

How Carlyle Creates Value

Deep industry expertise. Global scale and presence. Extensive network of Operating Executives. And a wealth of investment portfolio data; we call it The Carlyle Edge. These are the four pillars of Carlyle's value creation model. By leveraging these core capabilities and resources—Carlyle has established a 26-year overall track record of investing in companies, working to make them better and serving our investors' needs.



About DMI and the Transaction

Carlyle acquired Diversified Machine Inc. (DMI) in November 2005 and exited the investment through a sale to Platinum Equity in December 2011. DMI is a global sole-source supplier of powertrain components and safety-critical autoframes to major automotive companies and large suppliers. DMI is also the largest global supplier of steering knuckles—a highly engineered component that, together with the steering arm, allows a wheel to pivot.

In partnership with DMI's management team, Carlyle acquired the company out of bankruptcy and focused the next six years on re-building its operations. Despite a challenging economic climate for the automotive industry, DMI enhanced its product offerings, expanded its global footprint and increased employment. DMI is headquartered in Wixom, MI, and it operates 10 global manufacturing facilities, including plants in: Columbus, GA; Bristol, IN; Howell, MI; Montague, MI; Edon, OH; and Milwaukee, WI. During Carlyle's ownership, DMI expanded employment from 465 to approximately 2,350, including unionized employees affiliated with the United Steelworkers and United Electrical Workers Union.



AT A GLANCE

Diversified Machine, Inc. (DMI)

Industry: Transportation

Region/Country: Michigan

Fund: Carlyle Strategic Partners

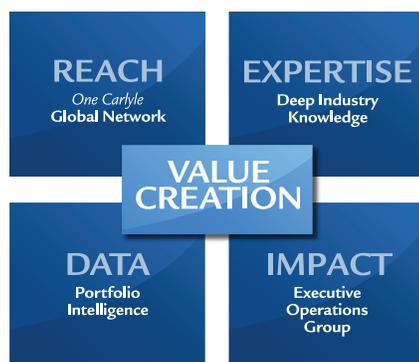
Acquired: November 2005

Status: Exited

Key Value Creation Metrics

- Repositioned DMI as a global supplier, expanding from 3 factories, largely in the Detroit, MI area, to 10, including 3 outside of North America;
 - Supported employment growth from about 465 employees to more than 2,350—more than 500% increase;
 - Acquired the business out of bankruptcy and increased revenues by 4.5x despite the global recession; and
 - Enhanced DMI's engineering capabilities and focused on developing lighter-weight components with aluminum content that would improve fuel efficiency.
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THE CARLYLE EDGE



ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$183 billion of assets under management across 126 funds and 160 fund of funds vehicles as of December 31, 2015. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,700 people in 36 offices across six continents.

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Expanding Global Operations and Integrating New Businesses

Supported by Carlyle, DMI expanded its global manufacturing presence. Using existing customer relationships, DMI targeted opportunities where it could supply the same components in multiple geographic markets. DMI made several acquisitions to give it a foothold in key countries. The company established a presence in Europe by acquiring a machining plant in Barcelona, Spain and an aluminum foundry and casting operation in Vaux, France. Additionally, after winning several key contracts, DMI established a Chinese manufacturing presence to supply Chinese domestic and other Asian markets.

While expanding operations, DMI's management team focused on integrating the new businesses and maintaining the company's process-driven culture. DMI developed systems to track key performance metrics on a daily basis and implemented new protocols to manage the diverse and expanding employee base. With these systems in place, DMI has achieved significant operating improvements, including higher productivity, enhanced customer quality and better safety performance. The systems and processes that management has deployed throughout the company have created a platform for future growth.

Focusing on New Product Materials

During Carlyle's ownership, DMI enhanced its product offerings to meet growing customer demands for lighter and more efficient components. To address stricter emissions regulations and fuel-efficient requirements, automobile manufacturers are increasingly seeking to substitute lighter materials in parts that are currently constructed predominantly from iron or steel. DMI identified this shift towards more fuel-efficient vehicles and began to develop aluminum-based products. In 2007, DMI began casting and engineering aluminum knuckles for many customers, including BMW, Ford and Nissan among others. DMI's proficiency in manufacturing highly engineered, safety-critical aluminum components gives the Company a distinct advantage when competing for new business.

Diversifying into a Vertically-Integrated Company

During Carlyle's ownership, DMI expanded its manufacturing capabilities to offer customers a full range of services. At the time of Carlyle's investment, DMI was a local operation focused on machining finished products. Over time, Carlyle supported the company's strategy to add new business lines such as engineering and casting. Today, DMI has the distinct advantage of being one of the few companies offering fully-integrated design, development, testing, casting, machining and assembly capabilities, of both aluminum and ductile iron components.