Press Release

Delta Galil Reports 2016 First Quarter Results

Sales Rise to $256.7 Million;
Net Income to Shareholders is $7.9 Million

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

2016 First Quarter Highlights

- Sales grew to $256.7 million in the 2016 first quarter, an increase of 2% from last year.

- Operating income increased by 17% to $16.3 million, excluding mark to market effect of hedging transactions in both Q1 2016 and Q1 2015.

- EBITDA increased 18% excluding the effect of mark to market effect of hedging transactions in both Q1 2016 and Q1 2015.

- Financial guidance for 2016 was reaffirmed: full-year sales expected to range between $1,090 million-$1,110 million, rising 1%-3% from 2015 actual sales. 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.

- The Board of Directors declared a dividend of $3.5 million or $0.139 per share, to be distributed on June 7, 2016. The determining and "ex-dividend" date will be May 25, 2016, per the Tel Aviv Stock Exchange.

- The Company has repurchased 163,216 shares since February 25th till May 15th 2016 under its share buyback plan, representing approximately 59% of the $7.5 million plan approved by the board.

- Strong balance sheet was highlighted by $368.9 million in equity and $130.3 million in cash as of March 31, 2016.

- Isaac Dabah, CEO of Delta Galil, stated: “Our 2016 first quarter results were in line with expectations, reflecting a moderate top-line growth and a double-digit increase in operating profit before the effect of hedging. During the quarter, we began to benefit from investments made in 2015 to improve our business. We remain committed to investing in new products and resources to drive sustained profitable growth and long-term shareholder value.”

Tel Aviv, May 16, 2016 – 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 ladies, men and kids, as well as leisurewear and activewear, today reported its financial results for the first quarter ended March 31, 2016.

The Company reported sales of $256.7 million for the first quarter of 2016, an increase of 2% from $252.8 million for the same quarter last year. The growth in sales primarily reflected a significant improvement in Europe and in Israel.

Operating income was $14.8 million for first quarter 2016, versus $15.3 million for the first quarter last year, representing a 3% decrease. The decline in operating income was primarily a result of the impact of mark to market valuation on hedging transactions, which resulted in a loss of $1.5 million in this quarter, versus a profit of $1.4 million in the first quarter of last year. Excluding the mark to market valuation mentioned above, the operating income in the first quarter of 2016 amounted to $16.3 million, compared to $13.9 million in the first quarter of 2015, an increase of 17%.

Net income attributable to shareholders was $7.9 million in the first quarter of 2016, compared to $8.9 million in the same quarter of 2015. Excluding the mark to market valuation mentioned above net of tax effect, the net income in the first quarter of 2016 amounted to $9.0 million compared to $ 7.9 million in the first quarter of 2015, an increase of 13%.

Diluted earnings per share attributed to shareholders were $0.31 for the 2016 first quarter, compared to $0.35 for the 2015 first quarter. Excluding the mark to market valuation mentioned above, net of tax effect, the diluted earnings per share in the first quarter of 2016 amounted to $0.35, compared to $0.31 in the first quarter of 2015, an increase of 13%.

Management Comment

Isaac Dabah, CEO of Delta Galil, stated: "Our 2016 first quarter results were in line with expectations, reflecting a moderate top-line growth and a double-digit increase in operating profit before the effect of hedging. During the quarter, we began to benefit from investments made in 2015 to improve our business, as we saw a significant increase in Delta USA's operating profit and meaningful improvements in our global upper market performance resulting from efficiencies in our owned factories."

"Our diverse blend of business segments, product categories and an expanded global presence, along with our strategic efforts to grow in areas such as branded products, continue to drive both growth momentum and balance," Mr. Dabah continued. "We were pleased with the successful launch of the Puma brand license in Israel during the quarter, and will continue to expand our prominent portfolio of licensed brands by pursuing additional strategic acquisitions."

"Looking ahead, we are focused on attaining double digit EBIT growth in 2017. We remain committed to investing in new products and resources to drive sustained profitable growth and

long-term shareholder value, and with a strong balance sheet and cash position, we have the necessary financial resources to continue to invest, innovate and grow," Mr. Dabah concluded.

EBITDA, Net Debt, Equity, Dividend and Shares Buyback

EBITDA was $20.2 million, or 7.9% of sales in the 2016 first quarter, increasing 3% compared with $19.6 million, or 7.8% of sales in the same quarter of 2015. EBITDA increased 18% excluding the effect of mark to market effect of hedging transactions in both Q1 2016 and Q1 2015.

Operating cash flow was negative $23.6 million in the 2016 first quarter, versus negative $19.8 million in the same period of 2015. The increase in negative operating cash flow was due to a $36.8 million increase in working capital, compared with a working capital increase of $33.5 million in the same quarter of 2015, reflecting the seasonality of the business. Operating cash flow for the twelve-month period ending March 31, 2016 was $66.7 million, compared to $40.1 million for the same period last year.

Net financial debt as of March 31, 2016 was $112.4 million, compared to $83.7 million as of March 31, 2015, and $74.5 million as of December 31, 2015.

Equity as of March 31, 2016 was $368.9 million, compared to $328.2 million a year earlier.

Delta Galil declared a dividend of $3.5 million, or $0.139 per share, to be distributed on June 7, 2016. The determining and "ex-dividend" date will be May 25th 2016, per the Tel Aviv Stock Exchange.

The Company has repurchased 163,216 shares since February 25th and until May 15th 2016 under its share buyback plan, representing approximately 59% of the $7.5 million plan approved by the board.

Reaffirming Guidance for 2016

The Company is reiterating its 2016 financial guidance, excluding non-recurring items, which is based on current market conditions and current exchange rates of $1.12 per euro and 3.80 NIS per US$. Full-year sales expected to range between $1,090 million-$1,110 million, rising 1%-3% from 2015 actual sales. 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.

For more information:
Nissim Douek
+972-54-5201178
Nissim@unik.co.il

U.S. Media Contact:
Stacy Berns/Melissa Jaffin
Berns Communications Group
+1-212-994-4660
sberns@bcg-pr.com

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets
As of March 31, 2016

	March 31		December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	**129,717**	145,341	167,532
Restricted Cash	**535**	409	532
Other accounts receivable:			
Trade receivables	**117,920**	110,292	105,630
Taxes on income receivable	**8,533**	5,704	8,963
Others	**16,186**	16,845	15,882
Financial derivative	**559**	107	209
Inventory	**199,058**	185,136	196,172
Assets classified as held for sale	**1,000**	1,000	1,000
Total current assets	**473,508**	464,834	495,920
Non-current assets:			
Investments in associated companies accounted using the equity method and long-term receivables	**7,276**	6,626	5,421
Investment property	**3,742**	3,621	3,573
Fixed assets, net of accumulated depreciation	**130,809**	104,360	122,129
Goodwill	**70,101**	51,338	70,101
Intangible assets, net of accumulated amortization	**89,582**	66,534	89,734
Deferred tax assets	**9,910**	10,770	9,877
Financial derivative	**3,937**	1,014	1,439
Total non-current assets	**315,357**	244,263	302,274
Total assets	**788,865**	709,097	798,194

	March 31		December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	Thousands of Dollars		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	**183**	390	52
Current maturities of debentures	**24,432**	22,882	23,365
Financial derivative	**1,972**	2,784	3,049
Other accounts payable:			
Trade payables	**83,947**	65,238	100,956
Taxes on income payable	**4,874**	5,535	2,690
Others	**55,211**	58,290	65,807
Total current liabilities	**170,619**	155,119	195,919
Non-current liabilities:			
Severance pay liabilities less plan assets	**2,761**	2,296	2,696
Other non-current liabilities	**23,763**	17,031	22,533
Debentures	**219,160**	192,378	211,728
Reserve for deferred taxes	**2,170**	2,863	2,528
Financial derivative	**1,451**	11,181	5,311
Total non-current liabilities	**249,305**	225,749	244,796
Total liabilities	**419,924**	380,868	440,715
Equity:			
Equity attributable to equity holders of the parent company:			
Share capital	**23,670**	23,610	23,666
Share premium	**130,387**	128,864	130,421
Other capital reserves	**(8,571)**	(17,411)	(15,692)
Retained earning	**233,624**	202,955	228,817
Treasury shares	**(11,315)**	(10,933)	(10,849)
	367,795	327,085	356,363
Minority interests	**1,146**	1,144	1,116
Total equity	**368,941**	328,229	357,479
Total liabilities and equity	**788,865**	709,097	798,194

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income
For the 3-month period ending March 31, 2016

	Three months ended on March 31		% Increase (Decrease)
	2016	**2015**	
	(Unaudited)		
	Thousands of dollars		
Sales	**256,687**	252,838	*2%*
Cost of sales	**177,873**	179,972	
Gross profit	**78,814**	72,866	*8%*
% of sales	*30.7%*	*28.8%*	
Selling and marketing expenses	**52,468**	49,859	*5%*
% of sales	*20.4%*	*19.7%*	
General and administrative expenses	**10,028**	9,280	*8%*
% of sales	*3.9%*	*3.7%*	
Other income (expense), net	**(1,494)**	1,423	
Share in profit of associated companies accounted for using the equity method	**27**	179	
Operating income	**14,851**	15,329	*(3%)*
% of sales	*5.8%*	*6.1%*	
Finance expenses, net	**3,619**	4,199	*(14%)*
Income before taxes on income	**11,232**	11,130	*1%*
Taxes on income	**3,343**	2,211	
Net income for the period	**7,889**	8,919	*(12%)*
Attribution of net earnings for the period:			
Attributed to company's shareholders	**7,859**	8,889	
Attributed to non-controlling interests	**30**	30	
	7,889	8,919	
Net diluted earnings per share attributable to Company's shareholders	**0.31**	0.35	*(11%)*

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2016

	Three months ended on March 31		Year Ending December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	Thousands of Dollars		
Cash flows from operating activities			
Net profit for the period	**7,889**	8,919	43,948
Adjustments required to reflect cash flows deriving from operating activities	**(28,088)**	(24,713)	49,811
Interest paid in cash	**(3,047)**	(3,786)	(13,573)
Interest received in cash	**323**	1,211	1,697
Taxes on income paid in cash, net	**(633)**	(1,461)	(11,421)
Net cash generated from (used in) operating activities	**(23,556)**	(19,830)	70,462
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	**(8,917)**	(6,714)	(38,077)
Acquisition of a subsidiary		(2,000)	(2,000)
Restricted cash release (deposit)	**7**	(86)	(184)
Acquisition of activity			(37,368)
Acquisition of subsidiary, net of cash in the acquired company			673
Proceeds from the sale of fixed assets	**17**	86	291
Payments related to realization of asset held for sale		10,879	10,879
Others	**(403)**	(18)	(8)
Net cash generated from (used in) investment activities	**(9,296)**	2,147	(65,794)
Cash flows from financing activities:			
Dividends paid to non-controlling interest holders in consolidated subsidiary		(28)	(146)
Long term payables credit for fixed assets purchase	**(1,315)**	(1,650)	(2,347)
Debentures repayment			(25,792)
Dividend paid	**(3,540)**	(3,500)	(14,073)
Shares Buy-Back	**(578)**		
Repayment of loans and other long-term liabilities	**(755)**	(156)	(916)
Short-term credit from banking corporations, net	**125**	(450)	(3,212)
Debentures issuance return, excluding issuance expenses			40,006
A deposit with a banking corporation as security in respect of the SWAP transaction	**415**	2,708	1,660
Proceeds from exercise of employee options	**82**	621	2,044
Net cash used in financing activities	**(5,566)**	(2,455)	(2,776)
Net increase (decrease) in cash and cash equivalents	**(38,418)**	(20,138)	1,892
Exchange rate differences and revaluation of cash and cash equivalents, net	**603**	(1,479)	(1,318)
Balance of cash and cash equivalents at the beginning of the period	**167,532**	166,958	166,958
Balance of cash and cash equivalents at the end of the period	**129,717**	145,341	167,532

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2016

	Three months ended on March 31		Year Ending December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	Thousands of Dollars		
Adjustments required to reflect cash flows from operating activities:			
Revenues and expenses not involving cash flow:			
Depreciation	**4,544**	3,674	17,091
Amortization	**791**	643	2,678
Cash erosion, net	**(157)**	289	443
Interest paid in cash	**3,047**	3,786	13,573
Interest received in cash	**(323)**	(1,211)	(1,697)
Taxes on income paid in cash, net	**633**	1,461	11,421
Deferred taxes, net	**(427)**	444	1,075
Severance pay liability, net	**(20)**	154	86
Restructuring expenses	**-**	(217)	5,320
Capital gain from sale of fixed assets	**(9)**	10	203
Change in benefit component of options and restricted shares granted to Employees	**514**	431	2,240
Share in losses of associated companies accounted for using the equity method	**(27)**	(179)	(710)
Others	**180**	(471)	(2,195)
	8,746	8,814	49,528
Changes to operating assets and liabilities:			
Decrease (increase) in trade receivables	**(11,574)**	(2,864)	3,518
Decrease (increase) in other receivable	**342**	(1,837)	(4,970)
Increase (decrease)in trade payables	**(18,925)**	(15,788)	19,092
Decrease in other payables	**(7,696)**	(3,142)	(1,326)
Decrease (increase) in inventory	**1,019**	(9,896)	(16,031)
	(36,834)	(33,527)	283
	(28,088)	(24,713)	49,811