

CARLYLE

# Capital Raising

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GLOBAL HEAD OF INVESTOR RELATIONS

FEBRUARY 23, 2021

# IMPORTANT INFORMATION

This presentation has been prepared by The Carlyle Group Inc. (together with its affiliates, “Carlyle”) and may only be used for informational purposes. All information contained herein is presented as of December 31, 2020, unless otherwise specifically noted. Unless otherwise expressly stated herein any analysis or outlook relating to the matters discussed herein express Carlyle’s views only as of February 23, 2021. Carlyle undertakes no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law. This presentation may not be referenced, quoted or linked by website, in whole or in part except as agreed to in writing by Carlyle.

**FORWARD LOOKING STATEMENTS.** Statements contained in this presentation that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of Carlyle. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained in this presentation constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “seek,” “expect,” “anticipate,” “forecast,” “project,” “estimate,” “intend,” “continue,” “target,” or “believe” or the negatives thereof or other variations thereon or comparable terminology. **Statements related to projected Assets Under Management (“AUM”), Distributable Earnings (“DE”), Fee Related Earnings (“FRE”), fundraising, fee revenue for future periods could be impacted by the level of investment performance, our ability to fundraise and the fees we can charge on such commitments, the pace and scale of capital deployment which may not be consistent with historical levels, the pace and success of exit activity, changes in regulations and laws (including tax laws), our ability to scale existing businesses and wind-down underperforming businesses, our ability to manage expenses and retain key personnel, our ability to manage stock dilution and our ability to charge and retain transaction fees. Even if we were to achieve our goals, there is no guarantee that such fundraising will translate into increased earnings and margins. There can be no assurance that Carlyle’s strategic goals will ultimately be realized or if realized, that they will have the effect of accelerating our growth or earnings. All projections assume benign market conditions.** These statements are subject to risks, uncertainties and assumptions, including those listed in this disclaimer and described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the SEC on February 11, 2021 (the “Annual Report”), as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in our filings with the SEC.

**CORPORATE CONVERSION.** On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. into a Delaware corporation named The Carlyle Group Inc. Unless the context suggests otherwise, references in this report to “Carlyle”, the “Company”, “we”, “us”, and “our” refer (i) prior to the consummation of the conversion, to The Carlyle Group L.P. and its consolidated subsidiaries and (ii) from and after the consummation of the conversion, to The Carlyle Group Inc. and its consolidated subsidiaries. References to our common stock in periods prior to the conversion refer to the common units of The Carlyle Group L.P. References to our dividends in periods prior to the conversion refer to the distributions of The Carlyle Group L.P.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.** In considering investment performance information contained in this presentation, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that Carlyle or any Fund will achieve comparable results. Actual realized value of currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein.

**NOT A RECOMMENDATION OF ANY SECURITY.** This presentation provides an overview of Carlyle and is not intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security. An offer or solicitation for an investment in any investment fund managed or sponsored by Carlyle or its affiliates (“Fund”) will occur only through an offering memorandum and related purchase documentation, and subject to the terms and conditions contained in such documents and in such Fund’s operative agreements. The offering memorandum relating to any Fund contains additional information about the investment objective, terms and conditions of such Fund, tax information and risk disclosure that should be reviewed prior to making an investment decision regarding a Fund. This presentation is qualified in its entirety by such offering memorandum, which should be read completely before making any investment. An investment in a Fund would be speculative and would involve significant risks. Nothing in this presentation is intended to be taken by, and should not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security.

**RETURN CALCULATIONS.** The fund return information reflected in this presentation is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. There can be no assurance that any of Carlyle’s funds or its other existing and future funds will achieve similar returns. See “Risk Factors — Risks Related to Our Business Operations — The historical returns attributable to our funds, including those presented in this report, should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our common units” in the Annual Report. As used throughout this document, and unless otherwise indicated, “Gross IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest, which will reduce returns and, in the aggregate are substantial. “Net IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest (but not taxes borne by investors). “Gross MOIC” represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital. An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital represents at least 85% of invested capital and such investment is not yet fully realized. For Global Private Equity, since inception means since 1987, US Buyout since inception means since 1987, Asia Buyout since inception means since 1999 and Europe Buyout means since 1998 and since inception for US Opportunistic Real Estate means 1997.

## IMPORTANT INFORMATION (continued)

**COMPARISON TO INDEXES.** This presentation includes comparisons of certain private equity indices to various indexes including certain MSCI indexes (MSCI) and the S&P 500 and other indexes. These comparisons are provided for illustrative purposes only. The private equity indices do not represent the performance of any Fund or family of Funds. You should not infer that any Fund is top quartile. There are significant differences between the types of securities and assets typically acquired by U.S. and global buyout funds, the investments covered by the MSCI, S&P 500 and other indexes. Specifically, U.S. and global buyout funds typically make investments in securities and other assets that have a greater degree of risk and volatility, and less liquidity, than those securities included in these indexes and companies included in the indexes are not subject to certain of the management fees, carried interest or expenses to which investors in U.S. and global buyout funds are typically subject. Comparisons between private equity funds, Carlyle sponsored funds, the MSCI, S&P 500 and other indexes are included for informational purposes only. The private equity returns do not represent the performance of any Fund or family of Funds. You can not invest directly in an index. You should not infer that any Fund is top quartile.

**NON-GAAP METRICS.** This presentation includes certain Non-GAAP financial measures, Distributable Earnings (“DE”), Fee Related Earnings (“FRE”), FRE Margin, and Net Accrued Performance Revenues. These Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Q4 2020 earnings release and the end of this presentation for a reconciliation of the Non-GAAP financial measures included in this presentation to the most directly comparable financial measure prepared in accordance with GAAP. Please see Carlyle’s public filings for the definitions of “carry funds,” “Assets under management” (“AUM”), and “Fee-earning assets under management” (“Fee-earning AUM” or “FEAUM”). A reconciliation of forward-looking Non-GAAP financial measures cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, Carlyle is unable to assess the probable significance of the unavailable information, which could have a material impact on its future GAAP financial results.

For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period when presenting period end balances, and the average rate for the period has been utilized when presenting activity during such period. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment.

**MANAGEMENT FEES AND PERFORMANCE REVENUES.** Detailed information about Carlyle’s management fees and performance revenues is available in Carlyle’s public filings. Please note that certain metrics and projections contained in this Presentation include the Legacy Energy Funds and funds advised by NGP Energy Capital Management. Please note that the Legacy Energy Funds (as defined in Carlyle’s public filings), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisers to each of the Legacy Energy Funds. Currently, Carlyle is only entitled to carried interest and management fees in certain funds advised by NGP Energy Capital Management. The NGP Energy Capital Management funds which solely earn management fees are referred to herein as “NGP predecessor funds.”

**THIRD PARTY SOURCES.** Although the information presented in this presentation has been obtained from sources that Carlyle believes to be reliable, Carlyle makes no representations as to its accuracy, validity, timeliness or completeness for any purpose. The information set forth herein does not purport to be complete and Carlyle is not responsible for errors and/or omissions with respect to the information contained herein.

**DIVIDEND POLICY.** Under our dividend policy for our common stock that we adopted in connection with the Conversion, we expect to pay our common stockholders an annualized dividend of \$1.00 per share of common stock, equal to a quarterly dividend of \$0.25 per share of common stock. The declaration and payment of any dividends to holders of our common stock are subject to the discretion of our Board of Directors, which may change our dividend policy at any time or from time to time, and the terms of our certificate of incorporation. There can be no assurance that dividends will be made as intended or at all or that any particular dividend policy will be maintained.

**TERMS OF USE POLICY.** By accessing or using the 2021 Carlyle Investor Day materials, you hereby accept and agree to comply with the Terms of Use Policy of the Carlyle Website ([www.carlyle.com](http://www.carlyle.com)) as though incorporated and set forth fully herein. You acknowledge your understanding that the Terms of Use Policy constitute a binding agreement between you and Carlyle that governs your access and use of the 2021 Carlyle Investor Day materials, which includes any images, text, illustrations, designs, icons, photographs, programs, music clips, downloads, video clips, graphics, user interfaces, visual interfaces, information, data, tools, products, written materials, services and other content, including but not limited to the design, structure, selection, coordination, expression and arrangement of the content available on or through the Carlyle website and the 2021 Carlyle Investor Day materials.

**Copies of this presentation are available upon request from Carlyle by contacting Daniel Harris, Head of Public Market Investor Relations, at [daniel.harris@carlyle.com](mailto:daniel.harris@carlyle.com) or +1 (212) 813-4527.**

# RISK FACTORS

Certain statements in this presentation are based on current management expectations; and involve inherent risks and uncertainties, including those identified in the Risk Factors section of our Annual Report and other SEC filings, including without limitation:

- *Our business could be negatively impacted in many ways by adverse economic and market conditions or changes in the debt financing markets, including by reducing the value or performance of investments made by our investment funds and reducing the ability of our funds to raise capital or obtain attractive financing or re-financing.*
- *The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and may continue to adversely impact, our performance and results of operations.*
- *Our use of leverage may expose us to substantial risks and our revenue, earnings and cash flow are variable, which makes it difficult for us to achieve steady earnings growth on a quarterly basis.*
- *We may not be successful in expanding into new investment strategies, markets and businesses, including business initiatives to increase the number and type of investment products we offer to retail investors*
- *We may reduce our AUM, restrain its growth, reduce our fees or otherwise alter the terms under which we do business when we deem it in the best interest of our investors, even when such actions may be contrary to the near term interests of stockholders*
- *Poor performance of our investment funds would cause a decline in our revenue, income and cash flow, may obligate us to repay carried interest previously paid to us, and could adversely affect our ability to raise capital. Our asset management business depends in large part on our ability to raise capital from third-party investors.*
- *Our investors may negotiate to pay us lower management fees and the economic terms of our future funds may be less favorable to us than those of our existing funds, which could adversely affect our revenues.*
- *Valuation methodologies for certain assets in our funds can involve subjective judgments, and the fair value of assets established pursuant to such methodologies may be incorrect, which could result in the misstatement of fund performance and accrued performance allocations. Historical returns attributable to our funds should not be considered as indicative of the future results.*
- *Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments.*
- *The alternative asset management business is intensely competitive and we often pursue investment opportunities that involve business, regulatory, legal or other complexities and relatively high-risk, illiquid assets.*
- *The investments of our Global Private Equity, Global Credit and Investment Solutions funds are subject to a number of inherent risks.*
- *We may need to pay “giveback” obligations if they are triggered under the governing agreements with our investors.*
- *Operational risks may disrupt our businesses, result in losses or limit our growth and failure to maintain the security of our information and technology networks, intellectual property and proprietary business information could have a material adverse effect on us.*
- *Extensive regulation in the United States and abroad, including financial regulatory changes (such as those regarding derivatives and commodity interest transactions), affects our activities, increases the cost of doing business and creates the potential for significant liabilities, penalties and additional burdens.*
- *Third-party investors in substantially all of our carry funds have rights that in certain circumstances could lead to a decrease in our revenues. In addition, third-party investors in our investment funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's performance.*
- *Our private equity funds' performance, and our performance, may be adversely affected by the financial performance, financial projections or contingent liabilities of our portfolio companies and the industries in which our funds invest, including securities of companies that are experiencing significant financial or business difficulties.*
- *Investments in the insurance industry (including our investment in Fortitude Holdings) could be adversely impacted by insurance regulations and potential regulatory reforms. Our relationship with Fortitude Holdings may not generate a meaningful contribution to our revenue and our ownership and control of Fortitude Holdings could give rise to real or apparent conflicts of interest.*
- *Ongoing trade negotiations and potential for further regulatory reform may create regulatory uncertainty for our portfolio companies and our investment strategies and adversely affect the profitability of our portfolio companies.*
- *We are subject to substantial litigation risks, including allegations of employee misconduct or fraud (including at our portfolio companies), and may face significant liabilities and damage to our professional reputation as a result of such allegations and negative publicity.*
- *Changes in U.S. and foreign tax regulations, including the comprehensive U.S. federal income tax reform that became effective in 2018, could adversely affect us and our ability to raise funds from certain foreign investors.*

# Carlyle Is Well Positioned for Continued Growth

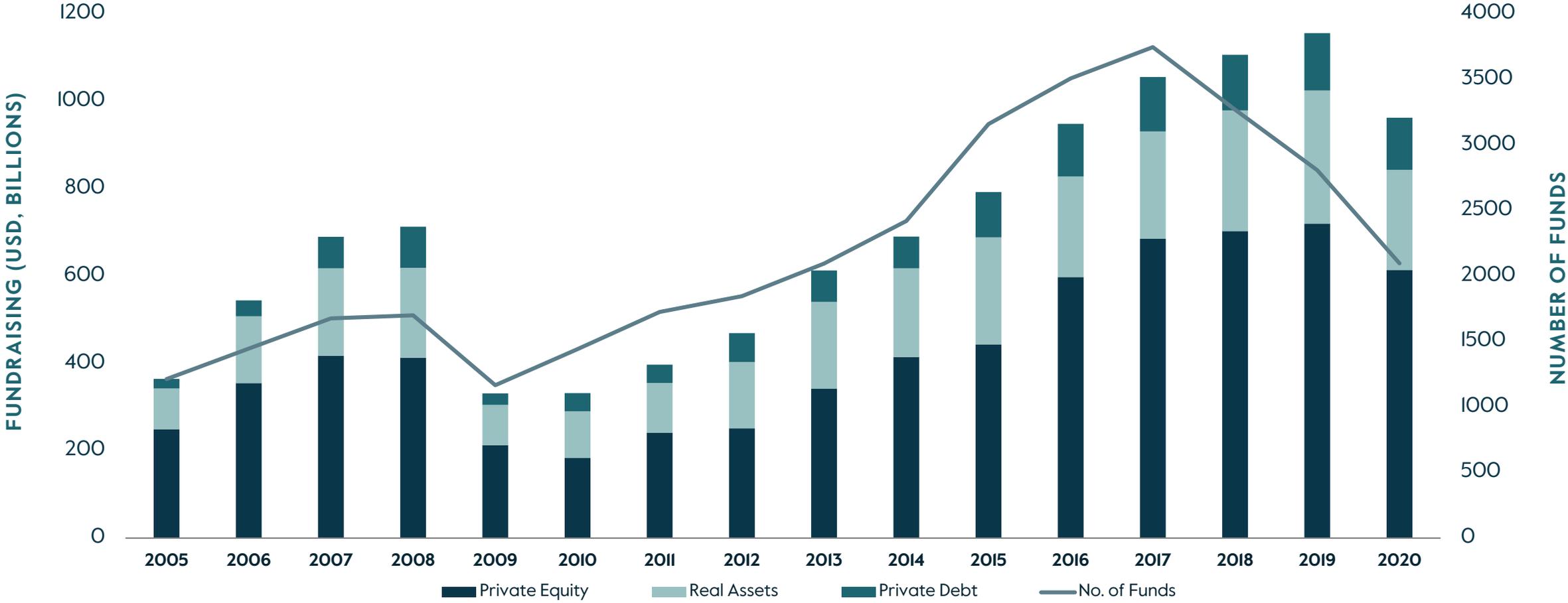
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*Presented for illustrative purposes only.*

# 1 Market Leader in Growing & Consolidating Asset Class

# Alternative Assets Experience Ongoing Fundraising Momentum



Source: Global Preqin Data, January 2021. There is no guarantee these trends will continue.

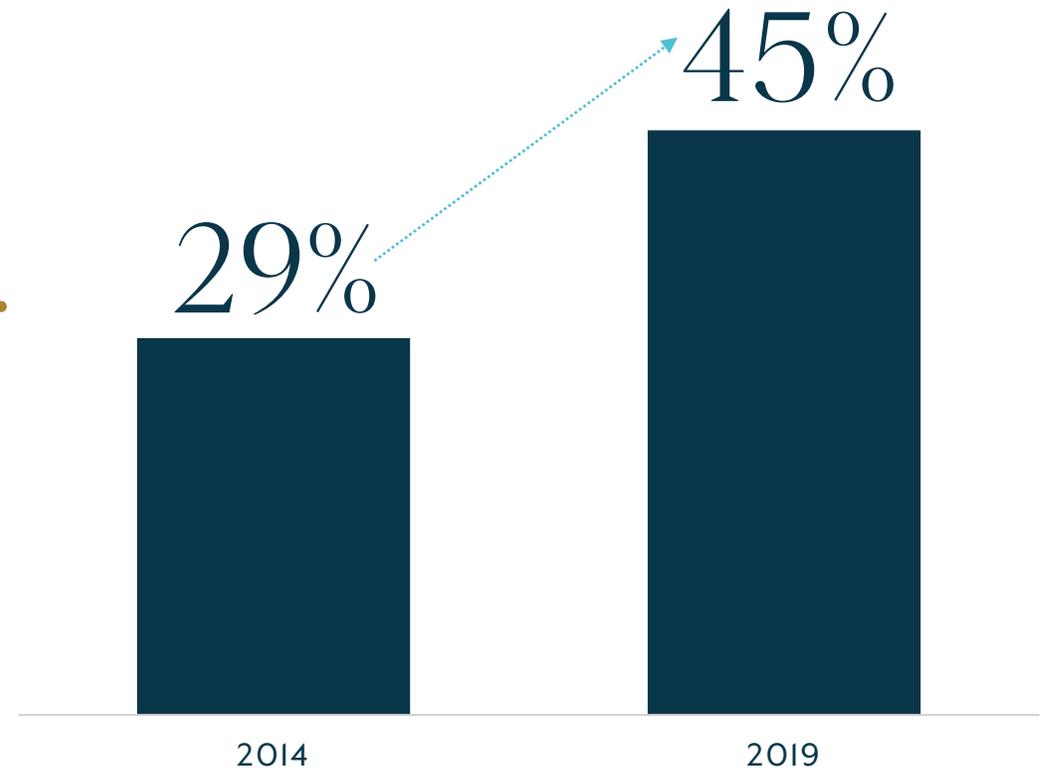
# Largest Managers Are Taking More Market Share as Limited Partners Consolidate Relationships

## LIMITED PARTNER INTERESTS

- More assets concentrated with fewer GPs
- Established managers with consistent performance
- Proven ability to scale
- Trust & partnership
- Knowledge sharing



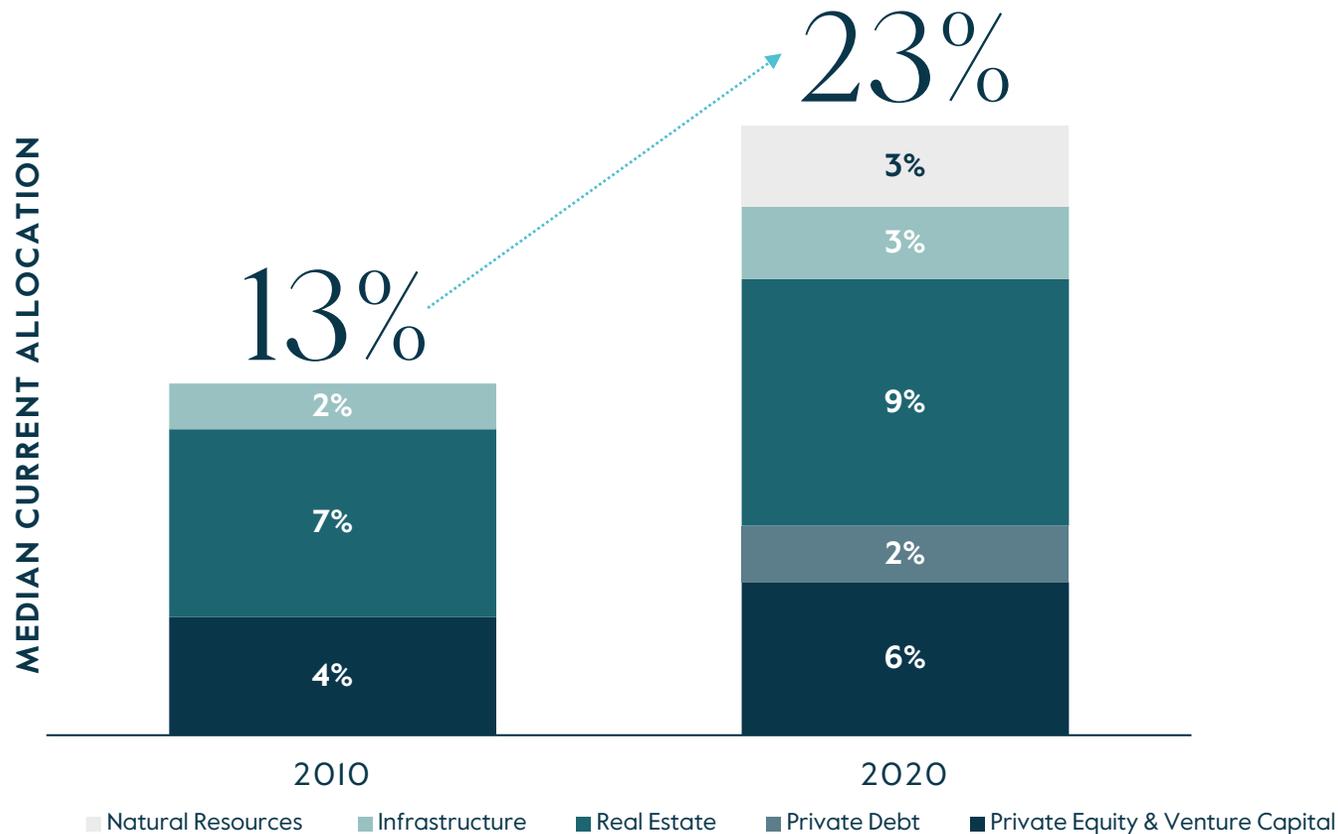
## MARKET SHARE OF TOP 20 FUNDS<sup>1</sup>



1. Source: 2020 Preqin Global Private Equity & Venture Capital Report. Represents the top 20 largest private equity funds' market share of committed capital across private equity in 2014 and 2019. There is no guarantee these trends will continue.

# Limited Partners Are Increasing Allocations to Private Markets

Median current allocations of public pension funds increase by 75%+ over last decade



**30%** INCREASE IN MEDIAN ALLOCATION TO PRIVATE EQUITY & VENTURE CAPITAL

**31%** INCREASE IN MEDIAN ALLOCATION TO REAL ESTATE

**59%** INCREASE IN MEDIAN ALLOCATION TO INFRASTRUCTURE

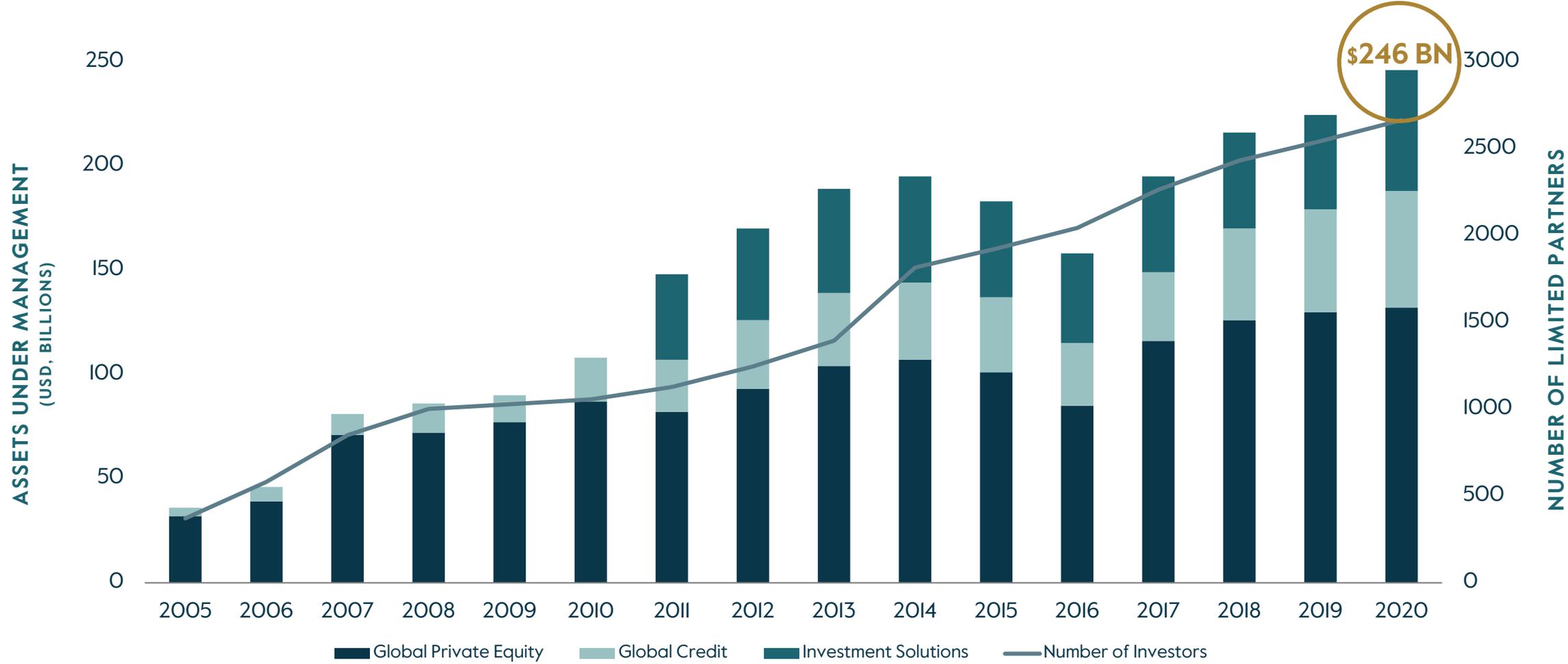
**168%** INCREASE IN PRIVATE DEBT AUM FROM \$315 BN IN 2010 TO \$845 BN IN 2019

Source: Global Prequin Data, January 2021. There is no guarantee these trends will continue.

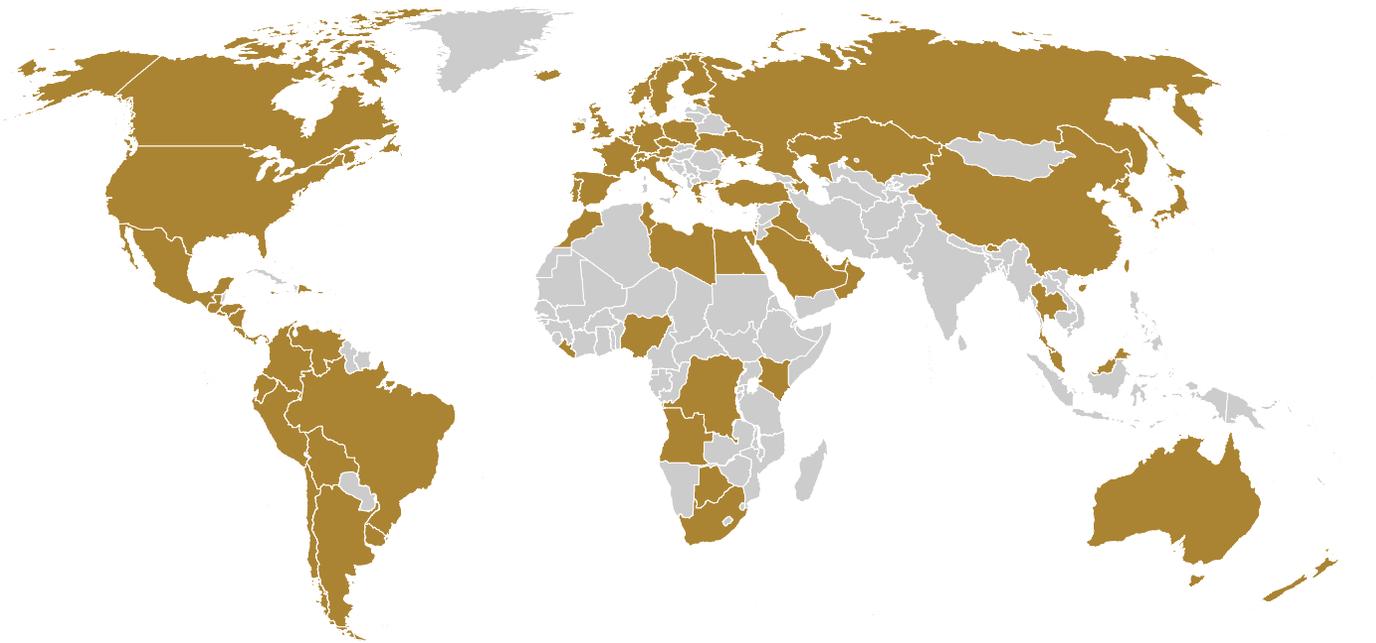
# 2

## Deep, Strategic Relationships with the Largest Limited Partners

# Carlyle Continues to Experience Growth Across All Segments



# Diverse Limited Partner Base with Broad Geographic Reach...



 CAPITAL COMMITMENTS FROM LOCAL LPs

**~\$307 BN** TOTAL LP COMMITMENTS SINCE INCEPTION

**2,660+** CARRY FUND LPs WORLDWIDE

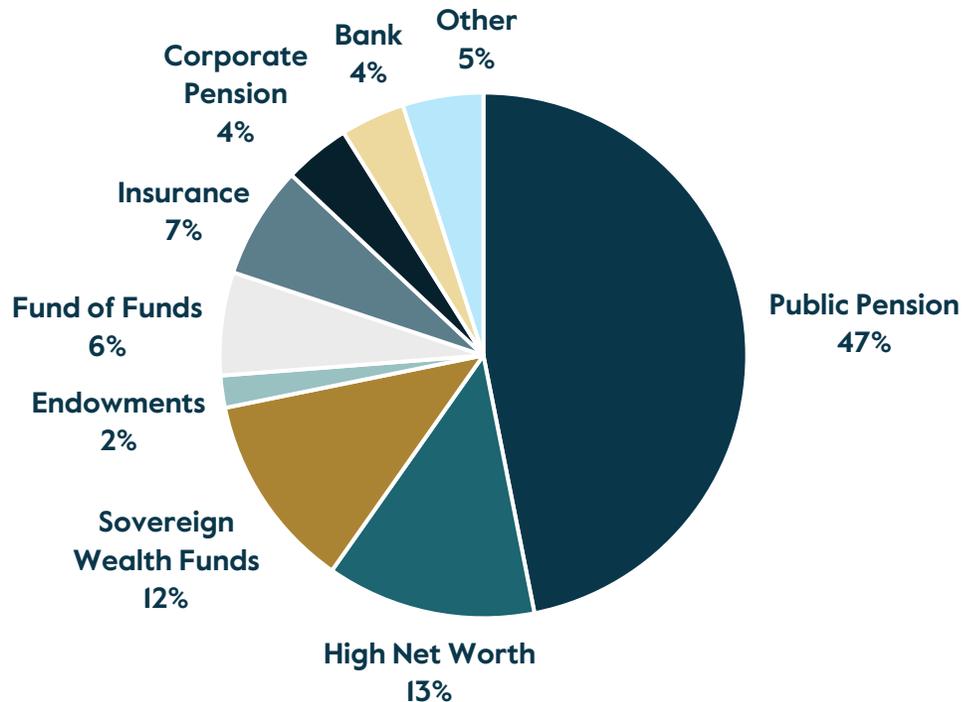
**90+** COUNTRIES REPRESENTED

**65** TOP 100 INVESTORS GLOBALLY WHO ARE CARLYLE LPs<sup>1</sup>

1. Source: Carlyle Analysis of Preqin data, January 2021. Reflects top Limited Partners by AUM.

# ... and Relationships Spanning all LP Types

## Carlyle Capital Commitments by Investor Type



5.5x

GROWTH IN COMMITMENTS FROM PUBLIC PENSION FUNDS SINCE 2012 AND RELATIONSHIPS WITH PLANS IN 40 STATES

\$37.2 BN

OF TOTAL COMMITMENTS FROM SOVEREIGN WEALTH FUNDS, REPRESENTING 307% GROWTH IN COMMITMENTS SINCE 2012

2.7x

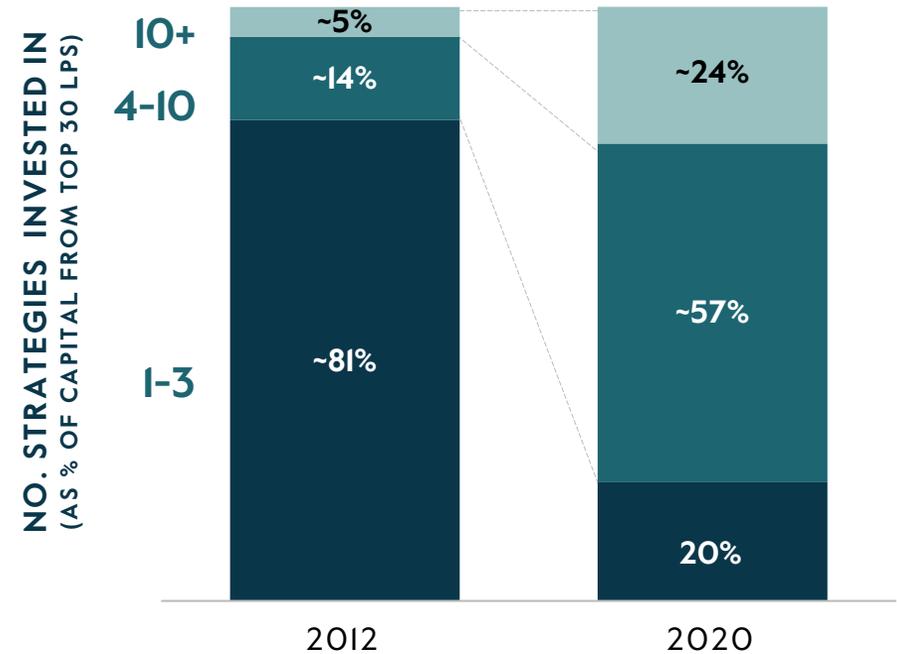
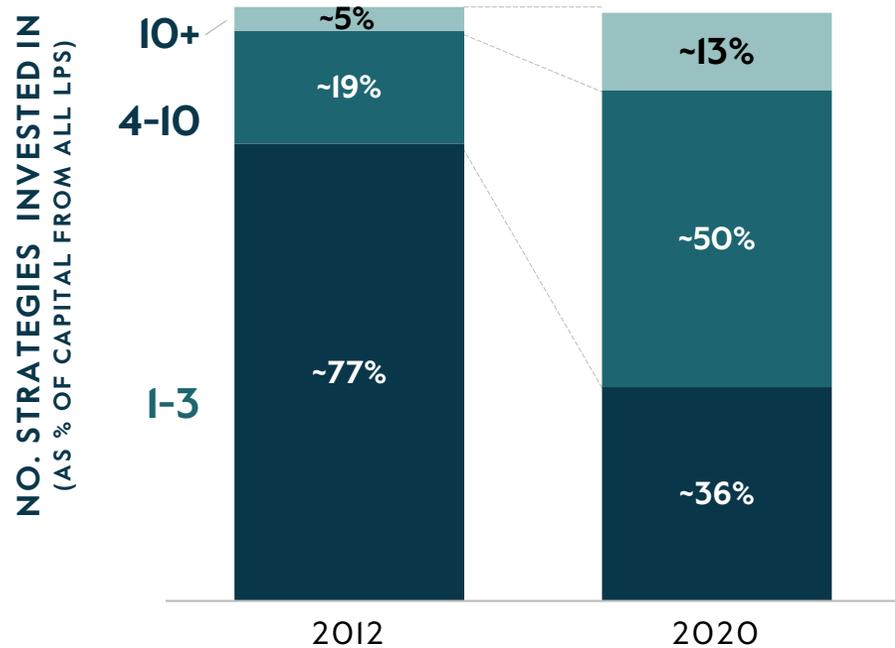
GROWTH IN COMMITMENTS FROM HIGH NET WORTH CHANNEL SINCE 2012 WITH A MAJOR FOCUS ON PROVIDING INDIVIDUAL INVESTORS WITH ACCESS TO OUR PRODUCTS

Note: Data shows percentage of capital committed by investors to Carlyle. "Other" includes Corporations and Misc. No assurance can be given that current market conditions and related trends will continue.

# Investor Relationships Have Expanded Over Time

Carlyle cross-selling is accelerating...

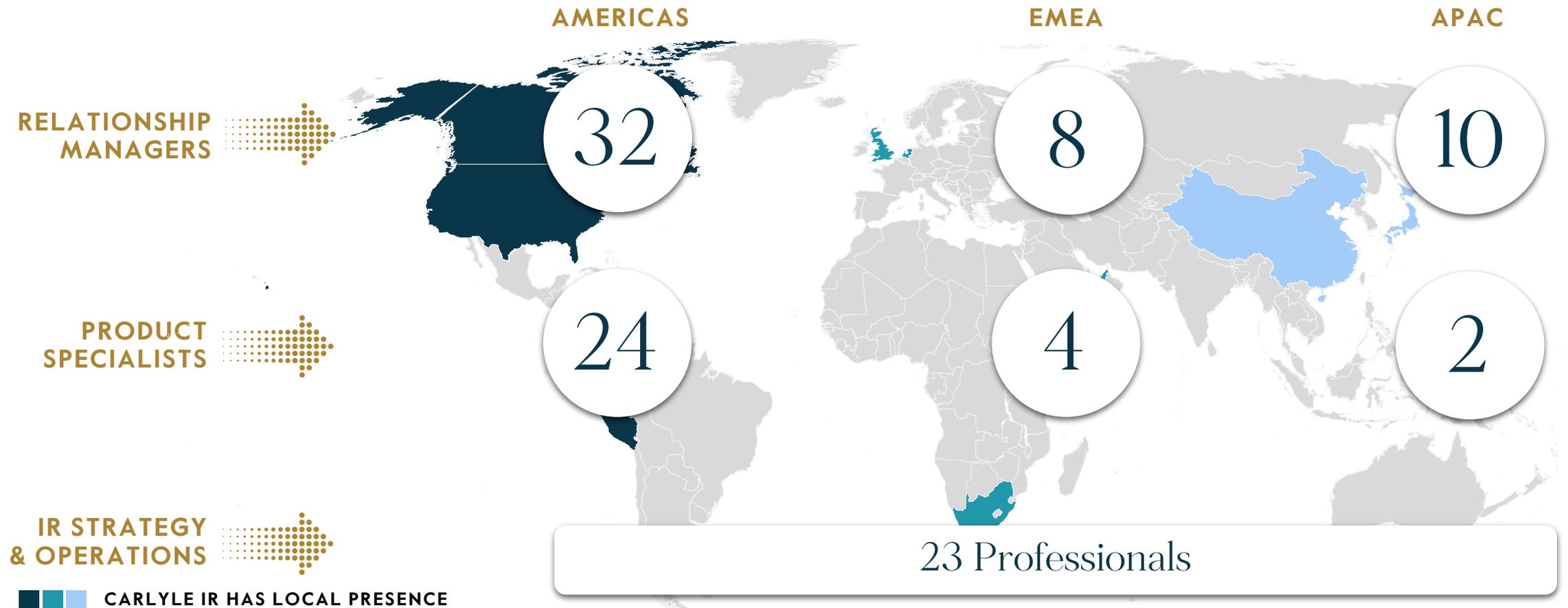
...Driven by largest LPs investing in multiple strategies



Source: Carlyle internal data as of December 31, 2020, compared to December 31, 2012. Strategies refer to unique Carlyle fund families. No assurance can be given that current market conditions and related trends will continue.

# Global Investor Relations Team Has Depth Across Markets & Breadth of Expertise

Team totals 100+ professionals worldwide, and Senior Relationship Managers have an average tenure of 12 years at Carlyle



**CARLYLE IR HAS LOCAL PRESENCE**

*Note: As of January 2021. Presented for illustrative purposes only.*

# We Talked to Our Limited Partners More Than Ever in 2020

## QUARTERLY UPDATE CALLS



## VIRTUAL INVESTOR CONFERENCES



## DIGITAL MARKETING EXPERIENCE



## VIRTUAL LP MEETINGS & DD SESSIONS



Enhanced LP Experience  
in a Virtual World

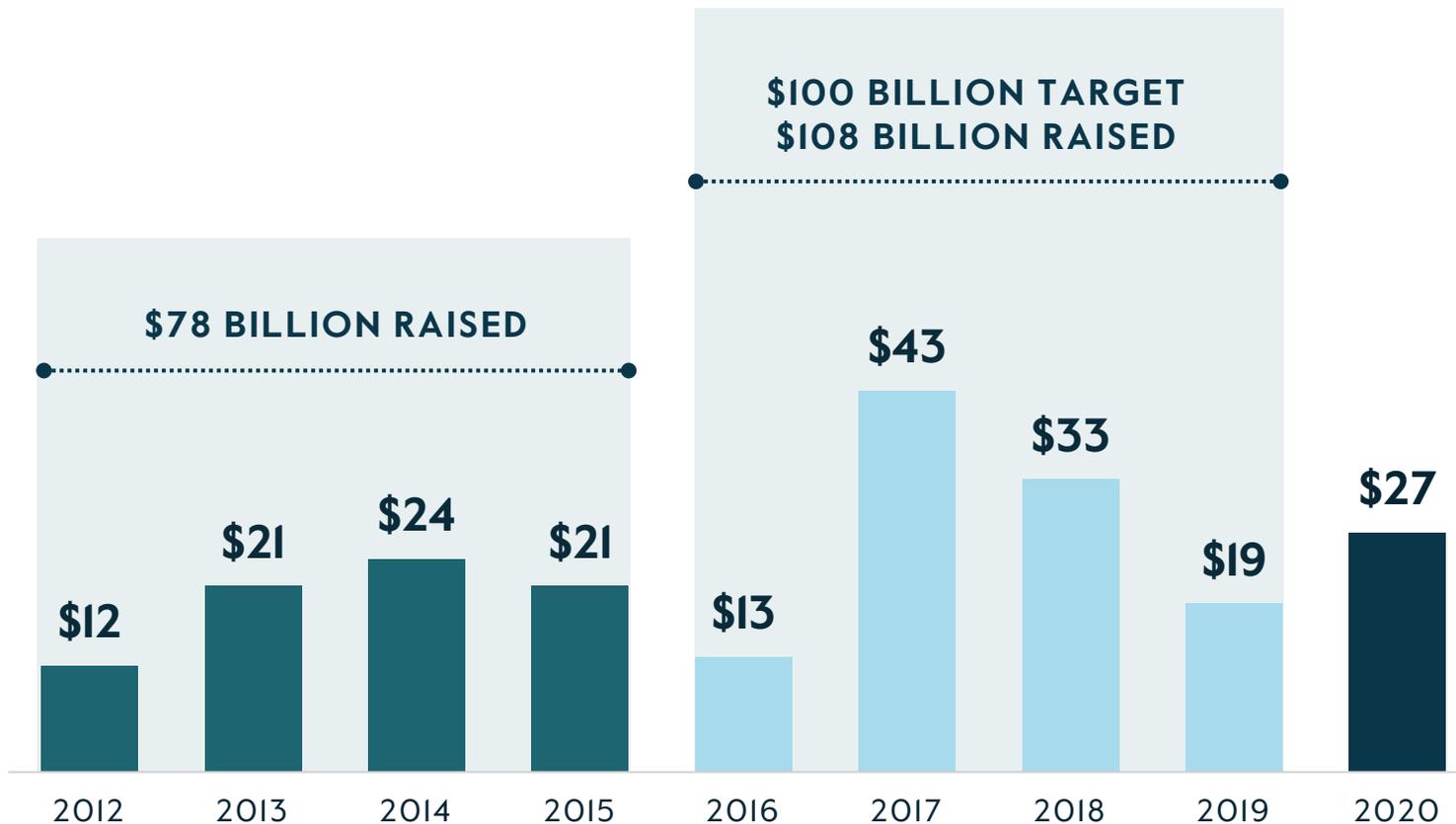
*Note: For illustrative purposes only.*

# 3

## Fundraising Momentum Going into Next Cycle of Scalable Products

# Long Track Record of Fundraising Success

Gross Fundraising (\$ BN)



**“Carlyle’s Alpinvest racks up \$9 BN for new PE secondaries fund”**

*PE Hub, December 2020*

**“Carlyle ramps up credit in time of crisis”**

*Private Debt Investor, October 2020*

**“Carlyle Raises \$18.5 Billion, Its Biggest Fund Ever”**

*Bloomberg, July 2018*

**“Carlyle Closes Mega-Fund in Asia”**

*Pitchbook, June 2018*

*Note: Historical Gross Fundraising amounts exclude amounts related to our former hedge fund platform. There is no guarantee these trends will continue.*

# Strong, Scalable Products Fundraising over Next 4 Years

| GLOBAL PRIVATE EQUITY |                    | GLOBAL CREDIT             | INVESTMENT SOLUTIONS          |
|-----------------------|--------------------|---------------------------|-------------------------------|
| US Buyout             | US Growth          | Loans & Structured Credit | Private Equity Secondaries    |
| Europe Buyout         | Europe Growth      | Direct Lending            | Private Equity Co-Investments |
| Asia Buyout           | Asia Growth        | Opportunistic Credit      | Private Equity Primaries      |
| Core Private Equity   |                    | Distressed Credit         | Real Estate                   |
| US Real Estate        | Europe Real Estate | Aviation Finance          | Customized Managed Accounts   |
| Infrastructure        | Renewables         | Infrastructure Credit     |                               |
| Natural Gas Partners  |                    |                           |                               |

Note: Presented for illustrative purposes only.

# \$130+ BN Fundraising Target by 2024



No assurance can be given that current market conditions and related trends will continue or that projections will ultimately materialize.