

# Gildan Activewear to buy Gold Toe Moretz in \$350M deal

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Canadian sportswear company **Gildan Activewear Inc.** is buying Newton-based sock maker Gold Toe Moretz Holding Corp. for \$350 million.

Gildan will not assume any of Gold Toe Moretz's outstanding indebtedness.

Gold Toe Moretz is a leading supplier of high-quality branded athletic, casual and dress socks for mass-market retailers, national chains, price clubs, department stores and specialty sporting goods stores in the U.S.

Gold Toe Moretz's company-owned labels include the Gold Toe brand. It is also the exclusive U.S. licensee for Under Armour and New Balance branded socks.

"The acquisition of Gold Toe Moretz represents an important and exciting step in Gildan's ongoing strategic development," says **Glenn Chamandy**, president and chief executive of Gildan Activewear. "In addition to the introduction of leading consumer brands, the acquisition provides Gildan with enhanced brand-management experience and expertise, best-in-class merchandising and strong technical innovation and design capabilities to complement Gildan's existing competitive strengths for retail. These capabilities can also be utilized to further the development of our own Gildan brand."

Gold Toe Moretz's senior management team, including Chairman **John Moretz** and CEO **Steve Lineberger**, is expected to remain with Gildan. Lineberger was named president and chief operating officer in 2008. Gold Toe Moretz was formed in October 2006, when Burlington-based Gold Toe Brands Inc. merged with Moretz Inc. of Newton.

Revenue reported by Gold Toe Moretz for 2010 totaled \$280 million.

Its Moretz Sports unit is a sponsor of the TopCats cheerleading squad of the Carolina Panthers NFL franchise. Moretz Sports supplies all apparel and sockwear to the TopCats and has supported the squad since 1997.

Gildan expects to achieve up to \$15 million of annualized cost synergies, which would be gradually realized over the next 24 months. The acquisition will be financed out of Gildan's cash balances and the utilization of its revolving bank credit facility.

With more than 28,000 employees worldwide, Gildan owns and operates facilities in Central America and the Caribbean Basin and has begun development of a manufacturing

hub in Bangladesh to support its planned growth in Asia and Europe. Montreal-based Gildan sells T-shirts, sport shirts and fleece that are then decorated by screenprinters with designs and logos. It also supplies socks and underwear to mass-market and other retailers in North America. It posted revenue of \$1.31 billion for the year ended Oct. 3.