

## 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 RAC and the Transaction

RAC is the Motorist's Champion with the goal of being the 'one-stop shop' for motorists. RAC offers a vehicle and breakdown service that is available 24 hours a day, 365 days a year through a nationwide, branded patrol force of approximately 1500, focusing on vehicle repair and recovery. RAC also provides motor insurance broking services and offers a suite of legal and motoring services including an online shop and RAC Cars, a used-car sales channel.

The company, which was partially owned by The Carlyle Group between 2011 and 2016, is headquartered in Birmingham and employs around 3800 people.

### Key Achievements Since Carlyle's Investment in 2011

To date RAC has performed well, demonstrating strong growth in profitability and high cash conversion. Since Carlyle's acquisition of the company in September 2011, EBITDA has grown from £100 million in 2011 to £183 million for 2015. Some of the key value creation initiatives included:

- Completed a complex separation from Aviva
- Delivered significant operational efficiencies
- Drove strong performance in the breakdown business and returned the Individual Members business to growth after several years of declining file size
- Continued to diversify RAC by growing the profitability of the insurance business and expanded its product offering into new areas such as Telematics
- Positioned the company for future growth through the upgrading of IT systems and sustained investment in the company's brand and the development of a database to enable enhanced sales and marketing



## AT A GLANCE

**RAC Ltd.**

**Industry:** Consumer & Retail

**Region/Country:** Birmingham, UK

**Fund:** Carlyle Europe Partners III

**Acquired:** September 2011

**Status:** Exited

**10%** less fuel used

During Carlyle's ownership, RAC introduced "Smarter Driver Training" which contributed to a 10% reduction in fuel usage in the RAC fleet.

#### 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 \$216 billion of assets under management, Carlyle's purpose is to invest wisely and create value on behalf of our investors, portfolio companies and the communities in which we live and invest. Carlyle employs 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.

#### Key Environmental and Sustainability Achievements

As a responsible automotive services provider RAC recognizes that its activities, products and services have an impact on the environment.

As such, RAC is committed to not only being compliant with all relevant environmental legislation and regulations, but also to the principles of prevention of pollution and to continuous improvement by introducing ISO14001 environmental management systems across all RAC sites and roadside operations. RAC will continue to take a lead in influencing motorist behavior, government transport strategy and motor industry practices as together we can reduce the impact on the environment from motoring.

#### Emissions

RAC continues to look for ways to reduce its carbon emissions whether this is through investment in new technology, education and raising awareness or better organization. RAC's carbon reduction plan aims to deliver a further reduction in CO2 output in 2014. A number of fleet initiatives that were introduced in 2013 have included "Smarter Driver Training" for all company drivers, a vehicle replacement program and the installation of telematics units in all patrol vehicles to monitor and improve driving behaviors. To date these have contributed to a 10% reduction in fuel usage per service breakdown in the RAC fleet.

There has also been a significant investment in information technology across the business which includes cloud-based collaboration solutions that will enable colleagues to operate remotely which will further reduce the need for business travel and commuting in 2014 as we embed these technology solutions into our business practices.

#### Waste and Recycling

RAC has established business waste management and recycling programs at its sites and across its fleet operation. Disposal methods for waste are determined through the collaborative efforts of the Group and its waste management partners. Working together, new opportunities have been identified for recycling waste and reducing usage of incineration and landfill. Wherever possible waste is recycled and several of the Group's waste streams are recycled in innovative ways including furniture being recycled into animal bedding, carpet underlay and note books and contaminated fuel being recycled so it can be used again.

#### Reducing Energy, Water and Paper Consumption

There have been various improvements introduced to reduce energy, water and paper consumption. The Group has seen an overall reduction of 12% for gas and electricity and an over 50% reduction in the amount of paper being printed in RAC offices. Improvements to drainage and pumps that distribute water, new PC and monitor reporting systems to ensure that PCs are switched off overnight, switching to LED when replacing or introducing new lighting and the implementation of a strict temperature control policy have all helped to reduce the Group's consumption of resources. RAC has also introduced new printers across its sites that automatically print double-sided and in black and white. Printing is also controlled by colleagues' security tags which has not only reduced the amount of paper and printer cartridges used, but has also increased security of information.

#### Exit

In late 2014, Carlyle completed the partial sale of RAC to GIC, Singapore's sovereign wealth fund. Carlyle sold its remaining stake to CVC in April 2016.