THE CARLYLE GROUP

GLOBAL ALTERNATIVE ASSET MANAGEMENT

CASE STUDY

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 30-year overall track record of investing in companies, working to make them better and serving our investors' needs.

About Axalta and the Transaction

The Carlyle Group acquired Axalta, formerly known as DuPont Performance Coatings, in February 2013 and took the company public in late 2014.

Axalta is the fourth largest global manufacturer, marketer and distributor of high performance coatings systems. The Company has a nearly 150-year heritage in the coatings industry and is known for manufacturing high quality products with well-recognized brands supported by market-leading technology and customer service. Axalta operates its business in two segments, Performance Coatings and Transportation Coatings, and currently targets four primary end-markets: Refinish, Industrial, Light Vehicle, and Commercial Vehicle. The Company generates approximately 90% of its revenue in markets where Axalta holds the number one or number two global market position, including the top position in its core automotive refinish end-market with approximately a 25% global market share.

Axalta employs more than 11,000 full-time employees at 35 manufacturing plants, seven major technology centers, and 45 customer training centers across the globe. Axalta is headquartered in Philadelphia, Pennsylvania and conducts business in approximately 130 countries with more than 120,000 customers.

AT A GLANCE

Axalta Coating Systems

Industry: Industrial

Region/Country: Philadelphia, PA, USA

Fund: Carlyle Partners V
Carlyle Europe Partners III

Acquired: February 2013

Status: Exited

#1 Axalta holds the number one global market position in its core automotive refinish end-market with approximately a 25% global market share.

ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with $174 billion of assets under management across 306 investment vehicles as of September 30, 2017. 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 Credit 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 1,550 people in 31 offices across six continents.

Carlyle believes these selected case studies should be considered as a reflection of Carlyle's investment process, and references to these particular portfolio companies should not be considered a recommendation of any particular security, investment, or portfolio company. The information provided about these portfolio companies is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of Carlyle's portfolio companies. The investments described in the selected case studies were not made by any single fund or other product and do not represent all of the investments purchased or sold by any fund or other product. The information provided in these case studies is for informational purposes only and may not be relied on in any manner as advice or as an offer to sell or a solicitation of an offer to buy interests in any fund or other product sponsored or managed by Carlyle or its affiliates. Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum, which will be furnished to qualified investors on a confidential basis at their request.

Key Value Creation Metrics

- Enhanced senior leadership team, adding 12 of 16 senior executives including the CEO & CFO to lead the transition from a subsidiary to a standalone company
- Accelerated strategic priorities through targeted investments, particularly in emerging markets
- Simplified organizational structure and reduced corporate costs by realigning the Company's European manufacturing operations, optimizing procurement, and recruiting key regional and local managers with both operational and commercial leadership experience
- Guided Axalta to a successful initial public offering (IPO) in November 2014, followed by five additional stock sales, including selling 9.9% of the Company to Berkshire Hathaway in April 2015. Carlyle has exited its investment in the company

Axalta as a Public Company

Carlyle continues to implement profitable growth initiatives globally at Axalta. As an independent company, Axalta has been able to focus its time and capital exclusively on coatings. The Company is pursuing investments that will potentially generate attractive returns such as low-risk capacity expansion projects in China, Germany, Mexico, and Brazil that will position Axalta to grow with its customers. The Company is also investing in operational improvement initiatives such as the realignment of its European manufacturing operations, a global commercial and comprehensive cost improvement initiative, as well as growing its sales force in emerging markets and end-markets where the Company is currently underrepresented.

Axalta's Performance

Axalta has a strong financial profile with even greater potential for future growth. Under Carlyle's ownership, Adjusted EBITDA has increased at a 12% compounded annual growth rate and Adjusted EBITDA margin has improved nearly 500 basis points.