capital expenditures to support and drive our global growth, adding a factory in Vietnam and a dye house in Egypt, while expanding our facilities with new headquarters and showrooms in New York and Israel. These investments have positioned us to continue to innovate, add new customers and licenses, and expand our international scope."

Cash Flow, EBITDA, Net Debt, Equity, Dividend and Shares Buy Back Plan

Operating cash flow was \$60.3 million in the fourth quarter and \$70.5 million in the full year 2015, compared to \$34.9 million and \$53.3 million for the 2014 fourth quarter and full year, respectively.

EBITDA was \$29.5 million, or 10.3% of sales in the 2015 fourth quarter, increasing 6% from \$28.0 million in the 2014 fourth quarter. EBITDA for the full year 2015 was \$95.3 million, or 8.8% of sales, increasing 3% from \$93.0 million for the full year 2014.

Net financial debt was \$74.5 million at December 31, 2015, versus \$64.5 million a year earlier. The increase in net financial debt was primarily due to the acquisition of PJ Salvage which amounted to \$37.4 million and increase in investments partly offset by the positive operating cash flow.

Equity as of December 31, 2015 was \$357.5 million, up from \$332.6 million a year earlier.

Delta Galil declared a dividend of \$3.5 million, or \$0.139 per share, to be distributed on March, 15, 2016. The determining and "ex-dividend" date will be March, 2, 2016, per the Tel Aviv Stock Exchange.

The Board of Directors approved Shares Buy Back plan of up to \$7.5 million.

2016 Financial Guidance

Delta Galil provided its 2016 financial guidance, excluding non-recurring items which is based on current market conditions and current exchange rate of \$1.1 per euro and 3.9NIS per US\$.

- Full-year 2016 sales are expected to range between \$1,090 million-\$1,110 million, representing an increase of 1%-3% from 2015 actual sales of \$1,080.0 million.
- Full-year 2016 EBIT is expected to range between \$78 million-\$82 million, representing an increase of 3%-8% from 2015 actual EBIT before non-recurring items of \$75.5 million.
- Full-year 2016 EBITDA is expected to range between \$99.0 million-\$103.0 million, representing an increase of 3%-8% from 2015 actual EBITDA of \$95.3 million.
- Full-year 2016 net income is expected to range between \$49.5 million-\$52.0 million, representing an increase of 2%-7% from 2015 actual net income of \$48.5 million.
- Full-year 2016 diluted EPS is expected to range between \$1.93-\$2.02, representing an increase of 2%-7% from 2015 actual EPS of \$1.88.

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.