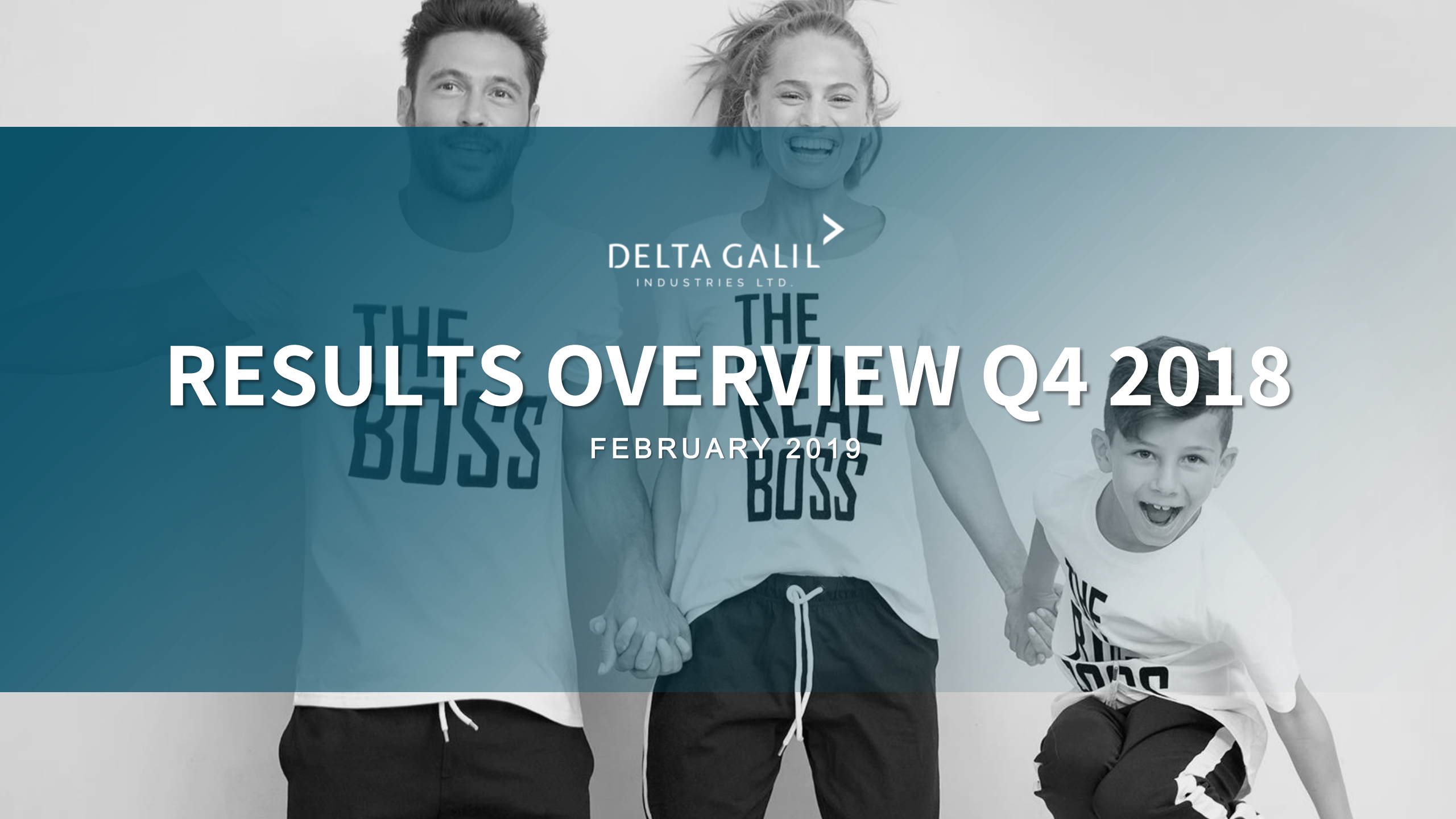


RESULTS OVERVIEW Q4 2018

FEBRUARY 2019

האמור במצגת בכל הקשור לניתוח פעילותיה של החברה הינו תמצית בלבד, ועל מנת לקבל תמונה מלאה של פעילות החברה ושל הסיכונים עימם מתמודדת החברה, יש לעיין בדיווחיה השוטפים של החברה לרבות בדוח הרבעוני לתקופה שהסתיימה ביום 31 לדצמבר 2018.

בין היתר, העובדות והנתונים ששימשו בסיס למידע המפורט במצגת זו מבוססים על מידע כפי שידוע לחברה במועד הכנת מצגת זו, ובכלל זה נתונים שפורסמו על ידי גופים חיצוניים לחברה, אשר תוכנם לא נבדק על ידי החברה באופן עצמאי ולפיכך החברה אינה אחראית לנכונותם. האמור במצגת זו כולל גם מידע צופה פני עתיד, כהגדרתו בחוק ניירות ערך, של תחזיות, מטרות, הערכות, אומדנים ומידע אחר המתייחסים לאירועים ועניינים עתידיים, שהתממשותם אינה ודאית ואינה בשליטת החברה. מידע צופה פני עתיד אינו מהווה עובדה מוכחת והוא מבוסס אך ורק על הערכה סובייקטיבית של החברה במועד הכנת המצגת.

המידע הצופה פני עתיד הכלול במצגת עשוי שלא להתממש, כולו או חלקו, או להתממש באופן שונה מכפי שנצפה, לרבות עקב השפעת גורמים שאינם בשליטת החברה ואשר לא ניתן להעריכם מראש, ובכלל זאת שינוי באיזה מגורמי הסיכון הרלוונטיים לפעילות החברה, וכן התפתחויות בסביבה הכלכלית ובגורמים החיצוניים המשפיעים על החברה. החברה אינה מחויבת בעדכון או שינוי כל תחזית או הערכה הכלולים במצגת זו כאמור על מנת שישקפו אירועים או נסיבות שיחולו לאחר מועד המצגת. לפיכך, קוראי מצגת זו מוזהרים, כי התוצאות וההישגים בפועל של החברה בעתיד עלולים להיות שונים באופן מהותי מאלה שהוצגו במידע הצופה פני עתיד המוצג במצגת זו, ויש לקחת בחשבון כי נתוני עבר אינם מצביעים בהכרח על ביצועים בעתיד.

בהעדר אינדיקציה אחרת, הנתונים הכספיים הנכללים במצגת זו מתייחסים לרבעון רביעי המסתיים בחודש דצמבר 2018.

2018 RECORD YEAR



SALES INCREASED BY 10% TO $1.5B

EBIT* INCREASED BY 12% TO $98M

EBITDA INCREASED BY 12% TO $130M

NET INCOME* INCREASED BY 19% TO $60M

EPS* INCREASED BY 20% TO $2.37

* EXCLUDING ONE TIME ITEMS



RESULTS OVERVIEW Q4 2018

2018 HIGHLIGHTS

- **HIGHEST QUARTER EVER** WITH SALES OF: $454M AND EBIT OF $42M
- **OPERATING CASH FLOW** $22M
- **CASH ON HAND** $74M
- **NET FINANCIAL DEBT TO EBITDA*** 2.4 DOWN FROM 2.7 POST ACQUISITION
- **DIVIDENDS DECLARED** $14M

* Proforma based on last 4 quarters including Eminence



2018 HIGHLIGHTS

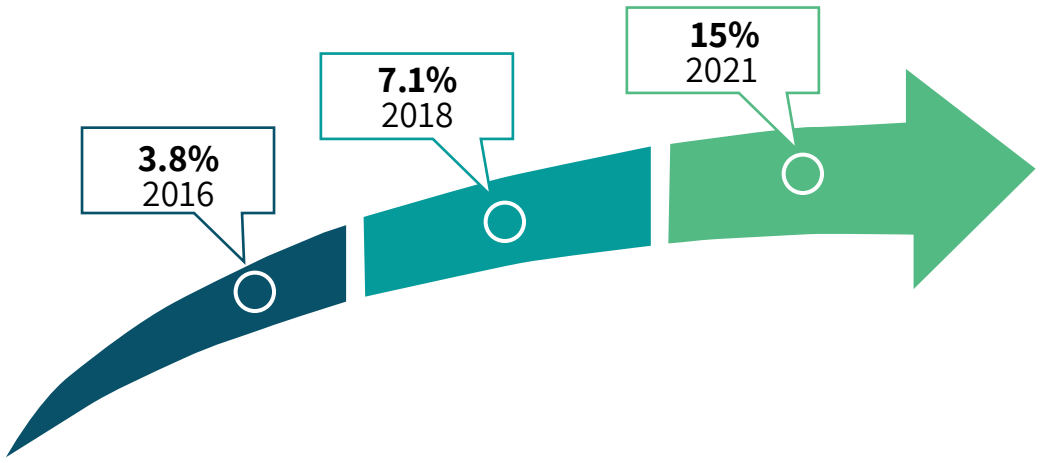
- **STRONG H2 FOR DGUSA**
  - Full year sales +5%, EBIT +9%
  - Stronger H2 than H1
  - +14% sales growth, +35% EBIT in H2

- **Q4 IMPROVEMENT IN GLOBAL UPPER MARKET**
  - Q4 sales increase of 25%
  - Successful launch of Perfect Comfort lounge bra at VS
  - Full year EBIT challenged by start up losses in Vietnam and change in our sales and production mix

- **DELTA EUROPEAN BRANDS**
  - Hired Andreas Lindemann as new CEO of Schiesser
  - Consolidated Eminence group results started Q3/2018
  - $52.7M contribution to sales from Eminence in H2

2018 HIGHLIGHTS

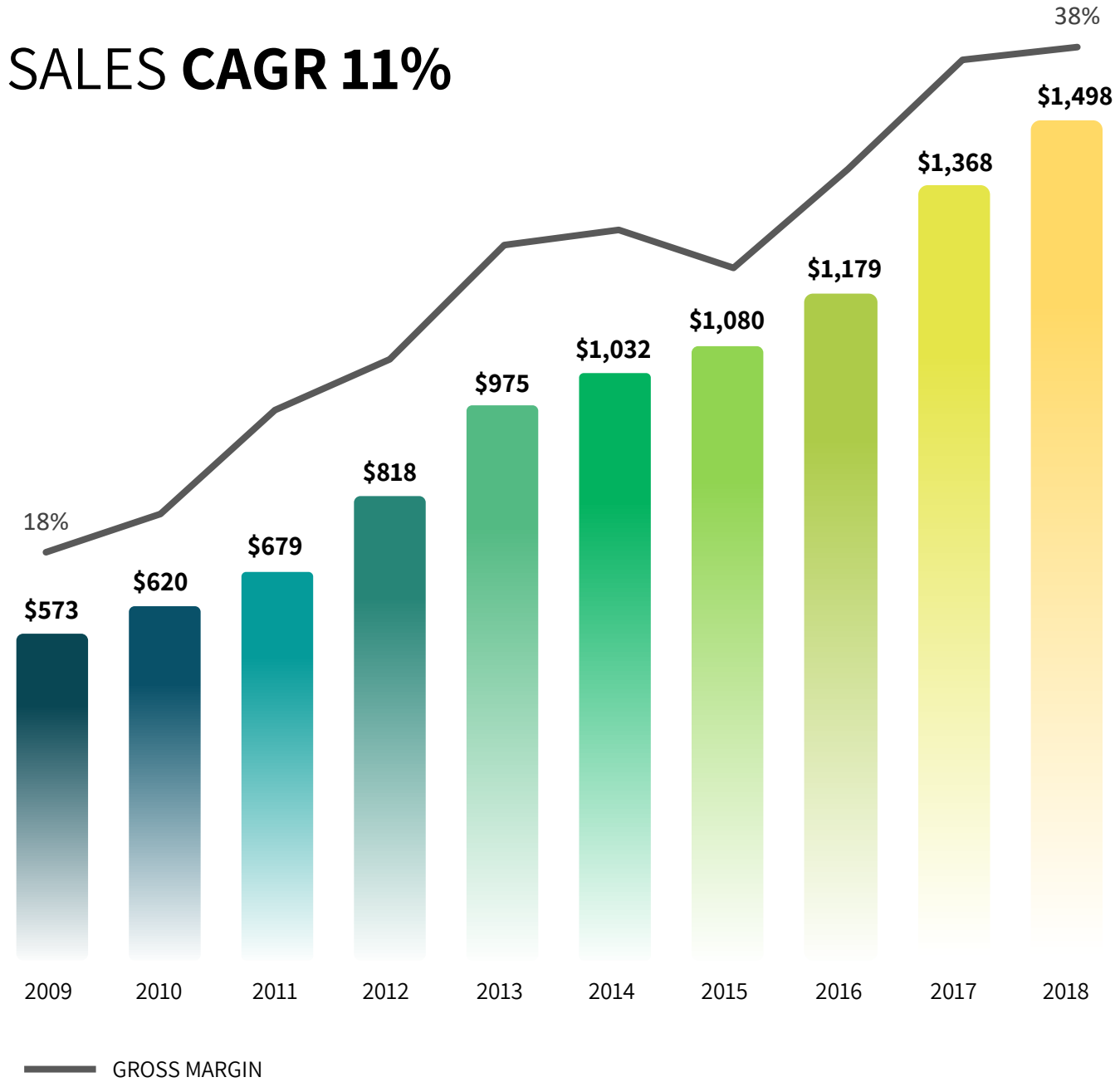
- **STRONG YEAR FOR DELTA ISRAEL**
  - Full year sales up 20%
  - Full year EBIT +$7M, up 185%
  - +16.8% growth in comparable sales and online channel
- **CONTINUED IMPROVEMENTS IN DGPB**
  - Full year Sales increase of 2%, EBIT increase of 25%
  - Realizing cost savings and efficiencies from operations
  - Closed 23 losing stores since acquisition, 10 in 2018
  - Hired Simon Spurr as Global Creative Director of 7 For all Mankind (Jan 2019)
  - Launching Mankind line, Spring 2020
  - Goal: Grow sales by double digits annually and EBITDA to 15%



DRIVING GROWTH YEAR OVER YEAR

SALES 2009-2018 (M)

GROSS MARGIN before one time items
2009-2018

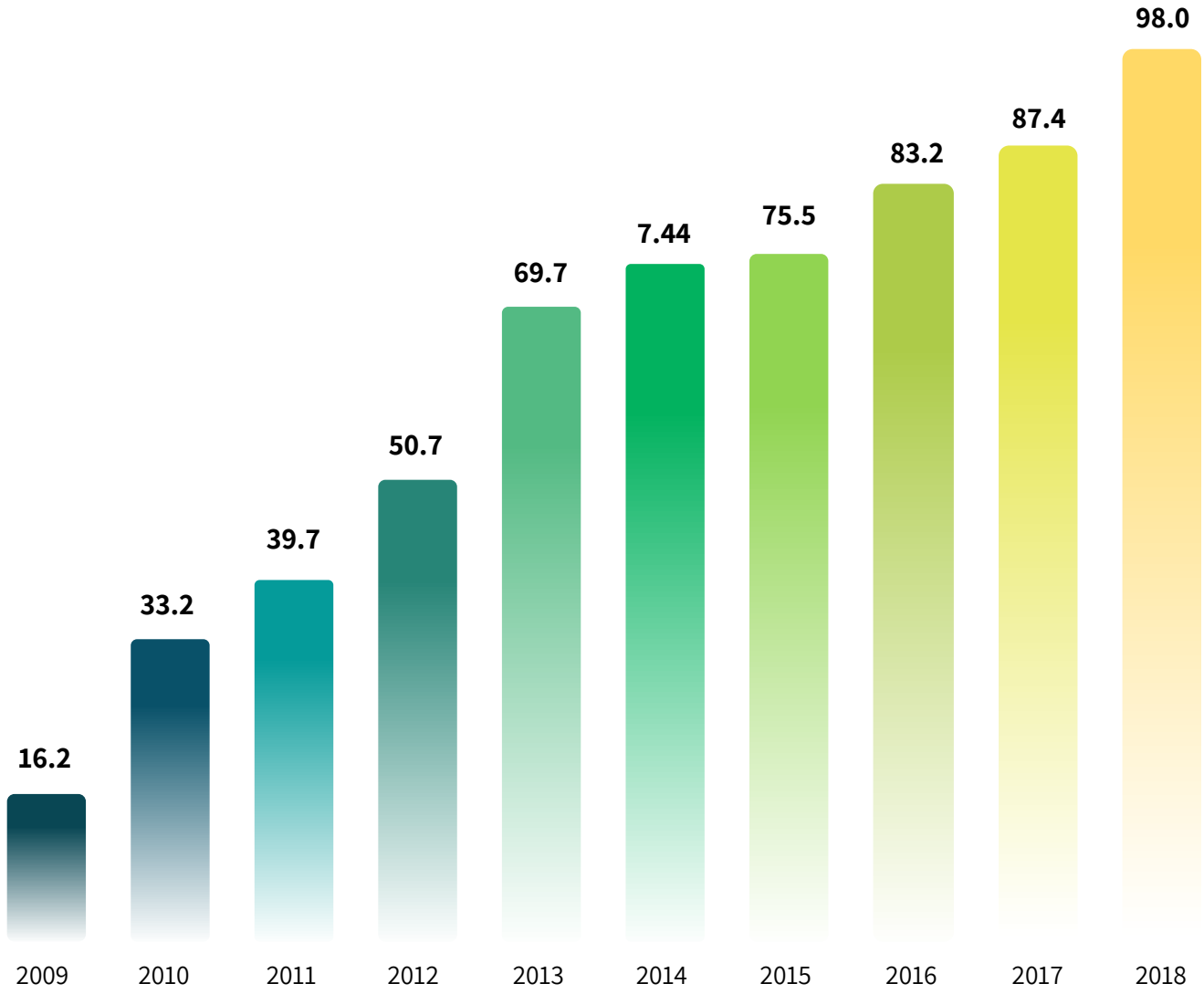


DRIVING GROWTH YEAR OVER YEAR

EBIT 2009-2018 ($M)

Excluding one-time items

EBIT **CAGR 22%**





ONE-TIME ITEMS

Q4 AND FULL YEAR 2018

($MILLION)

	Q4	2018
RESTRUCTURING COST IN GUM		5.4
DEAL COST EMINENCE		4.3
ACQUISITION ADJUSTMENTS EMINENCE (inventory step up)	3.8	7.6
TOTAL IMPACT ON EBIT	3.8	17.3
TAX	1.3	5.1
TOTAL IMPACT ON NET PROFIT	2.5	12.2

The numbers are rounded

Q4 2018 RESULTS

+22% **Sales**
Sales in original currency +24%
Sales excluding Eminence +15%

+30% **Operating Profit** excluding one-time items
Reported OP +18%

+25% **EBITDA**

+36% **Net income** excluding one-time items
Reported +23%

($ million)

	Q4 2018	Q4 2017	% change vs last year
Sales	**454.3**	**371.6**	**22%**
Operating Profit	**38.4**	**32.5**	**18%**
% from sales	*8.4%*	*8.7%*	
Operating Profit **Excluding one-time items**	**42.1**	**32.5**	**30%**
% from sales	*9.3%*	*8.7%*	
EBITDA	**50.2**	**40.0**	**25%**
% from sales	*11.1%*	*10.8%*	
Net Income	**24.7**	**20.1**	**23%**
Net Income **Excluding one-time items**	**27.2**	**20.1**	**36%**
Diluted EPS ($ per share)	**0.97**	**0.79**	**23%**
Diluted EPS ($ per share) **Excluding one-time items**	**1.07**	**0.79**	**36%**
Operating Cash Flow	**56.5**	**55.0**	

YTD 2018 RESULTS

+10% **Sales**
Sales in original currency +9%
Sales excluding Eminence +6%

+12% **Operating Profit** excluding one-time items
Reported OP -5%

+12% **EBITDA**

+19% **Net income** excluding one-time items
Reported -2%

($ million)

	2018	2017	% change vs last year
Sales	1,498.4	1,368.1	10%
Operating Profit	80.7	84.6	(5%)
% from sales	*5.4%*	*6.2%*	
Operating Profit **Excluding one-time items**	98.0	87.4	12%
% from sales	*6.5%*	*6.4%*	
EBITDA	129.8	115.9	12%
% from sales	*8.7%*	*8.5%*	
Net Income	48.2	49.0	(2%)
Net Income **Excluding one-time items**	60.5	50.7	19%
Diluted EPS ($ per share)	1.90	1.91	(1%)
Diluted EPS ($ per share) **Excluding one-time items**	2.37	1.98	20%
Operating Cash Flow	22.4	74.7	



Q4 SALES AND EBIT BY SEGMENT

($ thousands)

	SALES			% change in original currency	EBIT	
	Q4 2018	Q4 2017	% change		Q4 2018	Q4 2017
Delta USA	**139,019**	**117,174**	**19%**	**19%**	**12,600**	**10,016**
% from segment sales					*9.1%*	*8.5%*
Global Upper Market	**85,909**	**68,975**	**25%**	**25%**	**5,595**	**5,465**
% from segment sales					*6.5%*	*7.9%*
Delta European Brands	**86,976**	**60,898**	**43%**	**48%**	**9,559**	**6,281**
% from segment sales					*11.0%*	*10.3%*
Delta Premium Brands	**86,181**	**73,387**	**17%**	**18%**	**8,511**	**3,258**
% from segment sales					*9.9%*	*4.4%*
Delta Israel	**64,933**	**55,024**	**18%**	**24%**	**7,520**	**7,149**
% from segment sales					*11.6%*	*13.0%*
Intersegment Sales	**(8,754)**	**(3,820)**				
Others					**(1,642)**	**320**
Total Sales / EBIT before one-time items	**454,264**	**371,637**	**22%**	**24%**	**42,144**	**32,488**
% from total sales					*9.3%*	*8.7%*
One-Time items, net					**(3,776)**	
Reported EBIT					**38,368**	**32,488**

The numbers are rounded



YTD SALES AND EBIT BY SEGMENT

($ thousands)

	SALES			% change in original currency	EBIT	
	2018	2017	% change		2018	2017
Delta USA	**469,321**	**445,321**	**5%**	**5%**	**32,988**	**30,300**
% from segment sales					*7.0%*	*6.8%*
Global Upper Market	**308,365**	**290,556**	**6%**	**6%**	**21,023**	**29,881**
% from segment sales					*6.8%*	*10.3%*
Delta European Brands	**273,253**	**207,882**	**31%**	**27%**	**21,073**	**12,607**
% from segment sales					*7.7%*	*6.1%*
Delta Premium Brands	**281,931**	**275,278**	**2%**	**2%**	**16,952**	**13,520**
% from segment sales					*6.0%*	*4.9%*
Delta Israel	**194,198**	**161,769**	**20%**	**20%**	**10,962**	**3,853**
% from segment sales					*5.6%*	*2.4%*
Intersegment Sales	**(28,648)**	**(12,726)**				
Others					**(4,993)**	**(2,771)**
Total Sales / EBIT before one-time items	**1,498,421**	**1,368,080**	**10%**	**9%**	**98,005**	**87,390**
% from total sales					*6.5%*	*6.4%*
One-Time items, net					**(17,330)**	**(2,832)**
Reported EBIT					**80,675**	**84,558**

The numbers are rounded

SALES ANALYSIS BY GEOGRAPHIC AREA

($ thousands)

	Q4						YTD					
	2018	% of sales	2017	% of sales	% change	% change in original currency	2018	% of sales	2017	% of sales	% change	% change in original currency
U.S.A	237,407	52%	197,245	53%	20%	20%	794,316	53%	760,480	56%	4%	4%
Europe	133,506	29%	106,173	29%	26%	29%	446,182	30%	392,519	29%	14%	10%
Israel	64,935	14%	55,149	15%	18%	24%	194,239	13%	162,056	12%	20%	20%
Others	18,416	4%	13,070	4%	41%	41%	63,684	4%	53,024	4%	20%	20%
Total	**454,264**	100%	**371,637**	100%	**22%**	**24%**	**1,498,421**	100%	**1,368,080**	100%	**10%**	**9%**

The numbers are rounded



SEGMENTAL RESULTS ON A QUARTERLY BASIS

Excluding one time items

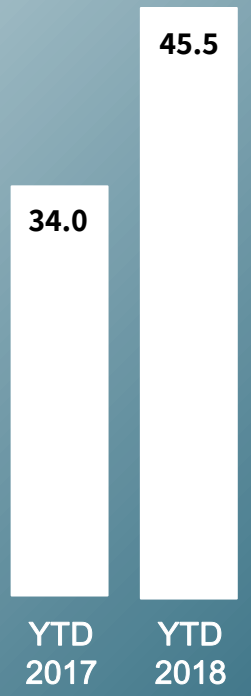
($ thousands)

	2017 Q4		2018 Q1		2018 Q2		2018 Q3		2018 Q4		TRAILING TWELVE MONTHS	
	EBIT	SALES	EBIT	SALES	EBIT	SALES	EBIT	SALES	EBIT	SALES	EBIT	SALES
Delta USA	**10,016**	**117,174**	**4,966**	**102,688**	**6,586**	**118,911**	**8,836**	**108,704**	**12,600**	**139,019**	**32,988**	**469,321**
% from sales	*8.5%*		*4.8%*		*5.5%*		*8.1%*		*9.1%*		*7.0%*	
Global Upper Market	**5,465**	**68,975**	**3,798**	**68,423**	**6,577**	**75,793**	**5,053**	**78,239**	**5,595**	**85,909**	**21,023**	**308,365**
% from sales	*7.9%*		*5.6%*		*8.7%*		*6.5%*		*6.5%*		*6.8%*	
Delta European Brands	**6,281**	**60,898**	**2,395**	**57,993**	**422**	**44,979**	**8,698**	**83,305**	**9,559**	**86,976**	**21,073**	**273,253**
% from sales	*10.3%*		*4.1%*		*0.9%*		*10.4%*		*11.0%*		*7.7%*	
Delta Premium Brands	**3,258**	**73,387**	**4,067**	**66,714**	**1,454**	**66,425**	**2,920**	**62,612**	**8,511**	**86,181**	**16,952**	**281,931**
% from sales	*4.4%*		*6.1%*		*2.2%*		*4.7%*		*9.9%*		*6.0%*	
Delta Israel	**7,149**	**55,024**	**796**	**44,011**	**1,297**	**39,665**	**1,348**	**45,589**	**7,520**	**64,933**	**10,962**	**194,198**
% from sales	*13.0%*		*1.8%*		*3.3%*		*3.0%*		*11.6%*		*5.6%*	
Intersegment Sales and Others	**320**	**(3,820)**	**(2,062)**	**(5,342)**	**(1,091)**	**(6,866)**	**(199)**	**(7,686)**	**(1,642)**	**(8,754)**	**(4,993)**	**(28,648)**
Total EBIT / Sales	**32,488**	**371,637**	**13,960**	**334,487**	**15,245**	**338,907**	**26,656**	**370,763**	**42,144**	**454,264**	**98,005**	**1,498,421**
% from sales	*8.7%*		*4.2%*		*4.5%*		*7.2%*		*9.3%*		*6.5%*	

The numbers are rounded



CAPITAL EXPENDITURES



($ million)

Manufacturing	22.9
Schiesser *	4.5
Delta Israel	5.2
DGPB **	7.7
Others	5.1
Total	**45.5**

* excluding manufacturing
** mainly IT in the new logistics center

BALANCE SHEET

Increased following Eminence acquisition

$74M Cash on hand

$468M Equity

39% Equity from total balance sheet

2.4 Proforma Net debt / EBITDA

($ million)

	Dec. 31 2018	% FROM TOTAL	Dec. 31 2017	% FROM TOTAL
Cash and cash equivalents	74.0	6%	138.9	14%
Other current assets	561.2	47%	443.4	43%
Total current assets	635.2	53%	582.3	57%
Non current assets	570.7	47%	438.2	43%
Total Assets	**1,205.9**	**100%**	**1,020.5**	**100%**
Current liabilities	372.8	31%	258.3	25%
Debentures	223.0	18%	258.9	25%
Other non-current liabilities	142.3	12%	52.0	5%
Total long term liabilities	365.2	30%	310.9	30%
Equity	467.9	39%	451.3	44%
Total Liabilities and Equity	**1,205.9**	**100%**	**1,020.5**	**100%**

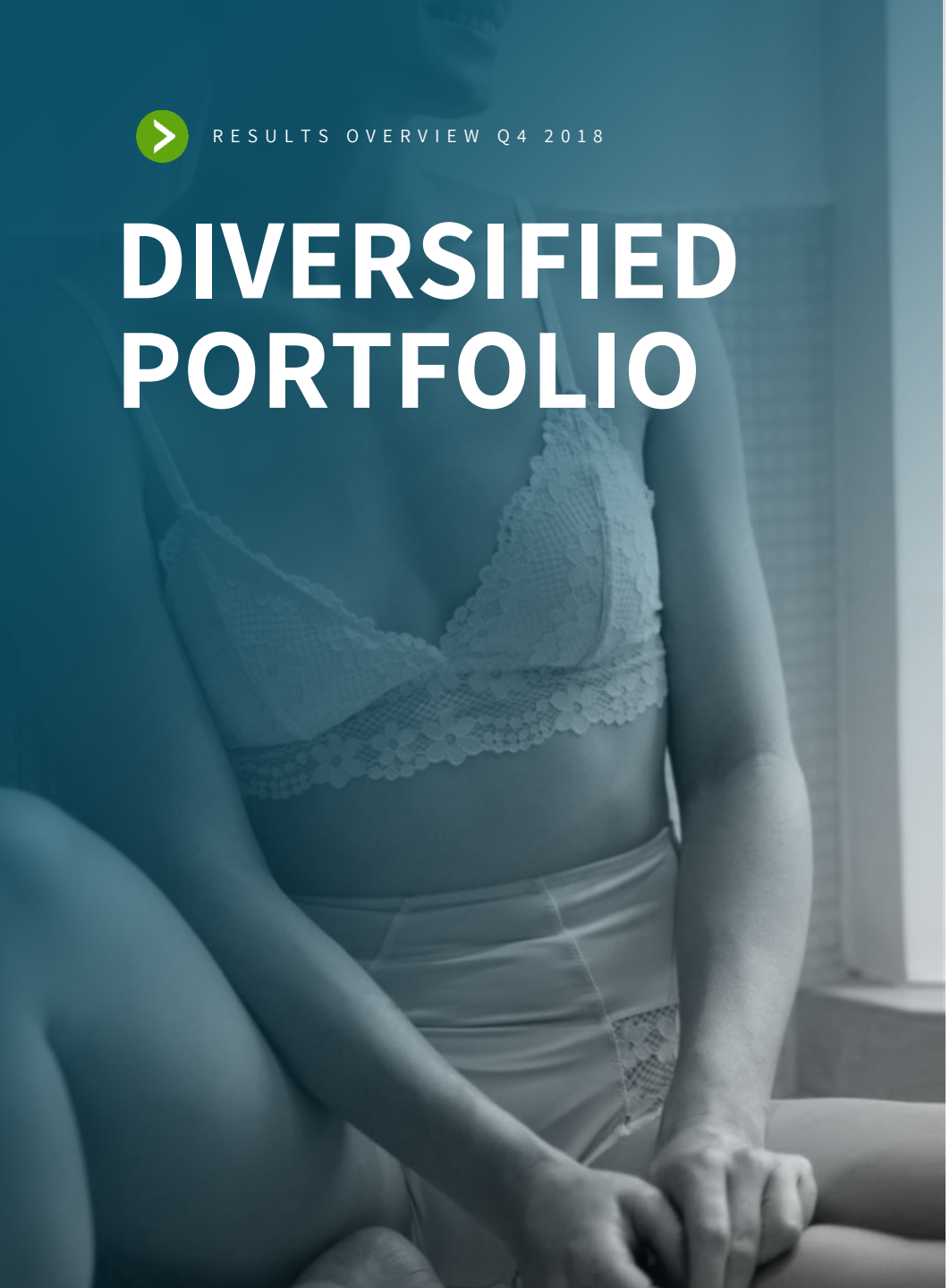


FINANCIAL INDICATORS

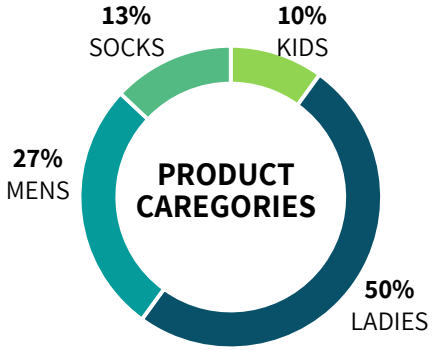
	31.12.2018	31.12.2017
Current ratio	**1.70**	2.25
Quick ratio	**0.87**	1.21
Days of Sales Outstanding	**44**	36
Days Payable Outstanding	**45**	45
Inventory Days	**99**	107
Operating cash flow - Q4 ($ million)	**56.5**	55.0
Operating cash flow - Last 4 Quarters ($ million)	**22.4**	74.7
EBITDA - Q4 ($ million)	**50.2**	40.0
EBITDA - Last 4 Quarters ($ million)	**129.8**	115.9
Net financial debt ($ million)	**326.7**	125.6
Net financial debt to EBITDA proforma (based on Last 4 Quarters)	**2.4***	1.1
Equity / Equity & Liabilities	**38.8%**	44.2%
Equity ($ million)	**467.9**	451.3
Net Debt / CAP	**36.5%**	17.4%

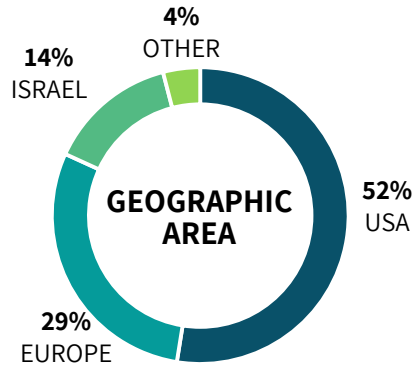
* Proforma based on last 4 quarters including Eminence

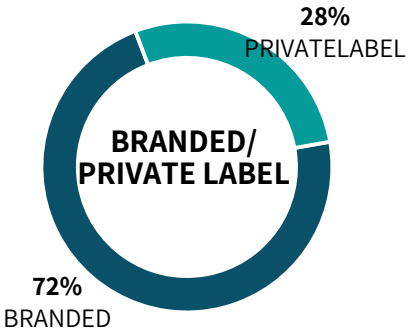
DIVERSIFIED PORTFOLIO

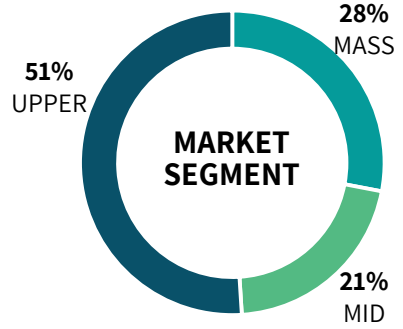


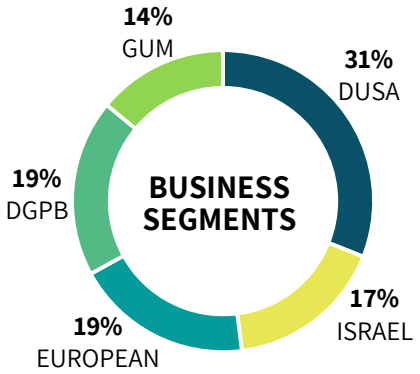
Enables Delta to mitigate the market changes
% from sales (for Q4.2018)

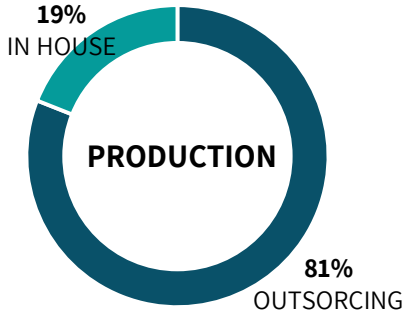












2019 GUIDANCE

Excluding one time items

Based on current market conditions
Ex-rates used: Euro/USD 1.14; USD/NIS 3.65

	2018 ACTUAL	2019 GUIDANCE	% INCREASE 2019 GUIDANCE COMPARED TO 2018 ACTUAL
Sales	1,498	1550 - 1590	**3% - 6%**
EBIT	98	104 - 109	**6% - 11%**
EBITDA	130	138 - 143	**6% - 10%**
Net Income	60	64 - 67	**5% - 12%**
Diluted EPS ($)	2.37	2.50 - 2.65	**5% - 12%**
Including IFRS16 impact			
EBIT	98	112 - 117	**14% - 19%**
EBITDA	130	189 - 194	**45% - 49%**

FUTURE GROWTH



DGPB will increase EBITDA to 15% and double digit sales growth annually

Continued growth in direct to consumer channel

Factories full for 2019

Expanding our distribution of Delta core products through Eminence acquisition

Focusing on growing our sales in Asia and South America

Strategic M&A

Thank You