

Press Release

Delta Galil Reports Strong Growth for 2013 First Quarter

Performance Distinguished by Sharply Rising Sales and Profits

*Company Expects Sales, EBIT, Net Income and EPS for 2013 to be at
“Higher End of the Forecast Range”*

- Sales reached \$227.3 million in the 2013 first quarter, up 35% from the same period of 2012.
- Delta Galil achieved its 14th consecutive quarter of year-over-year sales growth.
- Operating income was \$11.6 million in the 2013 first quarter, an 81% increase from a year ago.
- Net income attributed to shareholders was \$6.6 million in the 2013 first quarter, up 70% from the same 2012 period.
- Diluted earnings per share attributed to shareholders rose to \$0.26 for the 2013 first quarter, a 63% increase from \$0.16 a year ago.
- The Board of Directors declared a dividend of approximately \$2.5 million, or \$0.1019 per share, to be distributed on June 11, 2013. The determining and "ex-dividend" date will be May 29, 2013.
- Isaac Dabah, CEO of Delta Galil, noted: “The Company began 2013 on an extremely strong footing, delivering the highest first quarter sales in our history. We will continue to invest in product innovation, expanding our successful Schiesser acquisition and enhancing our capacity for continued profitable growth. We estimate that our 2013 results will be at the higher end of the forecast range”

Tel Aviv, May 21, 2013 – 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, today reported its financial results for the first quarter ended March 31, 2013.

Delta Galil reported quarterly sales of \$227.3 million for the first quarter of 2013, up from \$168.1 million for the same quarter last year, an increase of 35%. The continuation of the Company’s strong top-line trend reflected its acquisition of Schiesser Group in July 2012, increasing sales across all geographic regions, and higher sales to major customers in a broad range of categories.

Operating income was \$11.6 million for the first quarter of 2013, increasing 81% from \$6.4 million in the same quarter of 2012. A key contributor to higher operating income was the expansion of the gross profit margin to 25.0% from 18.6% comparing the first quarter of 2012. This was partly offset by higher selling, marketing, general and administrative expenses.

Net income attributable to shareholders was \$6.6 million in the first quarter of 2013, compared to \$3.9 million in the same quarter of 2012, a 70% increase. Diluted earnings per share attributed to shareholders increased by 63% and amounted to \$0.26 for the 2013 first quarter, compared to \$0.16 for the 2012 first quarter.

Management Comment:

Record First Quarter Sales Driven by Diverse Customers and Regions

Isaac Dabah, CEO of Delta Galil, stated: "The Company began 2013 on an extremely strong footing, delivering the highest first quarter sales in our history. Our top-line performance benefitted from organic growth mainly in the North American and the Israeli markets, as well as from the Schiesser acquisition. Based on our excellent first quarter results, we expect that sales, EBIT, net income and EPS for 2013 will be at the higher end of the forecast ranges. At the same time, we will continue to invest in product innovation, expanding our successful Schiesser acquisition and enhancing our capacity for continued profitable growth."

EBITDA, Equity, Dividend Declaration

EBITDA was \$15.8 million or 6.9% of sales in the 2013 first quarter, increasing 73% compared with \$9.1 million or 5.4% of sales in the same period of 2012.

EBITDA for the twelve trailing months ending March 31, 2013 reached \$71.4 million.

Equity on March 31, 2013 was a record \$282.6 million, compared to \$220.0 million a year earlier.

Delta Galil declared a dividend of \$2.5 million, or \$0.1019 per share, to be distributed on June 11, 2013. The determining and "ex-dividend" date will be May 29, 2013.

Continued Strong Outlook for 2013

The Company reiterates its 2013 forecast and expects that the results will be at the higher end of the forecast range.

DELTA GALIL INDUSTRIES LTD.Concise Consolidated Balance Sheets
As of March 31, 2013

	March 31		December 31
	2013	2012	2012
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	41,227	75,054	45,475
Restricted Cash	2,134	-	2,882
Other accounts receivable:			
Trade receivables	110,320	94,038	108,735
Taxes on income receivable	1,780	1,229	125
Others	17,719	7,303	12,124
Financial derivative	983	92	719
Inventory	154,366	98,690	150,309
Assets classified as held for sale	6,358	1,766	6,456
Total current assets	<u>334,887</u>	<u>278,172</u>	<u>326,765</u>
Non-current assets:			
Long-term pre-paid expenses	508	376	562
Investment property	4,610	-	4,795
Long-term receivables	10,075	1,494	12,710
Fixed assets, net of accumulated depreciation	93,910	65,682	93,019
Intangible assets, net of accumulated amortization	112,805	79,457	111,482
Deferred tax assets	9,052	7,002	8,833
Financial derivative	3,495	-	1,045
Total non-current assets	<u>234,455</u>	<u>154,011</u>	<u>232,446</u>
Total assets	<u><u>569,342</u></u>	<u><u>432,183</u></u>	<u><u>559,211</u></u>

	March 31		December 31
	2013	2012	2012
	(Unaudited)		(Audited)
Thousands of Dollars			
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	55,028	57,024	40,175
Current maturities of long-term loans from banking corporations	1,357	2,110	1,357
Current maturities of debentures	15,980	14,021	15,965
Other accounts payable:			
Trade payables	58,606	51,161	72,351
Taxes on income payable	5,084	1,232	5,029
Others	48,847	33,684	47,479
Total current liabilities	184,902	159,232	182,356
Non-current liabilities:			
Loans from financial institutions, less current maturities	-	1,355	150
Severance pay liabilities less plan assets	2,820	1,289	2,679
Other non-current liabilities	13,576	5,927	13,543
Debentures	81,526	41,382	79,323
Financial derivative	-	1,984	-
Reserve for deferred taxes	3,881	1,005	3,361
Total non-current liabilities	101,803	52,942	99,056
Total liabilities	286,705	212,174	281,412
Equity:			
Equity attributable to equity holders of the parent company:			
Share capital	23,339	23,117	23,311
Share premium	124,653	121,408	124,220
Other capital reserves	8,833	(290)	8,736
Unassigned income balance	134,614	83,273	130,364
Treasury shares	(10,996)	(9,700)	(10,996)
	280,443	217,808	275,635
Minority interests	2,194	2,201	2,164
Total equity	282,637	220,009	277,799
Total liabilities and equity	569,342	432,183	559,211

DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income
For the 3-month period ending March 31, 2013

	Three months ended on March 31		<i>% Increase</i>
	2013	2012	
	Thousands of dollars		
Sales	227,255	168,067	35%
Cost of sales	170,378	136,773	
Gross profit	56,877	31,294	82%
% of sales	%25.0	%18.6	
Selling and marketing expenses	36,819	18,567	98%
% of sales	%16.2	%11.1	
General and administrative expenses	9,417	5,991	57%
% of sales	%4.1	%3.6	
Other income (expenses), net	926	(346)	
Operating income	11,567	6,390	81%
% of sales	%5.1	%3.8	
Finance expenses, net	2,601	2,121	23%
Income before taxes on income	8,966	4,269	110%
Taxes on income	2,310	338	
Net income for the period	6,656	3,931	69%
Attribution of net earnings for the period	6,626	3,901	70%
Attributed to company's shareholders	30	30	
Attributed to non-controlling interests	6,656	3,931	
Net diluted earnings per share attributable to Company shareholders	0.26	0.16	63%

DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2013

	Three months ended March 31		Year Ending December 31
	2013	2012	2012
	(Unaudited)		(Audited)
	Thousands of Dollars		
Cash flows from operating activities			
Net income for the period	6,656	3,931	56,977
Adjustments required to reflect cash flows deriving from operating activities	(14,794)	18,642	31,807
Interest paid in cash	(1,950)	(2,561)	(8,475)
Interest received in cash	30	320	604
Taxes on income paid in cash, net	(3,215)	(939)	(8,009)
Net cash generated from (used in) operating activities	(13,273)	19,393	72,904
Cash flows from investment activities:			
Cash added from purchased subsidiary	-	-	12,258
Purchase of subsidiary	-	-	(86,052)
Acquisition of fixed assets and intangible assets	(4,586)	(2,190)	(21,550)
Restricted cash deposit	621	-	(2,822)
Proceeds from realization of assets held for sale	348	41	41
Proceeds from the sale of fixed assets	58	500	765
Payments related to realization of asset held for sale	-	(461)	2,010
Loan to subcontractors, net	(173)	(400)	(400)
Loans granted to employees	(7)	(13)	(144)
Repayment of loans from employees	9	16	155
Others	(32)	(222)	(98)
Net cash used in investment activities	(3,762)	(2,729)	(95,837)
Cash flows from financing activities:			
Dividends paid to non-controlling interest holders in consolidated subsidiary	-	-	(127)
Debentures repayment	-	-	(11,285)
Dividend paid	(2,500)	(2,000)	(7,995)
Repurchase of shares	-	-	(1,296)
Repayment of loans and other long-term liabilities	(566)	(150)	(2,875)
Short-term credit from banking corporations, net	15,772	(5,162)	(29,253)
Issuance of debentures, net	-	-	50,987
Proceeds from exercise of employee options	461	203	3,209
Net cash generated from (used in) financing activities	13,167	(7,109)	1,365
Net increase (decrease) in cash and cash equivalents	(3,868)	9,555	(21,568)
Exchange rate differences and revaluation of cash and cash equivalents, net	(380)	(261)	1,283
Balance of cash and cash equivalents at the beginning of the period	45,475	65,760	65,760
Balance of cash and cash equivalents at the end of the period	41,227	75,054	45,475

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2013

	Three months ended March 31		Year Ending December 31
	2013	2012	2012
	(Unaudited)		(Audited)
	Thousands of Dollars		
Adjustments required to reflect cash flows from operating activities:			
Revenues and expenses not involving cash flow:			
Depreciation	3,596	2,192	11,709
Amortization	596	547	2,386
Impairment of fixed assets	-	-	1,309
Cash erosion (revaluation), net	4	261	(556)
Interest paid in cash	1,950	2,561	8,475
Interest received in cash	(30)	(320)	(604)
Taxes on income paid in cash, net	3,215	939	8,009
Deferred taxes on income, net	459	(165)	1,287
Severance pay liability, net	121	104	395
Restructuring expenses	-	-	2,485
Capital gain from sale of fixed assets and asset held for sale	(169)	-	(137)
Capital gain from realization of asset classified as held for sale	-	-	(19,910)
Change to the benefit component of options granted to employees	124	288	903
Change to the fair value of financial derivatives	(770)	322	77
Long term prepaid expenses	(220)	-	220
Income adjustments due to Purchase Price Allocation	-	-	(12,619)
Others	14	116	443
	<u>8,890</u>	<u>6,845</u>	<u>3,872</u>
Changes to operating assets and liabilities:			
Decrease (increase) in trade receivables	(2,033)	9,406	1,401
Decrease (increase) in other receivables	(3,579)	969	4,037
Increase (decrease) in trade payables	(13,753)	(5,063)	9,246
Increase (decrease) in other payables	676	(5,416)	(4,051)
Decrease (increase) in inventory	(4,995)	11,901	17,302
	<u>(23,684)</u>	<u>11,797</u>	<u>27,935</u>
	<u>(14,794)</u>	<u>18,642</u>	<u>31,807</u>

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.

For more information:

Nissim Douek
+972-54-5201178
Nissim@unik.co.il

U.S. Media Contact:

Stacy Berns/Jessica Liddell
Berns Communications Group
+1-212-994-4660
sberns@bcg-pr.com