

## 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 Lily O'Brien's and the Transaction

Lily O'Brien's is an Irish-based manufacturer of premium branded chocolates and potted desserts. It was founded in 1992 by Mary Ann O'Brien, a well-known Irish businesswoman, in her kitchen. Although well established in Ireland, Lily O'Brien's is an export-led business with more than 80% of its revenue coming from international sales across 15 countries, including the UK, USA and Australia. Its primary product focus is branded chocolate, offering diverse ranges of gifting, every day, self-treat and seasonal products. The company expanded into the potted desserts sector in 2011, selling across a blue-chip customer base, including international airlines and food service companies.

Carlyle (through CCI) acquired a majority stake in Lily O'Brien's in January 2014. When CCI sold the business to Colian Holdings SA, a Polish food, beverage and confectionary company listed on the Warsaw Stock Exchange, Lily O'Brien's employed 120 people at its headquarters in Newbridge, Ireland.

### AT A GLANCE

#### Lily O'Brien's

**Industry:** Consumer & Retail

**Region/Country:** Ireland

**Fund:** Carlyle Cardinal Ireland Fund (CCI); an investment fund sponsored by The Carlyle Group and Cardinal Capital

**Acquired:** January 2014

**Status:** Exited



Lily O'Brien's was our first investment in the Irish market. The business grew in nearly every respect during the four years of our ownership and Lily O'Brien's created a sustainable impact for the Irish economy through its growth in export markets and product innovation expertise.

- Jonathan Cosgrave  
Managing Director

#### 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.

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

- Doubled production capacity to remove constraints that were causing the company to decline customer orders
- Increased UK market investment by enlarging sales team from one to five people and investing in marketing activities to increase brand awareness
- Diversified products and channels beyond gifting and seasonal chocolates
- Strengthened and focused management team through equity incentive program and via new Head of Sales, Production Director and Non-Executive Director
- Utilized the Carlyle global network to help accelerate the company's international expansion
- Created a global leader in the sector with a diversified geographic and product mix

#### Investing into a High-Potential Brand Benefiting from a Growing Market Position

With a strong commitment to Lily O'Brien's growth potential and a clear vision for scaling the business, CCI invested in the company, its brand and its management team. Two immediate priorities were investing in production facilities to double capacity and the development of a new online platform. These efforts delivered a tripling of ecommerce sales during CCI's investment period. Furthermore, CCI recognized the importance of innovation as a key driver for the company's success and culture. CCI helped to embed innovation across Lily O'Brien's and to diversify the business in terms of product formats and chocolate flavours.

A core part of Carlyle's investment thesis was building the company's UK market capability in terms of scale and growth. Initially operating with only one sales person, Lily O'Brien's had gained a foothold among the majority of large UK retailers. The Company significantly increased the UK sales team to grow distribution and increased marketing and promotional investment to build brand awareness in the UK.

CCI also supplemented the company's Board of Directors by appointing the former Head of International Sales for Kraft and recruiting highly experienced heads of production and sales. These efforts resulted in a doubling of UK retail revenue during our four-year investment period, despite the uncertain political climate and challenging broader retail environment following the UK's vote to leave the EU.

Under Carlyle's ownership, Lily O'Brien's generated exceptional revenue growth and margin enhancement through a focused international growth strategy.