

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.



With Carlyle's support, a family-owned business has become a stronger company in its local market, leading to a strategic sale to one of the world's largest players in the dairy market.

About Tirumala and the Transaction

In May 2010, The Carlyle Group acquired a 26.38% stake in Tirumala Milk Products, the second largest private sector dairy products manufacturer, supplier, and distributor in South India. Tirumala is headquartered in Hyderabad, India and employs a diverse distribution network. With a range of products from pasteurized milk, ice cream, curd, to butter, Tirumala has worked to provide only the highest quality dairy products since establishing the company in 1998. In January 2014, Carlyle exited the investment through a sale to Lactalis, one of the world's largest dairy players.

Key Value Creation Metrics

- Expanded the network of procurement centers as well as processing plants while promoting more efficient utilization of energy
- Enhanced product portfolio by introducing extra-long shelf life products and a wider selection of package sizes and preferences
- Guided management on pricing discipline, which resulted in improved profitability



AT A GLANCE

Tirumala Milk Products Private Limited

Industry: Consumer & Retail

Region/Country: India

Fund: Carlyle Asia Growth Partners IV

Acquired: May 2010

Status: Exited



ONE CARLYLE

The One Carlyle network enabled Tirumala's founders to visit world-class plants in China and interact with management teams of global dairy producers, helping Tirumala incorporate state-of-the-art machines and project implementation systems for its new plants.

ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$174 billion of assets under management across 306 investment vehicles as of September 30, 2017. 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 Market Strategies 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 1,550 people in 31 offices across six continents.

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- Realized Tirumala's growth potential and assisted the company in achieving a strategic sale to Lactalis
- During Carlyle's investment period, revenue more than doubled, EBITDA more than tripled and the number of employees increased from 3,520 to 5,720 by 62.5%

Boosting Procurement Capacity and Sales

Carlyle worked with the management team to expand Tirumala's procurement network, increasing the number of chilling centers/bulk milk coolers from 60 to 116, and grew the number of processing plants from five to seven. In addition to an expanded supply and manufacturing network, Tirumala focused its efforts on improving productivity, resulting in a significant enhancement in capacity utilization of procurement centers as well as processing plants and more efficient utilization of energy.

Enhancing Product Portfolio and Expanding into North India

Tirumala was the first South Indian private sector dairy player to introduce extra-long shelf life Tetra Pak products during the period of Carlyle's investment. It also offered new flavors of ice-cream, milkshake and sweet and a broader range of package sizes. With its long-shelf life products, Tirumala successfully expanded into parts of North India.

In addition to product improvement, Carlyle guided the founders and the management team on pricing discipline and the importance of having a formal mechanism for pricing decisions, which resulted in improved profitability. During Carlyle's investment period, revenue more than doubled, EBITDA more than tripled and the number of employees increased by more than 60%.

Boosting Procurement Capacity and Sales

Carlyle used its One Carlyle network to enable Tirumala's founders to visit world-class plants in China and interacted with the management team of global dairy producers. This helped Tirumala to incorporate state-of-the-art machines and project implementation systems for its new plants. Carlyle also leveraged its industry knowledge and experience to assist Tirumala in improving its internal controls, compliance standards and operation systems.

With an expanded business and network, stronger financial performance, as well as enhanced internal controls and operations, Tirumala was ready to take the next step in the rapidly growing dairy market. In 2014, it was sold to one of the world's largest dairy players Lactalis.