



For Immediate Release

Gildan Activewear Announces Completion of Manufacturing Consolidation into Offshore Hubs and Related Restructuring Charge

Montréal, Tuesday, March 27, 2007 – Gildan Activewear Inc. (GIL; TSX and NYSE) today announced that it plans to close its two remaining textile facilities in Montreal, Canada, as well as its cutting facility in Bombay, N.Y., in the fourth quarter of the current fiscal year. Two sewing facilities in Mexico, which are supplied with fabric from Gildan's Canadian textile operations, will be closed immediately. Subsequent to the above closures, all of Gildan's vertically-integrated manufacturing for T-shirts, fleece, sport shirts and underwear will be consolidated into the Company's manufacturing hubs in Central America and the Caribbean Basin, where the Company is investing in major capacity expansion projects.

Concurrent with the restructuring of the Canadian textile operations, Gildan will relocate its corporate office, which is currently located in the same building as its Montreal knitting facility, into leased premises in the Montreal area.

Approximately 465 employees in Canada and the U.S. and 1,365 employees in Mexico will be affected by the manufacturing restructuring. The Company will make every effort to alleviate the impact of the closures on all of its employees in all of the communities affected. In addition, the Company will work closely with the Fair Labor Association and both North American and Mexican NGO's to ensure that best practices are followed in managing the closure of its Mexican sewing operations. Gildan recognizes that the employees in the operations which are being closed have contributed significantly to the Company's growth and success in recent years, and regrets that the relocation of its production capacity to its offshore manufacturing hubs is unavoidable in order to be globally cost-competitive in the intensely competitive North American apparel industry.

As a result of the completion of its textile manufacturing consolidation and the relocation of the corporate office, Gildan will incur a restructuring charge of approximately U.S. \$21.5 million or U.S. \$0.35 per share in fiscal 2007. Under the Company's legal entity structure, there are essentially no tax recoveries with respect to this charge. The restructuring charge comprises U.S. \$0.29 per share for severance and other cash costs, and U.S. \$0.06 per share for the non-cash impact of asset write-downs related to the Montreal knitting and corporate office premises and the Mexican sewing plants. The Company expects to generate close to U.S. \$15 million in cash proceeds from the disposal of buildings and surplus equipment.

After reflecting the restructuring charge of U.S. \$0.35 per share, as well as the U.S. \$0.06 per share of accelerated depreciation previously included in the Company's fiscal 2007 earnings guidance, the Company expects diluted EPS of

approximately U.S. \$2.20 for fiscal 2007. The Company continues to be comfortable with its most recent sales and earnings guidance, which calls for adjusted diluted EPS before restructuring and other charges for fiscal 2007 of approximately U.S. \$2.61, on approximately U.S. \$975 million of sales revenues.

As a result of the consolidation of its manufacturing operations and the continuing ramp-up of its new offshore textile facilities, the Company expects to realize further annual savings in activewear manufacturing costs and related freight and duties of approximately U.S. \$45 million, starting in fiscal 2008. The Company intends to partially utilize these manufacturing efficiencies, as well as projected efficiencies from ramping up its new sock manufacturing facility in Honduras, to continue to support its strategy to penetrate the mass-market retail channel, as well as to build on its leadership position in the wholesale screenprint channel.

Profile

Gildan is a vertically-integrated marketer and manufacturer of quality branded basic apparel. The Company is the leading supplier of activewear for the wholesale imprinted sportswear market in the U.S. and Canada, and also a leading supplier to this market in Europe. The Company sells T-shirts, sport shirts and fleece in large quantities to wholesale distributors as undecorated “blanks”, which are subsequently decorated by screenprinters with designs and logos. Consumers ultimately purchase the Company’s products, with the Gildan label, in venues such as sports, entertainment and corporate events, and travel and tourism destinations. Other end-uses include work uniforms and similar applications to convey individual, group and team identity. In addition to continuing its growth within the wholesale channel, Gildan is implementing a major growth initiative to sell athletic socks, underwear and activewear to mass-market retailers in North America.

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 and Canadian securities legislation and regulations. Such forward-looking statements involve assumptions and known and unknown risks, uncertainties and other factors, including, but not limited to: general economic conditions such as currency exchange rates, commodity prices and other factors over which we have no control; the impact of economic and business conditions, industry trends and other external and political factors in the countries in which we operate; the intensity of competitive activity; changes in environmental, tax, trade and other laws and regulations; our ability to implement our strategies and plans; our ability to complete and successfully integrate acquisitions; changes in customer demand for our products and our ability to maintain customer relationships and grow our business; the seasonality of our business; our ability to attract and retain key personnel; changes in accounting policies and estimates; and, disruption to manufacturing and distribution activities due to the impact of weather, natural disasters and other unforeseen adverse events, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are made only as of the date of this press release. We refer you to the Company’s filings with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities for a discussion of other factors that may affect the Company’s future results.

This release includes reference to certain Non-GAAP Financial measures such as adjusted net earnings and adjusted diluted earnings per share, which are calculated as net earnings and earnings per share excluding restructuring and other charges. The Company uses and presents these non-GAAP measures to assess its operating performance from one period to the next without the variation caused by restructuring and other charges that could potentially distort the analysis of trends in our business performance. Excluding these items does not imply they are necessarily non-recurring. However, investors should know that such Non-GAAP Financial Measures have no standardized meaning as prescribed by GAAP and may not be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

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