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Gildan Activewear Announces Record Third Quarter Sales and EPS, Further Raises Guidance for Full Year and Fiscal 2003

Company Generates over \$60 Million of Free Cash Flow in Quarter

Montreal, August 8, 2002 – Gildan Activewear Inc. (NYSE: GIL; TSX: GIL.A) today announced record results for its third fiscal quarter ended June 30, 2002, and updated its guidance for the full year and for fiscal 2003.

Third Quarter Earnings Net earnings for the third quarter were \$27.7 million, or \$0.94 per share on a diluted basis, up respectively 71.0% and 70.9% from net earnings of \$16.2 million, or \$0.55 per diluted share, in the third quarter last year. The third quarter earnings and earnings per share are both records for the Company for any fiscal quarter, and exceeded the Company's expectations. On June 14, 2002, the Company had most recently raised its EPS guidance for the third quarter to a range of \$0.85 - \$0.90 per diluted share.

Sales for the quarter were also a new quarterly record at \$195.7 million, up 28.9% from \$151.8 million in the third quarter last year, due to a 31.0% increase in unit shipments. Lower selling prices were substantially offset by the impact of a higher valued product-mix. The higher unit sales were entirely attributable to continuing strong share penetration by the Gildan brand in all of its target market segments. According to the S.T.A.R.S. Report from ACNielsen Market Decisions, the Company maintained its overall No. 1 position in the U.S. in T-shirts, where it achieved a share of 27.7%, up from 23.6% a year ago. Moreover, Gildan's T-shirt inventories in the U.S. distributor channel were down by 19.0% compared with June 30, 2001. Its share in sport shirts increased to 13.8%, versus 8.3% in the June quarter of 2001, while Gildan's share in the fleece segment was 11.2%, compared with 10.0% in the June quarter last year. Overall U.S. market demand for T-shirts in the June quarter of 2002 was down by 1.5%, compared to the corresponding quarter of the previous year. Overall market demand for sport shirts continued to be weak, down 10.7% compared with the June quarter of 2001, due to lower corporate promotional activity. Demand for fleece increased by 11.4%, although the June quarter is traditionally a low quarter for sales of fleece products due to seasonal weather conditions.

In Europe, Gildan's sales for the June quarter increased by 34.6% compared with a year ago, with unit shipments increasing by 37.8%. The company also maintained its strong No. 1 position in T-shirts in Canada.

Gross margins were 29.8%, compared with 27.2% in the third quarter last year. Margins improved due to significantly lower raw material costs combined with the impact of manufacturing efficiencies as well as more favourable product-mix. The cost reduction benefits have not been fully passed through into lower selling prices.

Selling, general and administrative expense increased by 30.0% from the third quarter of last year. This increase reflected the impact of increasing the year-to-date provision for payments under the Company's performance-based annual incentive program, as well as higher variable selling expenses compared with fiscal 2001.

Commenting on the Company's third quarter results, H. Greg Chamandy, Chairman and Chief Executive Officer of Gildan Activewear, stated that "our record sales, gross margins and net earnings reflect our emphasis on vertically-integrated manufacturing and low-cost production, as well as our success in leveraging the Gildan brand to drive our market share penetration. All of

our manufacturing operations are running at high efficiency levels, and we are delighted with our progress in starting up our new manufacturing operations, namely, our yarn-spinning factory in Long Sault, Ontario, our greenfield integrated knitting, dyeing and cutting facility in Rio Nance in Honduras, and our Mexican sewing operations.”

Nine Months Earnings Net earnings for the first nine months of fiscal 2002 were \$46.9 million, or \$1.60 per share on a diluted basis, compared with net earnings of \$39.7 million, or \$1.35 per diluted share a year ago, after a one-time charge of \$2.9 million after-tax, or \$0.10 per diluted share, for the closure and relocation of the Company’s U.S. distribution centre. Sales for the first nine months were \$440.7 million, up 13.1% from \$389.7 million in the first nine months of fiscal 2001.

Cash Flow The Company significantly exceeded its internal objectives by generating \$64.3 million of free cash flow in the third quarter, after capital expenditures, compared with a use of cash of \$22.9 million in the third quarter of fiscal 2001. In addition to the cash flow generated by its operating earnings, the Company reduced inventories by \$41.4 million and receivables by \$8.1 million in the third quarter. Days sales outstanding on trade receivables were 46 days at June 30, 2002, compared with 91 days at the end of the third quarter of fiscal 2001. As a result, the Company ended the third quarter with no indebtedness outstanding on its revolving bank credit facility, and with a cash balance of \$24.6 million. At the end of the third quarter of fiscal 2001, the Company had bank indebtedness of \$53.0 million.

Outlook Based on its actual results for its third quarter, and the outlook for the fourth quarter of the current fiscal year, Gildan expects its full year EPS to be in the range of \$2.20 to \$2.25 on a diluted basis, on approximately \$590 million of sales, up from its prior guidance of \$2.10 to \$2.15 per diluted share, on \$580 - \$585 million of sales. Gildan also reiterated that it continued to be confident that it would achieve EPS growth of 20% in fiscal 2003, over the higher earnings base achieved in fiscal 2002. The resulting projected earnings range of \$2.60 - \$2.70 per diluted share for fiscal 2003, on approximately \$650 million of sales, assumes continuation of a relatively flat outlook for growth in overall industry demand.

Mr. Chamandy concluded his comments by saying that “with our market share gains which we are continuing to attain, combined with our plans to continue to drive down our cost structure through the further ramp-up of Long Sault and Rio Nance, as well as our recent acquisition of a second Canadian yarn-spinning operation and further sewing efficiencies which we plan to achieve as we expand capacity, we believe we are well positioned to achieve our EPS growth targets in fiscal 2003. Moreover, in addition to achieving sales and earnings growth, we are extremely pleased with our strong balance sheet which we have built through our cash flow performance, and we believe that we will continue to produce positive free cash flow as we go forward.”

With effect from its 2003 fiscal year, the Company will adopt new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for stock-based compensation. The implementation date of the new standard is for financial year-ends beginning on or after January 1, 2002. The impact of implementing the new standard is immaterial for Gildan in fiscal 2002, as the Company’s pro-forma EPS for the current fiscal year would be reduced by less than \$0.01 per diluted share, as a result of accounting for stock-based compensation prospectively on a fair value basis.

Profile Gildan Activewear is a vertically-integrated manufacturer and marketer of premium quality branded basic activewear for sale principally in the wholesale imprinted activewear segment of the Canadian, U.S., European and other international apparel markets. The Company manufactures and sells premium quality T-shirts, placket collar golf shirts and sweatshirts in a variety of weights, sizes, colours and styles. The Company sells its products as blanks, which are ultimately decorated with designs and logos for sale to consumers.

As of July 31, 2002 there were 22,627,313 Class A subordinate shares and 6,094,000 Class B multiple voting shares issued and outstanding, along with 1,621,321 options outstanding.

(Unless otherwise indicated, all amounts are expressed in Canadian dollars.)

Certain statements included in this press release may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. We refer you to the Company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission for a discussion of the various factors that may affect the Company's future results.

INFORMATION FOR SHAREHOLDERS:

Gildan Activewear Inc. will hold a conference call to discuss these results today at 10:00 AM Eastern Standard Time. Interested parties can join the call by dialing (888) 489-9488. The conference call can also be accessed via live webcast at www.newswire.ca or www.q1234.com.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-558-5253 and entering the passcode 20787146 on your phone. This tape recording will be available on Thursday, August 8 as of noon until 11:00 PM on Thursday