

WWD

Saxx Gets New Owner to Fund Growth in Categories, Regions

TZP Group is expected to help the men's underwear brand increase its reach in the U.S. and European markets.

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Saxx has a new majority owner and the deep-pocketed investor is poised to help the men's underwear brand continue on its expansion path.

The Vancouver-based Saxx Underwear Co. Ltd. has received an undisclosed strategic investment from TZP Group, a private equity firm, through TZP Capital Partners III L.P. As a result, NLS Group Holdings Inc., led by Krystal Growth Partners, which invested in Saxx in April 2010, will retain a "significant minority interest," and Brentwood Associates, a Los Angeles-based private equity firm that invested in Saxx in December 2016, will exit its investment. Terms of the transaction were not disclosed.

As part of the investment, TZP will help support the company's operations, growth strategy and expansion into new markets and help it to continue to grow its business in the U.S. and Europe, the company said. Together, they will also work to further deepen customer relationships, increase brand awareness, explore new product categories and distribution opportunities.

Wendy Bennison, chief executive officer of Saxx, said: "Creating the iconic BallPark Pouch was the beginning of a new era in men's underwear, and epitomizes our company's obsession with comfort and innovation. Since then, we have set the standard in this category and become the leading men's premium underwear brand in Canada. We know that there is a significant opportunity for our business, beyond what we have accomplished to-date and beyond our borders, and we are excited to be partnering with TZP on this next chapter of growth."

Bennison pointed to TZP's "expertise in brand expansion and digital transformation, as well as their track record of driving omnichannel growth for leading consumer brands," as key to the reason Saxx

wanted to work with the firm. She said there is also a “great cultural alignment” between the two companies.

She said Saxx has a 16 percent share of the \$1.2 billion premium underwear market, “so there’s a lot of runway” to expand. She referred to the company’s customers as “fanatical,” and said Saxx boasts a 93 percent repurchase rate. “We’ve built an incredible foundation, now we’re ready to push forward into our next channel of growth.”

Saxx was founded in 2006 and is known for its patented BallPark Pouch, a hammock-shaped pouch built into each pair of underwear. It is carried in more than 5,800 retail doors in North America, the U.K., Europe, Japan and Australia. Sales have grown 26 percent on a compounded annual rate over the past five years and in addition to its wholesale reach, it also has a strong direct-to-consumer business, a category that notched 60 percent growth in 2020.



Although underwear still represents the majority of the brand’s sales, Saxx has since expanded into other categories including base layers, sleepwear, loungewear, swimwear and activewear. And Bennison said the next offering will be in socks. “We’ve had tremendous success by leveraging the trust we established in underwear into other categories,” she said. “But we’re focused on close adjacencies that make sense for the customer.”

Outside of its home country of Canada, Bennison said the plan is to zero in on the U.S. as the brand’s primary growth vehicle, followed by the U.K., France and Germany, which she called Saxx’s “top three focus countries” in Europe. But she expects the growth to come organically as distribution expands and customers have the opportunity to try the brand. “Hopefully we will create natural demand outside North America.”

What is not immediately in the cards, however, is the opening of retail stores. Although Bennisson didn't rule out eventually adding flagship stores, "it won't happen quickly." Instead, Saxx may test the waters by using pop-ups or shops-in-shop instead.

But with TZIP as a partner, she's optimistic about the future for Saxx.

"Since its founding, Saxx has pioneered technical performance in men's underwear and disrupted a category through innovative and technical design that didn't exist previously," said Dan Galpern, partner at TZIP. "Through its patented technology and unique design, Saxx offers a truly differentiated product with substantial growth opportunities into both new categories and markets. We are excited to partner with the exceptional team at Saxx as they continue to build a world-class brand and execute on the opportunities ahead."

Terry Holland, Saxx board member and managing partner at Krystal Growth Partners, said the company decided to retain a minority interest in the brand because it believes there is "tremendous opportunity in the next phase of growth bringing innovative performance products to the global market."

New York-based TZIP Group has investments in a wide variety of private companies including Assos, This Old House, Christy Sports, Xero Shoes and others.

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