

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.



COMMScope®

About CommScope and the Transaction

CommScope, Inc. is a provider of essential infrastructure solutions for communication networks. The company's solutions and services for wired and wireless networks enable high-bandwidth data, video and voice applications. Worldwide growth in bandwidth drives demand for CommScope's solutions to support network, data center and enterprise expansions. The Company's global leadership position is built upon innovative, high-quality and cost-effective technology solutions; strong, trusted brands; and global manufacturing scale and sales channels. CommScope's customers include substantially all of the major global telecommunication operators as well as thousands of enterprise customers, including many Fortune 500 enterprises and multi-system operators.

In January 2011, The Carlyle Group invested \$1.6 billion of equity to acquire CommScope, Inc. in a take private transaction valued at approximately \$4 billion and subsequently took the company public on the NASDAQ Exchange in October 2013. At the time of Carlyle's full exit in November 2016, CommScope's enterprise value was approximately \$11 billion.

The company acquired TE Connectivity's Broadband Network Solutions (BNS) business in August 2015, supplementing CommScope's position in fiber and other equipment sold to telecommunications, enterprise and wireless customers. After the merger, CommScope employment rose to 25,000 full-time people working in 30+ manufacturing and distribution operations across the globe. CommScope is headquartered in Hickory, North Carolina and serves customers in more than 100 countries.

AT A GLANCE

CommScope

Industry: Technology

Region/Country: North Carolina, USA

Funds: Carlyle Partners V
Carlyle Europe Partners III

Acquired: January 2011

Status: Exited

CommScope

is the world's largest supplier of mission-critical infrastructure solutions that power the world's most advanced communication networks.

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

- Executed cost efficiency plans to consolidate facilities, exited / de-emphasized loss-making product lines, and optimized regional manufacturing capacity, leading to a ~700 bps improvement in EBITDA margin
- Enhanced world class management team through internal promotions and external recruitment—every senior officer either assumed a new role or was new to the company
- Implemented M&A program to leverage strong channels-to-market with six tuck-in acquisitions completed, and executed transformative \$3 billion acquisition of TE Connectivity's BNS business, strengthening CommScope's market position in meeting the growing demand for bandwidth

CommScope's Performance

During Carlyle's investment period, revenue and EBITDA increased by 53% and 125%, respectively, with EBITDA margin expanding by 700 basis points. CommScope's strong performance was led by a world class management team, including CEO Eddie Edwards (2016 recipient of Louis V. Gerstner, Jr. Excellence Award).