

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

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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 investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With \$223 billion of assets under management as of June 30, 2019, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,775 people in 33 offices across six continents.

Set forth herein is a selected case study that Carlyle believes illustrate its ability to create value at, and improve the performance of, its portfolio companies. The performance of these portfolio companies is not necessarily indicative of the performance of all of Carlyle's portfolio companies. The information provided herein is for informational purposes only and is not 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 (the "Interests") in any fund or other product sponsored or managed by T.C. Group, L.L.C. or any of its affiliates (together, "Carlyle"). Any such offer or solicitation shall only be made pursuant to a final confidential private placement memorandum (as amended and/or restated from time to time) and the applicable fund's subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering.

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.