



This Canadian Apparel Giant Could Significantly Outperform

Description

Gildan Activewear ([TSX:GIL](#))([NYSE:GIL](#)) demonstrated significant agility last year. The landscape in 2020 [prompted an acceleration](#) of a number of Gildan's Back to Basics Basics initiatives in order to further optimize the company's operations and strengthen the company's financial flexibility. These actions included a stronger focus on Gildan's price positioning, additional significant product line rationalization of Gildan's imprintable and retail product offerings, and the further reduction of the company's cost base.

Low-cost model and price leadership

Further, strengthening both Gildan's low-cost model and price leadership are instrumental actions for [driving future growth](#) and enhancing the company's profitability going forward. Ultimately, Gildan expects that the company's Back to Basics strategy will enable it to emerge from the pandemic as a stronger company and more formidable competitor, allowing it to deliver on the company's long-term growth and financial targets.

Impact of remote working conditions and healthier lifestyle trends

Several industry shifts that were well underway in recent years have been reinforced by the pandemic. The most apparent of them is casualization, which has been amplified by remote working conditions and healthier lifestyle trends. Further, Gildan's portfolio of basic apparel is well-positioned to address the increasing demand for comfort.

Increasing flexibility and resilience to better balance supply chains

In addition, private brands have also been gaining traction in recent years as customers and

consumers begin favouring value and convenience. This appears to be another trend heightened by the COVID-19 crisis. From a supply chain perspective, many companies who source products are re-evaluating how the businesses can increase flexibility and resilience to better balance supply chains.

Addressing the risk of disruptions by forging stronger partnerships

This also addresses the risk of disruptions, while exploring strategies like near-shoring or the forging of stronger partnerships. Environmental, social, and governance issues are also becoming an increasingly important part of the decision-making process for consumers, business partners, and all stakeholders, with growing attention on traceability and social impact in the apparel industry.

Vertically integrated and cost-effective global manufacturing operations

These deep shifts should provide new opportunities for Gildan as the company's scale and capabilities allow it to execute on larger basic apparel programs. Gildan's vertically-integrated and cost-effective global manufacturing operations offer a stable and transparent supply chain as well as proximity to the company's markets.

Set for expansion and should facilitate servicing European and Asian markets

Further, Gildan's Bangladesh hub appears set for expansion and should facilitate servicing European and Asian markets and provide certain products in North America. Most importantly — and central to Gildan's vision of making apparel better — the company's strong ESG practices render it a manufacturing partner of choice for those who recognize the inherent link that environmental practices, social impact, and good governance has on strengthening company resilience, sustainability, and financial performance in the long run.

Well-positioned for the future

Overall, Gildan appears well-positioned for the future. The apparel industry is on track to recovery, and Gildan is well able to take significant advantage as the environment returns a semblance of normalcy.

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