



## 50% of Investors Have Not Heard of This 1 Stock

### Description

If you have ever ordered a custom t-shirt or a custom sweater, chances are you ordered it from **Gildan** ([TSX:GIL](#)). The company is a powerhouse when it comes to affordable, custom t-shirts and as an investor you should take note.

The company has roots in the 20th century with its beginnings in 1946. Launched by Joseph Chamady, the company was first known as Harley Inc and specialized in children's clothing.

Fast forward many decades and the company changes its name to Gildan, issues an IPO on both the **New York Stock Exchange** and the **Toronto Stock Exchange** between 1998 and 1999.

By 2001, the company became the number one brand for 100% cotton -shirts in the United States print wear industry. Toward the middle of the 2010 decade, Gildan shifted its focus to an acquisition strategy with the purchase of Comfort Colors in 2015, Alstyle in 2016 and American Apparel in 2017.

Investors should put money in Gildan due to increasing operating incomes and an acquisition growth strategy.

### Increasing net incomes

What amazes me the most about Gildan is that despite the company's fluctuating revenues, it [continues to grow](#) its net income year over year.

From fiscal 2015 to fiscal 2018, the company's operating income increased from \$342 million to \$437 million for a compounded annual growth rate of 6.32%.

In my opinion, operating income is a much better measure of a company's performance, as it excludes one-time charges that may overstate or understate a company's net income.

An example of this is if ABC company were to sell land for \$32 million. This would usually be classified as "other extraordinary income (loss)," and due to it being a gain of \$32 million, it would increase the

net income by this amount, which makes the year appear much more successful than it actually was.

## Acquisition growth strategy

As mentioned above, the company's management has become infatuated with acquisitions having acquired three businesses in a span of three years.

The latest acquisition that Gildan made is the one for American Apparel in 2017. The company paid \$88 million for American Apparel, which gave it the [name, brand and designs](#).

Gildan's strategy is to make American Apparel leaner by using its global supply chain instead of making the apparel exclusively in the United States, which is favoured by the American company.

This is a smart move by Gildan, as American Apparel is an established North American brand that provides Gildan with a platform to sell its apparel. Given the low pricing of American Apparel, it's the perfect complement to Gildan's portfolio.

## Bottom line

Apparel is definitely not a sexy industry – at least not as an investor.

That said, Gildan has demonstrated that it can weather through the storm with operating income that has increased every year for the past four fiscal years despite revenues that have fluctuated.

Further to this, Gildan is using acquisitions to grow its e-commerce presence, which essentially makes it a vertically integrated company. This offers many benefits to investors including quality control and the ability to control costs.

You would be a fool to not check out this company.

If you liked this article, click the link below for *exclusive insight*.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:GIL (Gildan Activewear Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Investing

**Date**

2025/08/15

**Date Created**

2019/09/22

**Author**

cliu

default watermark

default watermark