



## 5 Reasons to Invest in Gildan Activewear Inc

### Description

**Gildan Activewear Inc** ([TSX: GIL](#))([NYSE: GIL](#)) still has the fundamental strength to move beyond its inventory problems in 2014. It operates in the Printwear and Branded Apparel segments.

The company is working to expand its market share in targeted, global printwear markets. Here are five reasons to consider this major apparel industry player for your portfolio.

#### 1. Brands and product range

Gildan is a supplier of branded basic family apparel. This includes T-shirts, fleece, sport shirts, underwear, socks, hosiery, and shapewear. Brands that it owns include Gildan, Gold Toe, and Anvil, along with brand extensions. Gildan produced double-digit growth in all product categories in its Q3 2014. The company is continuing to place less emphasis on private label programs. It has new programs for international lifestyle brands in activewear and socks.

#### 2. New yarn investments for high-quality innovative products

Gildan is working on getting high-end products to market. It's made new yarn investments and has high-quality products now in its Gold Toe brand as well as its Platinum brand. For its printwear in the United States, Gildan is continuing to look to add better quality fabrics. It is looking at ways to upgrade its existing product lines. The company is leveraging its technology to build sales of printwear.

#### 3. Investments in manufacturing facilities

The company is working on three new yarn-spinning facilities. Its Salisbury, North Carolina, ring-spun yarn facility started operations in Q2 and is moving ahead on schedule. Gildan is allocating capital to its textile and sock manufacturing operations in Honduras and a new distribution centre in the country. It is also allocating funds for the initial investment to purchase land, and initial project planning and preparation for its new Costa Rican textile facility. Gildan is looking to double underwear manufacturing capacity in fiscal 2015.

#### 4. Analyst opinions

In a recent research note, analysts at **Canadian Imperial Bank of Commerce** raised their price target on shares of Gildan Activewear from \$62.00 to \$67.00. Furthermore, analysts at **National Bank of Canada** recently raised their price target on the company's shares from \$70.00 to \$72.00, with an 'outperform' stock rating. Thirteen investment analysts have issued a 'buy' rating on Gildan's stock. Three gave a 'strong buy' rating. Gildan has a consensus price target of \$68.31.

#### 5. Dividend payments

Gildan pays a quarterly dividend. Its board recently declared a quarterly cash dividend of US\$0.108 per share. The company has a modest dividend yield of 0.750% and its dividend rate is \$0.43. Gildan's three-year average dividend growth rate is 46.67%. The company announced a 20% increase in its quarterly dividend on November 21, 2013.

Gildan Activewear continues to implement strategies for growth. It recently acquired Doris Inc., North America's third-largest branded ladies legwear marketer. Moreover, consolidated sales revenues increased by roughly 13% in its Q3 2014, versus Q3 2013. Consider this often overlooked industry and company for your income portfolio.

#### CATEGORY

1. Investing

#### TICKERS GLOBAL

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

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