



## **HanesBrands Takes Actions to Navigate COVID-19 Pandemic, Preserve Cash and Strengthen Long-term Market Position**

April 7, 2020

WINSTON-SALEM, N.C.--(BUSINESS WIRE)--Apr. 7, 2020-- HanesBrands (NYSE: HBI) today announced that it is taking actions to navigate the global economic environment caused by the COVID-19 pandemic, including limiting discretionary spending, reducing executive pay, managing inventory, leveraging the company's e-commerce business across the online channel, and diversifying production to include face masks.

The company has instituted temporary pay cuts for executives and salaried employees, ranging from 10% to 30%, depending on employee level. The company is also ramping up additional production to make more than 320 million FDA-approved all-cotton face masks over the coming weeks that can be used in the efforts to stem the spread of the novel coronavirus that causes COVID-19.

"HanesBrands continues to follow a safety-first operating philosophy for the sake of our employees, consumers and partners," said Hanes Chief Executive Officer Gerald W. Evans Jr. "We also are proactively taking measures to assure balance sheet flexibility and liquidity, seeking to limit the impact on employees, and making fast-recovery plans to take advantage of market needs when the pandemic wanes."

The company has temporarily closed approximately 1,200 brand stores in the United States, Europe and Australia. After paying these employees full pay for two-plus weeks of the closures, retail store employees have transitioned to furloughed status with continuation of benefits. The company plans to call these full-time and part-time employees back to work as soon as stores can be reopened.

In addition to the retail store employees, the company will temporarily furlough approximately 575 other U.S. employees. Furloughed employees receive company-paid healthcare, life insurance and other benefits.

Discretionary spending and capital expenditures have been reduced to a critical-needs basis only. The company is managing its inventory levels and has temporarily idled the majority of its production operations with the exception of face mask manufacturing. Distribution centers are operating on a demand-adjusted basis, including serving e-commerce consumers across platforms.

"We are taking actions today to ensure we navigate the pandemic for a successful future for all of us," Evans said. "HanesBrands has a 120-year history of meeting the challenges of difficult economic cycles, including recessions, historic input-cost inflation, and other national and social disruptions. We have a strong and flexible balance sheet with more than \$1 billion of cash and a highly skilled workforce. We firmly believe that the strength of our brands, the basic nature of our apparel products, and the flexibility of our company-owned global supply chain positions us well to navigate the current environment and take advantage of the return of more normalized demand patterns to generate long-term growth."

HanesBrands is part of a consortium of apparel makers that are converting production capacity to the making of reusable and washable all-cotton 3-ply face masks for the U.S. Department of Health and Human Services. Of the more than 320 million masks the company expects to make, approximately 10 million have been delivered and the company is ramping production to make approximately 40 million per week.

"We are proud of our supply chain team and scores of employees throughout the organization for pivoting so quickly to convert production to the manufacturing of masks that will help meet such an urgent and critical need," Evans said.

The masks, designed by the company's product development team to meet technical specifications, including fabric chemistry, were approved by the U.S. Food and Drug Administration. The masks are intended for everyday wear to help mitigate the spread of the novel coronavirus and serve in healthcare settings where N95 respirator masks and surgical masks are not required.

### **Cautionary Statement Concerning Forward-Looking Statements**

This press release contains certain forward-looking statements, as defined under U.S. federal securities laws, with respect to trends associated with our business, our future financial performance and the potential effects of the global COVID-19 coronavirus outbreak, including the duration of furloughs and production facility time-outs as well as our long-term growth projections. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: the highly competitive and evolving nature of the industry in which we compete; the rapidly changing retail environment; any inadequacy, interruption, integration failure or security failure with respect to our information technology; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to attract and retain a senior management team with the core competencies needed to support growth in global markets, including as a result the potential impact of our ongoing leadership transition; our ability to properly manage strategic projects in order to achieve the desired results; significant fluctuations in foreign exchange rates; our reliance on a relatively small number of customers for a significant portion of our sales; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; any local, regional or global disaster or other business continuity problem, such as an earthquake, tsunami, terrorist attack, pandemic or other natural or man-made disaster, including without limitation, the recent COVID-19 coronavirus outbreak, which has adversely affected our supply chain and resulted in closures of many retail stores, resulting in lost sales; the existence of a material weakness in our internal control over financial reporting; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and HanesBrands undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.

## **HanesBrands**

HanesBrands is a socially responsible leading marketer of everyday basic innerwear and activewear apparel in the Americas, Europe, Australia and Asia-Pacific. The company The company sells T-shirts, bras, panties, shapewear, underwear, socks, hosiery, and activewear produced in the company's low-cost global supply chain under some of the world's strongest apparel brands, including *Hanes*, *Champion*, *Bonds*, *DIM*, *Maidenform*, *Bali*, *Playtex*, *Lovable*, *Bras N Things*, *Nur Die/Nur Der*, *Alternative*, *L'eggs*, *JMS/Just My Size*, *Wonderbra*, *Berlei*, and *Gear for Sports*. Hanes has approximately 63,000 employees in more than 40 countries and is ranked No. 432 on the Fortune 500 list of America's largest companies by sales. Hanes takes pride in its strong reputation for ethical business practices. For more information, visit the company's corporate website at [www.Hanes.com/corporate](http://www.Hanes.com/corporate) and newsroom at <https://newsroom.hanesbrands.com/>. Connect with the company via social media: Twitter ([@hanesbrands](https://twitter.com/hanesbrands)), Facebook ([www.facebook.com/hanesbrandsinc](https://www.facebook.com/hanesbrandsinc)), Instagram ([@hanesbrands\\_careers](https://www.instagram.com/hanesbrands_careers)), and LinkedIn ([@Hanesbrandsinc](https://www.linkedin.com/company/hanesbrandsinc)).

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