

14 Nov. 2019

- **Sales Increased 20% to \$446 Million;**
- **Organic Sales in Original Currency Increased 6%;**
- **Operating Cash Flow Improved to \$11.2 Million;**
- **BOGART Acquisition Completed Successfully**
- **2019 Third Quarter Highlights**

- Sales increased 20% to \$446.1 million in the third quarter of 2019, from \$370.8 million in the third quarter of 2018. Excluding Bogart, which was acquired on July 2, 2019, sales in original currency increased by 6% as compared to the third quarter of 2018.
- E-commerce sales on Delta's own website grew by double digits.
- Operating profit grew 57% to \$26.7 million in the third quarter of 2019, from \$17 million in the third quarter of 2018.
- Operating profit, before one-time items, increased 2% to \$27.1 million for the third quarter of 2019, compared to \$26.7 million for the same quarter last year.
- EBITDA increased 46% to \$51.5 million in the third quarter of 2019, from \$35.3 million in the same quarter last year.
- Net income increased by 46% to \$14 million for the 2019 third quarter from \$9.6 million in the same quarter of 2018.
- Net income, excluding one-time items, was \$14.5 million in the third quarter of 2019, as compared to \$16.6 million last year, a 13% decrease.
- A strong balance sheet following the acquisition of Bogart, highlighted by \$469 million in equity and \$50.2 million in cash as of September 30, 2019.
- Declared dividend of \$3.5 million, or \$0.139 per share, to be distributed on December 3, 2019. The determining and "ex-dividend" date will be November 21, 2019.
- Isaac Dabah, CEO of Delta Galil, stated: "We are pleased with our third quarter results, which reflect our balanced and diversified mix of businesses, products and markets. We benefited from a strong performance of our Socks and Seamless categories and our Global Upper Market and Delta Israel segments. We successfully concluded the acquisition of The Bogart Group. Looking ahead, we will focus on driving organic growth and seek new opportunities to apply our competitive and financial strengths to deliver shareholder value."

Tel Aviv, November 13, 2019 – 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, activewear and denim, today reported its financial results for the third quarter ended September 30, 2019. The Company's results in 2019 reflect the application of International Financial Reporting Standard 16 ("IFRS 16") with respect to accounting for leases.

Sales

The Company reported a 20% increase in sales of \$446.1 million for the third quarter of 2019, compared to \$370.8 million for the third quarter last year. Excluding Bogart, which was acquired on July 2, 2019, sales in original currency increased by 6% as compared to the third quarter of 2018. Sales for the first nine months of 2019 increased 14% to \$1,185.4 million, from \$1,044.2 million for the same period of 2018. Excluding Bogart and Eminence sales in the first six months, sales in original currency increased by 5% as compared to the first nine months of 2018.

Operating Profit

Operating profit increased 57% to \$26.7 million in the third quarter of 2019, compared to \$17 million in the third quarter last year. Operating profit before one-time items increased 2% to \$27.1 million for the third quarter of 2019, compared to \$26.7 million for the same quarter last year.

Operating profit for the first nine months of 2019 was \$51.5 million, compared to \$42.3 million in the first nine months of 2018, a 22% increase. Operating profit, excluding one-time items for the first nine months of 2019, totaled \$54.7 million, compared to \$55.9 million for the comparable period of 2018, a 2% decrease.

Net Income

Net income was \$14.0 million in the third quarter of 2019, compared to \$9.6 million in the same quarter last year, a 46% increase. Net income, excluding one-time items, was \$14.5 million in the third quarter of 2019, compared to \$16.6 million last year, a 13% decrease.

Net income for the first nine months of 2019 totaled \$22.1 million, compared to \$23.5 million for the same period last year, a 6% decrease. Net income, excluding one-time items for the first nine

months of 2019, was \$25.4 million, compared to \$33.2 million for the comparable period of 2018, a 24% decrease.

Diluted earnings per share were \$0.55 for the third quarter of 2019, compared to \$0.38 for the third quarter of 2018, a 45% increase. Diluted earnings per share, excluding one-time items, were \$0.57 in the third quarter of 2019, compared to \$0.65 in the third quarter last year, a 13% decrease.

Diluted earnings per share for the first nine months of 2019 were \$0.87, compared to \$0.93 for the first nine months of 2018, a 7% decrease. Diluted earnings per share, excluding one-time items for the first nine months of 2019, were \$0.99, compared to \$1.31 for the same period last year, a 24% decrease.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: “We are pleased with our third quarter results, which reflect our balanced and diversified mix of businesses, products and markets. During the quarter, we benefited from positive momentum in our Global Upper Market, strong retail sales for Delta Israel and significant growth in both the Socks and Seamless categories. Additionally, e-commerce sales on Delta’s own website grew by double digits and we successfully concluded the acquisition of The Bogart Group.”

“Looking forward, we are focusing on further growing these business segments and improving the performance of our DGUSA and Delta Premium Brands by implementing a structured strategic and operational plan.”

“The third quarter represented the first time we consolidated results for The Bogart Group. We intend to leverage its strong market position going forward, particularly as we see opportunities for it to strengthen DGUSA’s product assortment.”

“Additionally, we plan to focus on growing the Eminence ladies and kids products, while leveraging the European brands infrastructure for selling Delta products.”

“Looking ahead, we will focus on driving organic growth, and seek new opportunities to apply our competitive and financial strengths to deliver shareholder value.”

EBITDA, Cash Flow, Net Debt, Equity and Dividend

EBITDA was \$51.5 million in the third quarter of 2019, up 46% from \$35.3 million in the same quarter last year. For the first nine months of 2019, EBITDA was \$119.5 million, up 50% from \$79.6 million in the same period of 2018.

Operating cash flow improved to \$11.2 million in the third quarter of 2019, compared to negative \$14.2 million in the third quarter of 2018. For the first nine months of 2019, operating cash flow was \$42.8 million, up from negative \$34.1 million in the same period of 2018.

Net financial debt as of September 30, 2019 was \$417.8 million, compared to \$349.1 million as of September 30, 2018, and \$326.7 million as of December 31, 2018.

Equity on September 30, 2019 was \$469.1 million, up from \$457.6 million a year earlier.

Delta Galil declared a dividend of \$3.5 million, or \$0.139 per share, to be distributed on December 3, 2019. The determining and “ex-dividend” date will be November 21, 2019.

2019 Financial Guidance

- Delta Galil is updating its 2019 financial guidance, excluding one-time items. The Company’s financial guidance for 2019 includes the impact of IFRS 16 on accounting for leases. The updated guidance includes the impact from expected higher tariffs on imported products from China to the US and costs related to recall of damaged goods shipped to a primary customer, which in total are estimated to be up to \$4 million.
- Full-year 2019 sales are expected to range between \$1,650 million-\$1,690 million, representing an increase of 10%-13% from 2018 actual sales of \$1,498 million.
- Full-year 2019 EBIT is expected to range between \$106 million-\$111 million, representing an increase of 8%-13% from 2018 actual EBIT of \$98 million.
- Full-year 2019 EBITDA is expected to range between \$183 million-\$187 million, representing an increase of 41%-44% from 2018 actual EBITDA of \$130 million.
- Full-year 2019 net income is expected to range between \$60 million-\$62 million, representing an increase of 0%-3% from 2018 actual net income of \$60 million.
- Full-year 2019 diluted EPS is expected to range between \$2.37-\$2.44, representing an increase of 0%-3% from 2018 actual EPS of \$2.37.

IFRS 16

Starting January 1, 2019, the Company adopted the new lease accounting standards set forth in IFRS 16. This requires that certain leases, which were accounted for as operating leases, be treated as capital leases going forward. Certain leases will be reclassified as assets and liabilities on the balance sheet, which will yield increased depreciation and interest expense, offset by a reduction in rental expense.

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 including the brands Schiesser, Eminence, Athena & Liabel; babywear, activewear, sleepwear such as PJ Salvage, and leisurewear. Delta Galil also designs, develops markets and sells branded denim and apparel under the brand 7 For All Mankind®, and ladies apparel under the brands Splendid® and Ella Moss®, among others. In addition, it sells its products under brand names licensed to the company, including: Wilson, Maidenform, Tommy Hilfiger, and others. 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 anticipated developmental milestones. These forward-looking statements are based largely on the expectations of the Company and are subject to several 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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