



Gildan Activewear: Do You Have 2013 Results in My Size?

Description

By Cameron Conway

It has been quite a year for Montreal-based apparel manufacturer **Gildan Activewear** (TSX: GIL, NYSE: GIL). The year was summarized back in November, when the company [revealed](#) its fourth-quarter results. Although profits increased 9%, the company fell short of analyst expectations, causing the stock to slide.

Though profits missed, the company did announce that its quarterly dividend will move from \$0.09 per share to \$0.108 per share – an increase of 20%.

The company, and the entire industry, are still feeling the effects of the 2011 surge in the price of cotton that sent it to \$2.20/pound. Prices have normalized to \$0.94/pound, but that high cost inventory is still working its way through the system.

Embracing their own brand

Rather than depending on outside screen printers or license agreements with the likes of New Balance or **Under Armour** ([NYSE:UA](#)), Gildan has been making inroads as they distribute their own branded products directly to consumers. New products such as Gildan branded underwear and active wear, as well as Gold Toe socks, are now available.

The expansion into branded apparel has been a relatively easy expansion for Gildan who already have manufacturing and distribution capabilities in place. Seemingly, making their own branded products is a natural extension. And, seemingly, their brands are gaining traction as Branded Apparel sales increased 9.4% over the prior year – amounting to US\$202.2 million. That's a lot of socks!

New facilities

The company's growth ambitions remain strong as \$350 million has been earmarked for both a new plant and for upgrades of current plants, mainly in their Central American assets. This will continue to give them an "advantage" of lower labor costs while maintaining duty-free access to the U.S. retail

market.

There are also plans for modernization at existing plants in Honduras, a new sewing facility in the Dominican Republic and two spinning mills in the U.S.

The shirt off a Fools back

While Gildean Activewear may have missed a few analyst targets in November, they still remain competitive and profitable. With new production facilities preparing to come on line in the coming year and a continued push to take their own brand to end users, Gildan is looking forward to clothing themselves in the dollars of consumer and printers in 2014.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. TSX:GIL (Gildan Activewear Inc.)

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Date

2025/08/24

Date Created

2013/12/30

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