

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.



THE FOUNDRY.

About The Foundry and the Transaction

The Foundry is a global provider of award-winning virtual effects and 3D design software to creative industries including film, TV, games, marketing, industrial design, 3D printing and virtual/augmented reality.

The company, which was acquired by The Carlyle Group in 2011 from Advent Venture Partners, employs around 270 people. The company's products originally were used by film studios to create blockbusters like The Matrix, Interstellar, Gravity and X-Men.

The Foundry's clients include Pixar, Walt Disney Animation and Sony Pictures Imageworks. The company is headquartered in London and has further offices in Manchester, Los Angeles, Shanghai and Silicon Valley.

In May 2015, Carlyle completed the sale of The Foundry to HgCapital.

Key Achievements Since Carlyle's Investment in 2011

Under Carlyle's ownership, The Foundry diversified from a single-product, single vertical company to a provider of a broad creative software suite into multiple industry vertical markets beyond the film world with a combined worth of more than \$2 billion. Revenues grew by more than 160% during Carlyle's ownership.

Carlyle assisted The Foundry to make two significant acquisitions - Luxology and Made with Mischief. These acquisitions enabled the company to build up its intellectual property capabilities and

AT A GLANCE

The Foundry

Industry: Technology

Region/Country: London, UK

Fund: Carlyle Europe Technology Partners II

Acquired: March 2011

Status: Exited

160%

Revenues at The Foundry grew by more than 160% during Carlyle's ownership.

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.

leveraged them to access new markets, including consumer goods, apparel optical products and automotive. Carlyle also increased investment into technology innovation, which saw the launch of five new products with a further five in development at the point of exit. And during Carlyle's ownership, The Foundry significantly grew its sales and marketing capabilities.

Key Achievements During Carlyle's Ownership

- Expansion into adjacent vertical segments, including advertising, computer games and product design
- Broadening of customer solutions from a single software products to a broad creative software suite
- Further expansion into key developed and emerging markets, including China, Japan and Latin America, alongside opening new offices in the U.S. and Shanghai
- Complementary bolt-on acquisitions of Luxology and Made with Mischief
- Increased strategic partnerships with several blue-chip global technology leaders, including Google

Expanding the Company's Customer Proposition

The Foundry has developed an impressive global customer list, including Pixar, Walt Disney Animation and Sony Pictures Imageworks among its stable of 5,000 clients.

With Carlyle's investment and support, the management team transformed The Foundry from a pure visual effects software developer into a supplier of multiple creative industries, such as product & industrial design, marketing & advertising and games.

New clients were drawn to these new product offerings to cut product development time and prototyping, and utilize innovative 2D and 3D design technologies. Key to delivering these needs was the acquisition of Luxology in 2012. This represented a significant strategic step for The Foundry, providing the ability to offer software solutions across the full visual effects (VFX) pipeline and enter into creative design.

Building The Foundry's International Presence

With an increasingly global multi-sectoral client base, The Foundry established additional offices in North America and China as key strategic business growth initiatives.

The acquisition of Luxology in 2012 also gave the company presence in Mountain View, California, and additional offices were also opened in Los Angeles, California and Austin, Texas.

Carlyle also assisted The Foundry with opening its first Asian office, in Shanghai, giving the company direct local access to the fast-growing market for creative software and related support across China.