Hanesbrands Inc.
Form 11-K
July 02, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
or
o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 333-137143

Full title of the plan and the address of the plan, if different from that of the issuer named below:
Hanesbrands Inc. Retirement Savings Plan

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105

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Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations For Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTING FIRM

Hanesbrands Inc. Plan Administrator and Plan Participants
Hanesbrands Inc. Employee Benefits Administrative Committee
Hanesbrands Inc. Retirement Savings Plan

Opinion on the financial statements
We have audited the accompanying statements of net assets available for benefits of the Hanesbrands Inc. Retirement Savings Plan (the "Plan") as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the years ended December 31, 2017 and 2016, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years ended December 31, 2017 and 2016 in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion
These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental information
The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the basic financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the

accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information referred to above is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We have served as the Plan's auditor since 2006.

/s/ GRANT THORNTON LLP

Charlotte, North Carolina
July 2, 2018

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Hanesbrands Inc. Retirement Savings Plan
Statements of Net Assets Available for Benefits

	December 31, 2017	December 31, 2016
Assets		
Plan interest in Hanesbrands Inc. Master Investment Trust for Defined Contribution Plans	$735,288,609	$682,950,654
Receivables		
Participant contribution receivable	1,148,386	1,209,352
Company-match contribution receivable	3,037,643	2,871,015
Notes receivable from participants	13,676,340	13,831,232
Discretionary Company contribution receivable	—	9,998,300
	17,862,369	27,909,899
Total assets	753,150,978	710,860,553
Liabilities		
Accrued expenses	(534,213)	(555,767)
Net Assets Available for Benefits	$752,616,765	$710,304,786

The accompanying notes are an integral part of these financial statements.

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Hanesbrands Inc. Retirement Savings Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2017	Year Ended December 31, 2016
Plan interest in Hanesbrands Inc. Master Investment Trust for Defined Contribution Plans' net investment income	$88,590,674	$18,532,577
Interest income on notes receivable from participants	448,786	419,328
Contributions:		
Company	4,096,933	21,602,198
Participants	22,688,149	22,863,146
Total contributions	26,785,082	44,465,344
Benefits paid to participants	(71,896,053)	(61,031,991)
Administrative expenses	(1,616,510)	(1,573,897)
Net increase	42,311,979	811,361
Net assets available for benefits:		
Beginning of year	710,304,786	709,493,425
End of year	$752,616,765	$710,304,786

The accompanying notes are an integral part of these financial statements.

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Hanesbrands Inc. Retirement Savings Plan
Notes to Financial Statements
December 31, 2017 and 2016

NOTE A - DESCRIPTION OF PLAN

The following brief description of the Hanesbrands Inc. Retirement Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering eligible salaried and hourly employees of Hanesbrands Inc. ("Hanesbrands" or the "Company") who are not employed in Puerto Rico and are not covered by a collective bargaining agreement that does not provide for their participation in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Contributions

Eligible employees can contribute between 1% and 50% of their eligible compensation, as defined in the Plan document. All eligible employees who have completed at least 30 days of service are deemed to have elected to have 4% of their pre-tax compensation deferred into the Plan, unless they make an affirmative election to change or cease deferrals. The deferral contribution percentage of participants who are automatically enrolled is increased by 1% each year thereafter, up to a maximum of 6% of eligible pre-tax compensation; except that the deferral percentage of such an employee who is hired on or after July 1 will not increase until the second plan year following the employee's date of hire. Catch-up contributions are also permitted. Contributions and catch-up contributions are subject to certain limitations under the Internal Revenue Code ("IRC").

For participants who are contributing to the Plan, the Company will make matching contributions, on a quarterly basis, equal to 100% of the portion of a participant's contributions that does not exceed 4% of a participant's eligible compensation, subject to certain limitations defined in the Plan document. For the years ended December 31, 2017 and 2016, the total matching contribution by the Company was $12,612,226 and $12,359,951, respectively.

For eligible union participants, the Company will make a quarterly union replacement contribution equal to 6% of eligible compensation. For eligible contributing and non-contributing salaried employees, the Company may make a discretionary annual Company contribution not to exceed 4% of eligible compensation. For eligible contributing and non-contributing hourly, non-union employees or union participant employees, the Company may make a discretionary annual Company contribution not to exceed 2% of eligible compensation. To be eligible for a discretionary annual Company contribution, a participant must have attained age 21 and be employed on the last day of the Plan year. For the participants in the Gear For Sports Profit Sharing and 401(k) Plan and the Knights Apparel, Inc. 401(k) Plan that were merged into the Hanesbrands Inc. Retirement Savings plan during 2015, their first year of eligibility for the annual Company contribution was 2017. While the Company did not approve a discretionary annual Company contribution for the year ended December 31, 2017, it is still evaluating whether a discretionary annual Company contribution will be made in 2018. For the year ended December 31, 2016, the total discretionary annual contribution accrued by the Company was $9,998,300, of which $2,499,383 was paid in 2017. The impact on contributions as a result of the change in estimate of $7,498,917 was recorded in 2017 and was reflected in the "Contributions - Company" line within the Statements of Changes in Net Assets Available for Benefits.

For the years ended December 31, 2017 and 2016, $1,016,376 and $756,053 of forfeitures, respectively, were used to offset Company contributions.

Participant Accounts

Individual accounts are maintained for each of the Plan's participants to reflect Company contributions, the participant's contributions and any rollover contributions, as well as the participant's related share of the Plan's income and losses and certain related administrative expenses. Allocations of income and losses are made within each separate investment fund in proportion to each participant's investment in those funds. Allocations of certain related administrative expenses are made based on the proportion that each participant's account balance has to the total of all participants' account balances.

Vesting

Participants' contributions are 100% vested at all times. Company contributions vest based on years of service with a two-year cliff vesting schedule for matching contributions and a five-year graded vesting schedule for discretionary annual Company

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Hanesbrands Inc. Retirement Savings Plan
Notes to Financial Statements - Continued
December 31, 2017 and 2016

contributions and quarterly union replacement contributions. Discretionary annual Company contributions, quarterly union replacement contributions and matching contributions will be 100% vested in the case of termination due to death, disability or normal retirement without regard to years of service.

Investment Options
Participants may direct their total account balances among the various investment options currently available through the Plan in 1% increments and may change their investment elections at any time.

Forfeitures
If a participant terminates employment for reasons other than death, disability or normal retirement age before amounts received as Company contributions are fully vested, the unvested amount shall be forfeited. Forfeited balances shall first be allocated to participants who are reemployed and are entitled to reinstatement of portions of their Company contributions that were forfeited previously and then the remainder, if any, may be used to reduce future Company contributions or pay administrative expenses of the Plan.
As of December 31, 2017 there was no unallocated forfeited balance. The unallocated forfeited balance as of December 31, 2016 was $1,164.

Benefit Payments
Upon termination of service due to death, disability, retirement, resignation or dismissal, distribution of the vested balance in the participant's accounts will be made to the participant or, in the case of the participant's death, to his or her beneficiary by a lump-sum payment or partial distribution in cash (or stock, if elected, for amounts invested in the Hanesbrands Inc. Common Stock Fund).
Participants may withdraw all or a portion of their vested account balances (other than amounts received as discretionary annual Company contributions), provided they have attained age 59-1/2; participants may also withdraw their after-tax contributions (other than Roth contributions) at any time. Participants who have an immediate and substantial financial need may take a hardship withdrawal from certain balances in their accounts, subject to certain limitations defined in the Plan document.

Notes Receivable from Participants
Participants may borrow from their accounts a minimum of $500 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The participant must secure the loan by a pledge against his or her vested Plan accounts. The participant must sign a promissory note for the loan. The loan period cannot exceed five years, unless the proceeds of the loan are used to purchase a primary residence, in which case the loan period shall not exceed ten years. The loan will bear interest at the prevailing prime rate when the loan is issued. The interest rates for the outstanding loans ranged from 3.25% to 10.25% at December 31, 2017 and 2016. Principal and interest is paid through payroll deductions.
Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

NOTE B - SUMMARY OF ACCOUNTING POLICIES
Basis of Accounting
The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

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Hanesbrands Inc. Retirement Savings Plan
Notes to Financial Statements - Continued
December 31, 2017 and 2016

Valuation of Investments
The Plan’s sole investment is an interest in the HBI Investment Trust. The Plan’s interest in the HBI Investment Trust is based on the Plan’s relative aggregate contributions, benefit payments and other relevant factors. Purchases and sales of securities in the HBI Investment Trust are recorded on a trade-date basis. Interest is recorded in the period earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.
The HBI Investment Trust’s investments consist of investments in registered investment companies, Hanesbrands common stock, collective trusts and a stable value fund. Investments in registered investment companies and Hanesbrands common stock are valued using quoted market prices. The collective trusts are valued at net asset value of participant units owned by the HBI Investment Trust based on the net asset value of the underlying investments in each collective trust.
The stable value fund is reported at contract value. The underlying investments, which are comprised of high quality, fully benefit responsive, fixed income securities held in various collective trusts and separate accounts that are “wrapped” by synthetic investment contracts issued by high quality financial institutions, are required to be reported at contract value.
Contract value represents the principal balance of the underlying investment contracts, plus accrued interest at the stated contract rates, less withdrawals and administrative charges by the financial institutions. Participant transactions (issuances and redemptions) may occur daily. There are no material reserves against contract value for credit risk of the contract issuers or otherwise. Under the terms of the contracts, the crediting interest rates are rates negotiated by the Company with the financial institutions. Certain events, which we refer to as “market value events,” may limit the ability of the stable value fund to realize the contract value of investment contracts and may therefore result in payments to participants that reflect fair value rather than contract value. Such events include, but are not limited to, certain amendments to the Plan documents or the stable value fund’s investment guidelines not approved by issuers of investment contracts, failure to comply with certain contract provisions, complete or partial Plan termination or merger with another plan, suspension or substantial reduction of Plan sponsor contributions to the Plan, debt default by the Plan sponsor, bankruptcy of the Plan sponsor or other Plan sponsor events that could cause substantial withdrawals from the Plan or the stable value fund, failure of the trust which holds the assets of the Plan to qualify for exemption from federal income taxes, and the occurrence of certain prohibited transactions under ERISA. The Plan administrator does not believe that any events that have occurred to date constitute market value events. The Plan may terminate its investment in the stable value fund upon election and sixty days’ notice.
In general, the investments provided by the Plan are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits and participants’ individual account balances.

Benefit Payments
Benefit payments are recorded when paid.

Administrative Expenses
Administrative expenses associated with the Plan are paid by the Plan, except for certain recordkeeping fees of which, at the discretion of the Company, the Company pays a percentage. Investment related expenses are included in net investment income.

Recent Accounting Pronouncements

In February 2017, the FASB issued ASU 2017-06, Plan Accounting: Employee Benefit Plan Master Trust Reporting. The amendments in the ASU clarify presentation requirements for a plan's interest in a master trust and require more detailed disclosures of the plan's interest in the master trust. The amendments also eliminate a redundancy relating to 401(h) account disclosures. The amendments in ASU 2017-06 are effective for plans for fiscal years beginning after December 15, 2018. Management does not expect the new accounting pronouncement to have a material impact on the financial statements.

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Hanesbrands Inc. Retirement Savings Plan
Notes to Financial Statements - Continued
December 31, 2017 and 2016

NOTE C - PLAN INTEREST IN HBI INVESTMENT TRUST

The Plan’s interest in the net assets of the HBI Investment Trust was 100% at December 31, 2017 and 2016. The Plan’s interest in the net assets of the HBI Investment Trust is included in the accompanying Statements of Net Assets Available for Benefits.

A summary of the net assets of the HBI Investment Trust is as follows:

	December 31, 2017	December 31, 2016
Investments at fair value		
Hanesbrands common stock	$50,972,725	$56,809,233
Investment in collective trusts	541,199,333	485,764,955
Investment in registered investment companies	85,144,530	75,810,632
Total investments, at fair value	677,316,588	618,384,820
Stable value fund at contract value	57,993,823	66,097,856
Total investments	735,310,411	684,482,676
Net payables	(21,802)	(1,532,022)
Net assets of HBI Investment Trust	$735,288,609	$682,950,654

The net investment income from the HBI Investment Trust for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Interest and dividend income	$4,581,269	$4,373,767
Net appreciation (depreciation) in fair value of investments		
Hanesbrands common stock	(707,530)	(20,450,426)
Collective trusts	72,832,227	29,485,111
Investment in registered investment companies	11,884,708	5,124,125