

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.



Leveraging Carlyle's industry expertise and global network, Broadleaf has revamped its strategy, transformed its business model from a single package provider to a network solution provider and become a public company with expanded business and global footprint.

About Broadleaf and the Transaction

In November 2009, Carlyle acquired Broadleaf Co., Ltd., by purchasing all shares held by ITX and Olympus. In March 2013, Carlyle exited the investment through an initial public offering on the first section of the Tokyo Stock Exchange, selling its remaining 87% stake in Broadleaf including the completion of over-allotment option in April 2013. Together with the 13% stake sold to strategic alliance partners prior to IPO, Carlyle fully exited from the investment.

Broadleaf is the industry leader of auto aftermarket business solutions, mainly providing mission-critical B-to-B software packages to auto repair and inspection factories. Headquartered in Tokyo, Broadleaf had 36 sales branches across the nation with 887 employees as of December 31, 2012.

Broadleaf has three business lines: (1) Package System Solutions, (2) System Support, (3) Network Services. The Package System Solutions segment, with a uniquely developed auto parts database, mainly provides mission-critical B-to-B software to repair and inspection garages or auto parts wholesalers. While the System Support segment generates stable recurring fee charge, Broadleaf saw the Network Service segment that provides network based information service as the growth driver, and decided to conduct an MBO with Carlyle to realize this opportunity.



AT A GLANCE

Broadleaf Co., Ltd.

Industry: Technology & Business Services

Region/Country: Japan

Fund: Carlyle Japan Partners II

Acquired: November 2009

Status: Exited

Key Value Creation Metrics

During Carlyle's ownership period, Broadleaf recorded strong growth in its financial performance:

↓ Costs Sales

With Carlyle's assistance, Broadleaf nearly doubled sales per person by conducting a comprehensive analysis of its customer base and implementing effective strategies.

ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$210 billion of assets under management across 335 investment vehicles as of June 30, 2018. 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 1,625 people in 31 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.

- Sales and EBITDA increased by 8% and 28% respectively
- EBITDA margin improved from 19% to 23%
- Network Service segment registered strong growth, with revenue increased by 63% or CAGR of 17%

Major Valuation Creation Initiatives.....

Taking Immediate Actions to Implement Changes

As the partnership began, Carlyle professionals and Broadleaf's management team acted swiftly to develop a 100-day plan outlining key strategic initiatives for business growth. Broadleaf focused on strengthening management team, recruiting middle management, improving sales force efficiency and cost management, preparing IPO and introducing incentive plan. The immediate actions to revamp the company's strategy led the company towards further growth and success.

Strengthening Management to Support Business Growth

Led by CEO Mr. Oyama who has a great track record and vision, Broadleaf was well-positioned for continued growth. To further support the company's strategic development, Carlyle assisted Broadleaf in recruiting experienced senior executives including a Chief Financial Officer, a Chief Strategic Officer and a Chief Technology Officer. Carlyle also brought in Mr. Kizawa, a former CEO of Autodesk Japan, as an external board member of Broadleaf, leveraging his industry expertise to support the company's growth. The new CFO, CSO and CTO and executive board member played an important role in driving cultural change and leading the implementation of business improvement initiatives.

Enhancing Operations and Implementing Cost Reduction Efforts

With Carlyle's assistance, Broadleaf introduced a number of initiatives to improve the sales force efficiency. By conducting comprehensive analysis of its customer base and implementing effective strategies, Broadleaf nearly doubled the sales per person during Carlyle's investment period. Carlyle also helped the company reorganize the research and development function, standardize the common modules of the software, and streamline operations, which allowed the company to focus on value-added work such as product planning, design and quality control.

Expanding Fee-Based Business and Global Footprint

Supported by Carlyle, Broadleaf expanded its Network Service segment and launched a strategic product, an electronic data interchange service connecting each auto aftermarket player online. In addition to new product development, Broadleaf continued to expand fee-based business generating revenue growth in the recycled auto parts marketplace, which now has the largest market share in the industry. To accelerate the penetration of the service, the company introduced a tablet-based product called "CarpodTab" for auto repair and inspection factories, enabling them to upgrade their services to end customers. Leveraging its global expertise and network, Carlyle also helped Broadleaf establish a wholly-owned subsidiary and a joint venture with a Chinese partner to enter into the Chinese auto aftermarket.