



A Top Apparel Stock to Own Over the Long Term

Description

Despite the severe challenges caused by the COVID-19 pandemic, **Gildan Activewear** ([TSX:GIL](#))([NYSE:GIL](#)) ended the year on a [strong note](#), delivering sales growth of 5% and adjusted earnings-per-share (EPS) growth of 10%. The company also generated strong free cash flow of \$358 million for the full year and ended 2020 with approximately \$1.6 billion of available liquidity.

Extremely resilient apparel industry

Further, despite the severe restrictions from COVID-19 in 2020, such as the [impediment of the travel and tourism industries](#) and suspension of large in-person events, Canada's apparel industry proved to be extremely resilient. This appears to be an indicator of decorated apparel's universal appeal and how Gildan's products are entrenched in the daily lives of Canadians as both garments and forms of self-expression.

Responding to the acceleration of customers buying online

During the pandemic, end markets and consumers found ways to access Gildan's products. With the expansion of e-commerce, online players are offering custom-printed products to consumers and small businesses. In addition, retailers appear to be increasingly turning to Gildan's imprintables channel for local supply, and both wholesale imprintables distributors and retailers are responding to the acceleration of customers buying online.

Prioritizing the protection of the company's employees

As for Gildan's private and retail brands, although markets have been impacted by lockdowns to various extents, the company's customers are primarily made up of retailers who have fared better during the pandemic, including mass retailers and major online players. Gildan appears to have made great efforts to respond to COVID-19 in ways that prioritized the protection of the company's employees and the support of customers while ensuring the operational and financial flexibility of the

business.

Scaling operations to align with demand

Further, Gildan quickly designated and deployed local pandemic response teams to adapt to varying situations in different parts of the world, implemented bio-security protocols, resumed production safely, supported efforts to address the temporary global shortage of personal protective equipment (PPE) needs, and scaled the company's operations to align with demand.

Better positioning Gildan for the long term

Additionally, Gildan also made difficult decisions related to the company's workforce, capital-allocation priorities, and operations, as it focused on doing what was necessary to better position the company for the long term. With these actions, the organization showed the agility needed to mobilize the company's teams and respond to the COVID-19 crisis in an efficient and responsible manner that aligned with the company's values.

Simplifying the business by removing complexity

Gildan's "back-to-basics" strategy became more important and essential during this challenging time. Since 2018, Gildan has remained on a path toward simplifying the company's business by removing complexity that had built up through various acquisitions and other actions.

Consolidating certain manufacturing and distribution operations

With the initial realignment of Gildan's organizational structure, streamlining of functions across Gildan's business, consolidating of certain manufacturing and distribution operations, and start of Gildan's product portfolio rationalization, the company has been able to become a leaner, more focused business, putting it in a strong operational and financial position as it entered the crisis. This makes Gildan's stock a very attractive buy at current prices.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. nikhilwaterloo

Category

1. Investing

Date

2025/08/14

Date Created

2021/08/22

Author

nikhilwaterloo

default watermark

default watermark