
DELTA GALIL
INDUSTRIES LTD.
WELCOME TO
Q3 2021 RESULTS
November 2021

האמור במצגת בכל הקשור לניתוח פעילותיה של החברה הינו תמצית בלבד. המצגת עשויה לכלול מידע המוצג באופן שונה מהאופן שבו הוצג בדיווחי החברה לציבור עד כה, כך שבמצגת עשויים להיכלל נתונים המוצגים באופן ו/או אפיון ו/או בעריכה ו/או בפילוח שונים מאלה שהוצגו בדוחותיה, במצגות החברה או בדיווחיה בעבר, כאשר נתונים אלה נכונים למועד הצגתם בלבד. על מנת לקבל תמונה מלאה של פעילות החברה ושל הסיכונים עימם מתמודדת החברה, יש לעיין בדיווחיה השוטפים של החברה לרבות בדוח השנתי לתקופה שהסתיימה ביום 31 בדצמבר 2020 ובדוח הרבעוני לתקופה שהסתיימה ביום 30 בספטמבר 2021.

העובדות והנתונים ששימשו בסיס למידע המפורט במצגת זו מבוססים על מידע כפי שהוא ידוע 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. מצגת זו אינה מהווה תחליף לבחינת דיווחיה הציבוריים של החברה, לרבות הדוחות הכספיים שלה, לפני קבלת החלטה כלשהי באשר לניירות הערך של החברה.

האמור במצגת זו כולל גם מידע צופה פני עתיד, כהגדרתו בחוק ניירות ערך, כגון 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, התפתחויות בסביבה הכלכלית ובגורמים החיצוניים המשפיעים על החברה, לרבות השלכות השפעת נגיף הקורונה, כך, למשל, המשך התפשטות הנגיף והשפעותיו, החלטות של מדינות ורשויות שלטוניות בארץ ובעולם על דרך טיפולן בנגיף, התנהגות לקוחות וצרכנים כתוצאה מהמצב ושינויים נוספים שינבעו מהאמור, עלולים אף הם להשפיע על החברה ועל תוצאותיה, באופן שונה מהותית ממה שהיא מעריכה במצגת. 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 במצגת זו, ויש לקחת בחשבון כי נתוני עבר אינם מצביעים בהכרח על ביצועים בעתיד.

בהעדר אינדיקציה אחרת, הנתונים הכספיים הנכללים במצגת זו מתייחסים לרבעון שלישי המסתיים בחודש ספטמבר 2021.

Q3-2021 5th Consecutive Quarter of Record Profitability

REVENUES
$501.1M
+31%

EBITDA*
$60.7M
+$19.2M

NET PROFIT (BOT)
$36.4M
+$16.8M

GROSS MARGIN
39.6%
+150 BPS

EBIT MARGIN
10.6%
+180 BPS

OWN DIGITAL
+102%

* Excluding IFRS16 Impact.

The numbers are rounded



Q3 2021 Highlights

Business fundamentals continue to strengthen

- Organic sales higher than 2019 for two consecutive quarters
- GM at Q3 record level of 39.6% due to strategic shift to more profitable channels, customers and product mix
- EBIT and EBIT margin at all time high**, driven by higher sales of all segments and GM improvement
- Net profit** increased from $19.5M to $36.4M representing 86% growth
- Delta Israel and Delta Brands segments present Q3 record level of sales and profitability for the quarter
- Increased guidance for 2021
- Net debt* is down from $286.4M to $134.8M year over year
- Dividend payment of $7.0M

* Excluding IFRS16 Impact **Before one time items

Q3 2021 Financial Highlights vs. Q3 2020

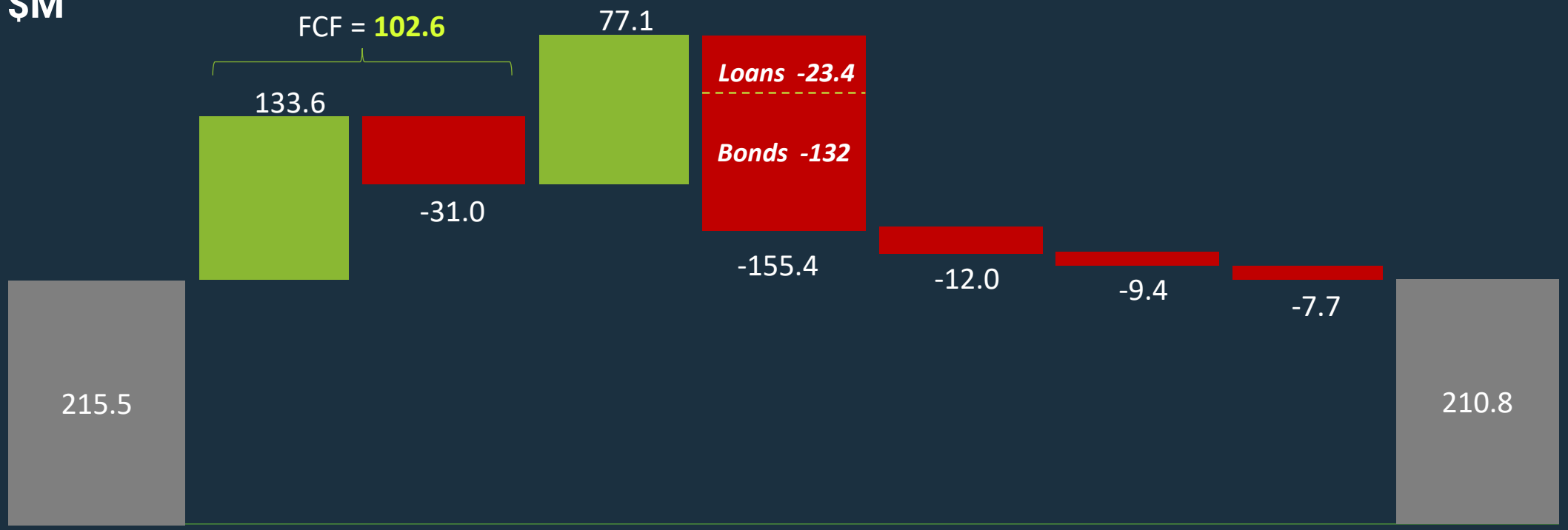
SALES	**Total Sales** ★	**Organic Sales***	**Sales in Original Currency**	**Own Web Site** ★
	$501.1 M ↑ 31%	$472.7 M ↑ 23%	$496.1 M ↑ 30%	Increased YoY ↑ 102%
PROFIT/MARGINS	**Gross Margin** ★	**Operating Margin***** ★★	**EBITDA**** ★	**Net Income** (BOT) ★★
	Increased from 38.1% ↑ 39.6%	Increased from 8.8% ↑ 10.6%	Increased from $41.4 M ↑ $60.7 M	Increased from $19.5 M ↑ $36.4 M
KEY FINANCIAL INDICATORS	**CF** (BOT)**	**Net Debt / EBITDA****	**Days Of Inventory**	**Days Of Sales**
	Decreased from $27.8 M ↓ $4.7 M	Decreased from 3.3 ↓ 0.7	Increased from 117 ↑ 122	Decreased from 43 ↓ 34
KEY FINANCIAL INDICATORS	**Equity / BS**	**CAPEX**	**Cash**	**Diluted EPS** (BOT) ★
	Increased from 26.8% ↑ 34.9%	Increased from $5.3 M ↑ $8.2 M	Decreased from $218.0 M ↓ $211.6 M	Increased from $0.77 M ↑ $1.31 M

★ Record for Q3
★★ All time Record

*Excluding Bare Necessities **Excluding IFRS16 ***All time record operating margin before one time items

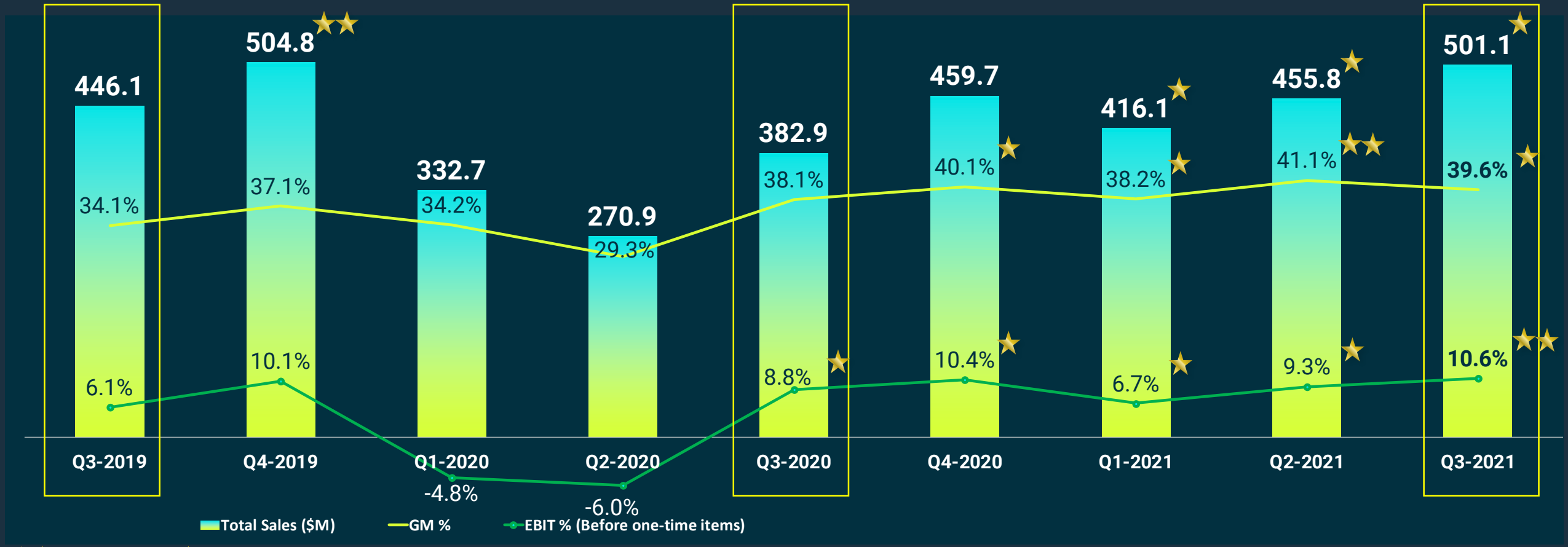
Cash cycle 30/09/2020 to 30/09/2021

$M



Qs Trend Analysis

- Third consecutive quarter of record sales for the Q
- Second Q since COVID of higher organic sales vs. 2019
- Fifth consecutive quarter of record EBIT margin & fourth consecutive quarter with record GM



★★ Record level ★ Record for Quarter

The numbers are rounded

Q3 2021 GM Expansion

Results of focused strategy and continued efficiency measures

BETTER MIX IMPACT

- High margin customers
- Better channels
- High margin products & categories
- Bare Necessities

OPERATIONAL

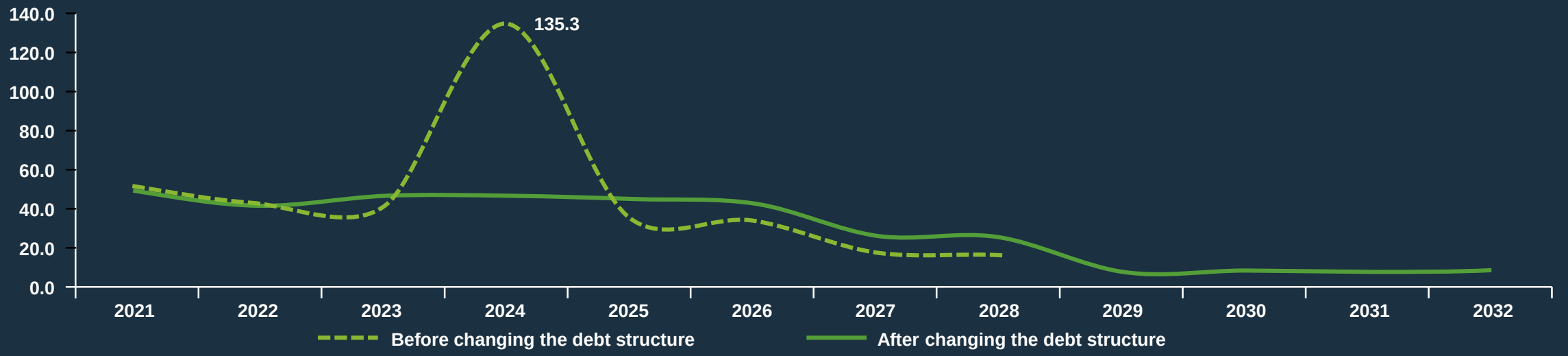
- Increased sales & production
- High Same Stores Sales
- Controlled pricing
- Efficiency improvement plan

EXTERNAL FACTORS

- Foreign exchange impact
- Increased RM & logistics costs
- COVID disruption

Debt Restructuring: Early Redemption of Bond Series B by Cash Payment ($25M) and Conversion to Loans ($75M)

BONDS' REPAYMENT SCHEDULE BEFORE AND AFTER DEBT RESTRUCTURING ($M)



- Executed on August 2021
- Extended debt duration by 8Y (of converted portion)
- Flattened payments curve
- Fixation of significant loan portion ($56M) with low long-term maturity through 2032
- Resulted in one-time expense of $5M



Q3 UPDATE BY SEGMENT

Q3 2021

DELTA | RESULTS OVERVIEW

Brands

Comprehensive portfolio of top intimate apparel and activewear Brands, Owned & Licensed, all with high brand awareness & loyalty

Brands segment presents strong Q3-21 results with record level of sales and profitability.

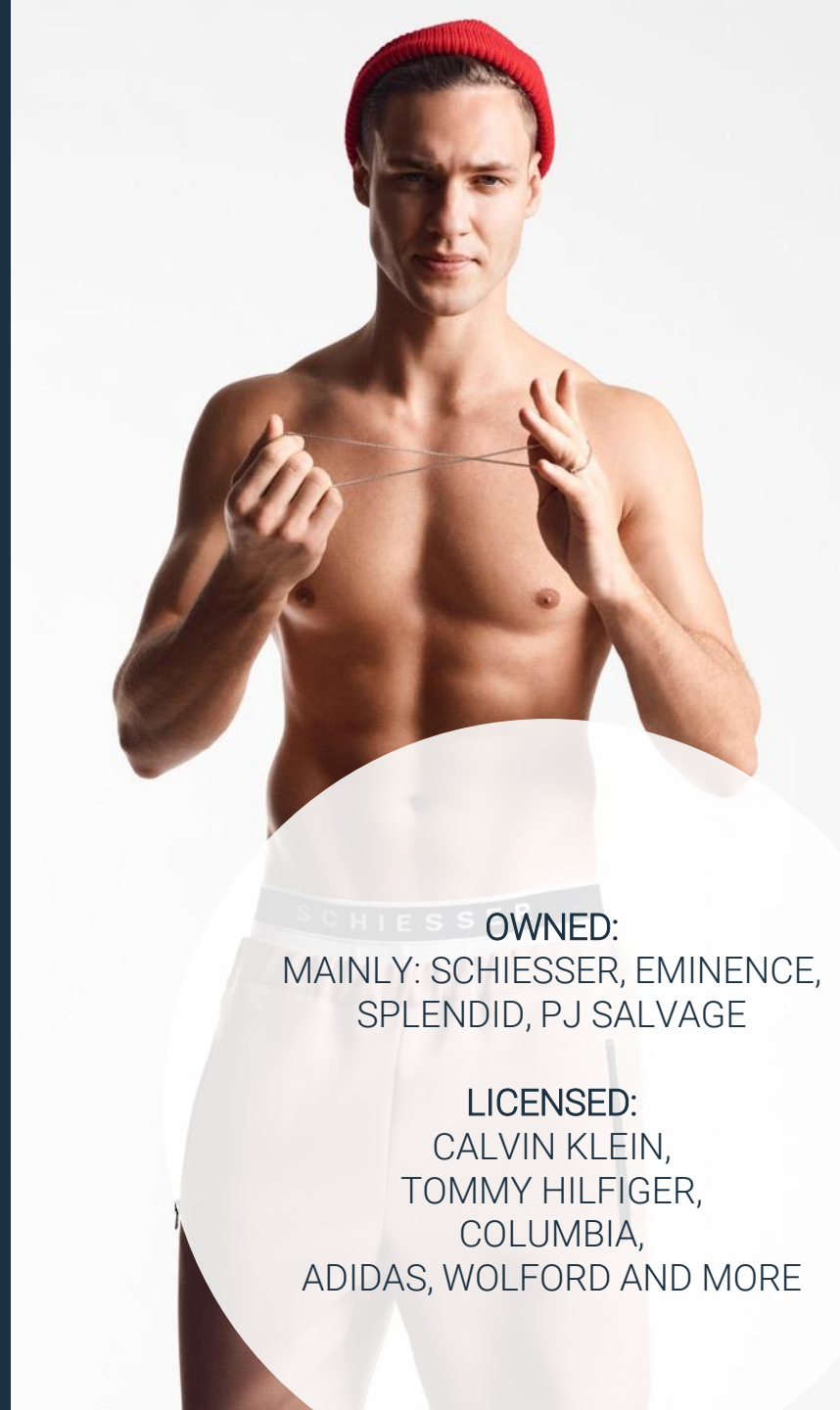
($M)	Q3 2020	Q3 2021	Var vs. Q3 2020
SALES	156.8	183.5	17%
EBIT	20.1	31.2	55%
EBIT%	*12.8%*	*17.0%*	*4.2%*

Q3 2021 vs Q3 2020

Sales increased by 17%, driven by all channels

EBIT increased from $20.1M to $31.2M, mainly due to:

- Higher revenues with higher GM, driven by higher selling prices
- S&M expenses leverage
- Favorable ex-rate impact, partially offset by increased in shipping costs



OWNED:
MAINLY: SCHIESSER, EMINENCE, SPLENDID, PJ SALVAGE

LICENSED:
CALVIN KLEIN,
TOMMY HILFIGER,
COLUMBIA,
ADIDAS, WOLFORD AND MORE

- We signed a long-term global licensing agreement for women's intimates and sleepwear for the Polo Ralph Lauren brand, and for women's intimates for the Lauren brand.
- This partnership represents a significant addition to our licensing portfolio, and we're thrilled to be working with such an iconic and timeless brand.
- This marks another significant step in our growth strategy of partnering with leading global brands and comes on the heels of our recent global licensing agreements with adidas and Wolford.

POLO RALPH LAUREN

Private Label 1/2

Fully vertical from innovative design to distribution for leading brands & retailers

- Performance socks business continues to trend well with significant growth **opportunities**
- Continued strong growth with pure digital customers led by Skims and Tommy John
- Supporting growth and robust demand by expanding our seamless factory & establishing a new socks factory
- Q3 results were negatively impacted by factories shut-down in Asia due to COVID, with gradual recovery through October
- Successful launch of Sofia Vergara in 500 Walmart stores & online



DELTA IS A PARTNER OF CHOICE TO: NIKE, VICTORIA'S SECRET, CALVIN KLEIN, LULULEMON, SPANX, WALMART, TARGET, TOMMY JOHN, ADORE ME, SKIMS, FENTY AND MORE

Q3 2021

DELTA | RESULTS OVERVIEW

Private Label 2/2

($M)	Q3 2020	Q3 2021	Var vs. Q3 2020
SALES	131.4	179.1	36%
EBIT	9.5	12.2	27%
EBIT%	*7.3%*	*6.8%***	*-0.5%*

Q3 2021 vs Q3 2020

Sales increased 36% to $179.1M, driven by Socks, Mass market and pure online customers

EBIT increased by $2.6M from $9.5M to $12.2M, driven by:

- Higher revenues and production volume
- Better product and customers mix
- Improvement in our factories, positively impacted by restructuring implementation
- Partially offset by manufacturing disruptions in our Asian factories due to COVID, ** estimated impact of 340 BPS



Seven For All Mankind

We recently consolidated 7FMK U.S. and 7FMK EU under one global leader and will be introducing an exciting global collection

($M)	Q3 2020	Q3 2021	Var vs. Q3 2020
SALES	36.7	47.5	29%
EBIT	-4.3	2.1	
EBIT%	*-11.8%*	*4.4%*	*16.2%*

Q3 2021 vs Q3 2020

Sales increased by 29%, mainly driven by higher retail sales in U.S. & EU with strong same stores increase

EBIT increased from ($4.3M) to $2.1M :

- Revenue increase with GM improvement, mainly driven by better sourcing, less promotions & discounts in DTC channels.
- Operating expenses reduction following consolidation of EU & U.S. business units and tight cost control.

- Growth opportunities with U.S reopen for tourists in Nov.
- Strong consumer demand for wider leg openings, where 7FAM has a leadership position



THE FOUNDER OF AMERICAN PREMIUM DENIM, THE BRAND THAT FOREVER CHANGED THE WAY PEOPLE THINK ABOUT DENIM

OPERATES IN SPACE WHICH IS POISED TO GROW DUE TO THE SHIFT TO CASUALWEAR

MARKETED THROUGH DTC AND WHOLESALE CHANNELS GLOBALLY

Delta Israel

Delta Israel presented record sales & profitability for the third quarter

($M)	Q3 2020	Q3 2021	Var vs. Q3 2020
SALES	56.8	65.2	15%
EBIT	9.2	12.1	32%
EBIT%	*16.2%*	*18.6%*	*2.4%*

Q3 2021 vs Q3 2020

Sales increased by 15% vs. Q3 2020 in USD (or 9% in NIS), driven by All channels. Stores comp up 7.3% and Online up 3% vs. Q3 2020.

EBIT increased from $9.2M to $12.1M, with EBIT margin increase from 16.2% to 18.6%, mainly driven by GM improvement due to better products mix (PJs and Bras) and positive currency impact. This positive impact was partially offset by an increase in shipping costs.



THE LEADING ISRAELI INTIMATE APPAREL COMPANY FOR THE FAMILY (DELTA) AND TEENAGERS (FIX)

204 STORES, DIGITAL AND WHOLESALE CHANNELS

IPO MARCH 2021 (TASE: DLTI, MARKET CAP: ~$571M AS OF NOVEMBER 2, 2021)

STRONG GROWTH OPPORTUNITIES:
BRAS AND LEISUREWEAR
EXPANDING BABY CATEGORY
PENETRATION INTO NEW CATEGORIES SUCH AS SPORT

Online Retailer

($M)	Q3 2020*	Q3 2021
SALES	2.0	28.3
EBIT	0.0	-1.0
EBIT%	*-1.6%*	*-3.7%*

- Investing in re-branding the website including updated layout, content and features
- Launched private label sleepwear collection under Bare ™ brand, with expansion to a full assortment including Bras, panties, swim & lounge in spring 2022, all with high GM
- Continued to enhance Digital ID to further personalize her experience when she returns to the site

*Only Brayola

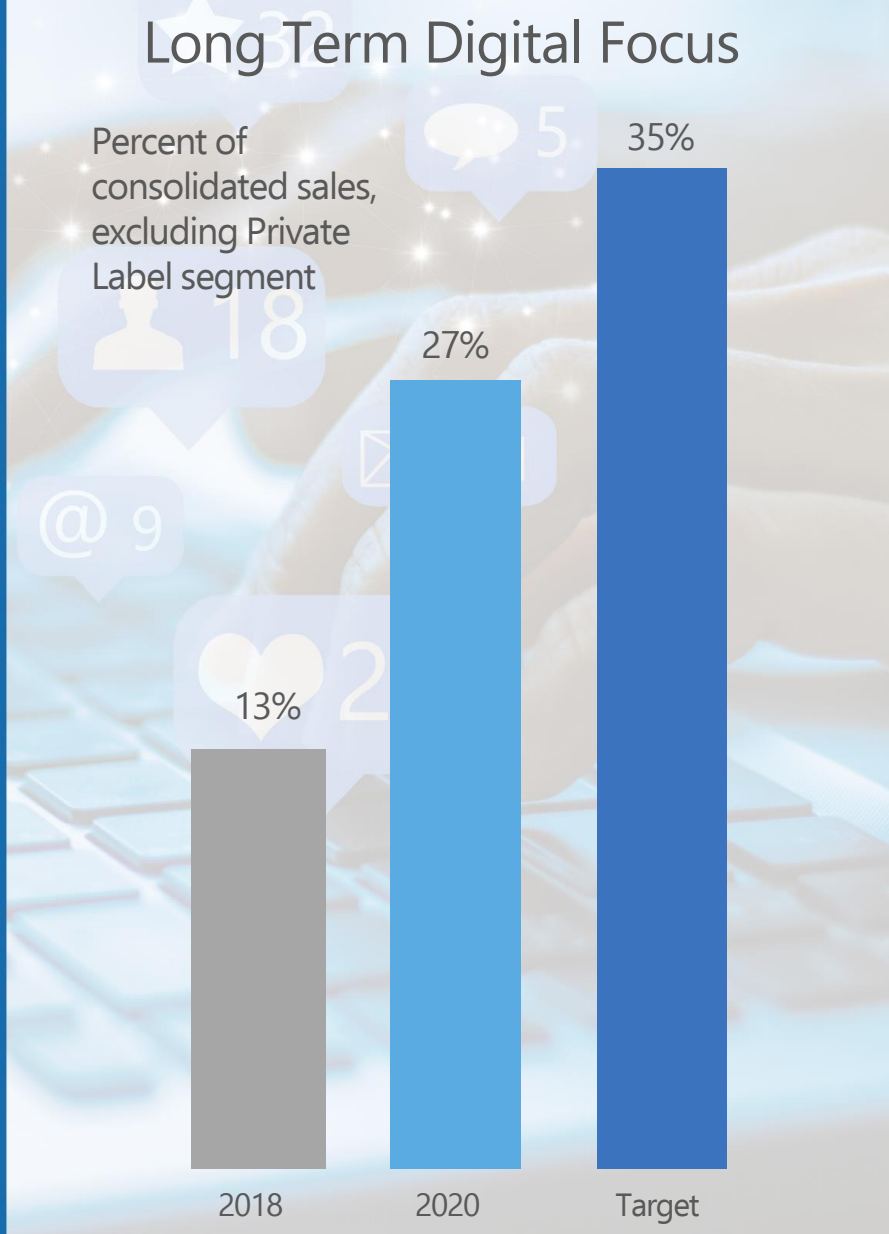


Growing Our Digital Ecosystem

- Centralize digital marketing across brands to leverage learnings and expand social presence
- Invest in new technologies for personalization, digital fitting tools and AI enabled search and browse
- Test new channels to drive traffic (e.g. Tiktok)
- Build out loyalty programs to further drive retention
- Utilize enhanced analytics to optimize traffic in real time
- Evaluate dedicated DC for all our e-comm

- Strategic focus on digital growth
*- Expand digital target to 35%+ of revenue**

Long Term Digital Focus



Key Drivers

- Category Expansion
- Personalization
- Omnichannel
- Retention
- Influencers and Affiliated
- Loyalty

*This slide includes goals that are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based on assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved, and the Company undertakes no duty to update its goals.

DELTA GALIL INDUSTRIES LTD.

Strong Balance Sheet gets stronger

$211.6M

Cash balance

$134.8M

Net debt (reduced By $151.5M)

$609.9M

Equity

$ in millions

	Sep. 30 2020	% OF TOTAL	Sep. 30 2021	% OF TOTAL
CASH AND CASH EQUIVALENTS	218.0	13%	211.6	12%
INVENTORY	307.0	19%	409.3	23%
OTHER CURRENT ASSETS	228.1	14%	252.1	14%
TOTAL CURRENT ASSETS	753.0	46%	873.1	50%
NON CURRENT ASSETS	872.9	54%	873.3	50%
TOTAL ASSETS	**1,625.9**	**100%**	**1,746.4**	**100%**
CURRENT LIABILITIES	500.6	31%	545.1	31%
DEBENTURES	323.5	20%	187.3	11%
OTHER NON-CURRENT LIABILITIES	365.4	22%	404.0	23%
TOTAL LONG TERM LIABILITIES	688.9	42%	591.3	34%
EQUITY	436.4	27%	609.9	35%
TOTAL LIABILITIES AND EQUITY	**1,625.9**	**100%**	**1,746.4**	**100%**

The numbers are rounded

Increased guidance

$ in millions

	2019 ACTUAL	2021 PREVIOUS GUIDANCE	**2021 CURRENT ** GUIDANCE**	**% INCREASE CURRENT GUIDANCE VS. PREVIOUS GUIDANCE *** **	**% INCREASE CURRENT GUIDANCE VS. 2019 ACTUAL *** **
Sales	1,690.2	1,825- 1,875	**1,900-1,940**	**4%**	**14%**
EBIT*	106.0	160 - 170	**180 - 186**	**11%**	**73%**
EBITDA*	195.6	260 - 270	**280 - 286**	**7%**	**45%**
Net Income*	60.2	96 - 104	**113 - 117**	**15%**	**91%**
Diluted EPS* ($)	2.36	3.40 - 3.70	**4.00 - 4.15**	**15%**	**73%**

*Before one time items, includes IFRS 16 impact

**Current guidance assuming there is no severe resurgence of the COVID-19 pandemic that leads to quarantines and/or lockdowns in any countries in which the company sells or manufactures its products.

*** Represents change vs. mid range

Increased guidance – IFRS 16 impact

$ in millions

	IFRS16 Impact 2019	IFRS16 Impact 2021
EBIT *	8.1	12.4
EBITDA	57.9	64.0
Net income *	-0.1	2.7

*Before one time items


Thank You