

# Letter to Unitholders

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We had an active and successful 2021, generating strong financial performance and building considerable value in our business. Adjusted EBITDA increased to \$1.8 billion supported by contributions from newly acquired businesses and a 20% increase in the performance of our existing operations compared to the prior year. Strong results across our segments increased per unit Adjusted Earnings From Operations (Adjusted EFO) to a record high.

During the year we committed \$2.2 billion of capital to acquire six high-quality, market leading businesses and generated approximately \$1 billion of proceeds from our capital recycling initiatives. The overall growth in our business has increased our annual Adjusted EBITDA on a run-rate basis to more than \$2 billion, which we expect will grow further as we execute on our improvement plans.

Apart from growth, we are benefiting from enhanced stability in our overall financial performance through a continued focus on higher quality, larger-scale business acquisitions. Over the last few months we completed initiatives to enhance our corporate liquidity by \$1.4 billion, and our operations are providing growing sources of liquidity positioning us well to continue building value in 2022.

## New Acquisitions

Our scale and global presence have served us well in surfacing opportunities to acquire great businesses at reasonable valuations. Each of the businesses we acquired over the past year is either a market leader or a fast-growing platform with strong cash generation potential. These businesses include the largest private residential mortgage insurer in Canada, a leading global manufacturer of engineered trailer components, a leading provider of modular building leasing services in Europe and Asia, and the leading global services and technology provider to government-run lotteries. We acquired these businesses for a blended multiple of less than 10x annual expected EBITDA which we believe to be reasonable given their exceptional quality and the strong cash flow yields we will generate on our invested capital.

In October we closed our acquisition of DexKo Global, a leading manufacturer of engineered components for towable-equipment providers. Since closing, the business has completed four add-on acquisitions including a market leading European provider of towbar solutions which expands its product and technology portfolio and grows its aftermarket presence. The four acquisitions were made at an average multiple of less than 8.5x annual EBITDA, excluding expected synergies. We plan to continue to support the business' successful acquisition strategy, targeting similar opportunities to strengthen its product offering and expand in new markets.

In December we closed our acquisition of Modulaire, a leading provider of modular building leasing services in Europe and Asia. We are in the early stages of executing our improvement plans for the business, targeting opportunities to improve efficiencies through increased automation, sourcing, procurement and lean manufacturing initiatives. We plan to expand the value-added ancillary products and service offerings the business provides to customers across its fleet of 260,000 modular units and leverage our relationships across the infrastructure, commercial real estate, and construction sectors to support the growth of the business.

Our acquisition of Scientific Games Corporation's global lottery services and technology business is on track to close in the first half of this year. We plan to grow the business through expanding its customer base, enhancing its service offerings to existing customers, and participating in the expected growth of digital lottery programs.

Most recently we reached an agreement to acquire Cupa Group, a leader in premium slate roofing products. Cupa has a track record of consistent organic growth supported by its market leadership position, non-discretionary replacement driven demand and long-term price stability. While this is a relatively small investment for us, the business will increase our footprint in Europe and should generate strong cash returns on our capital over a long period of time. We expect to invest approximately \$100 million for 25% ownership, with the balance funded by our institutional partners.

## Value Creation

Our overall objective is to generate long-term growth in intrinsic value per unit, primarily through capital appreciation. Our strategy is simple – acquire high-quality businesses on a value basis and take a hands-on operational approach to improve the cash flows of the businesses we own. We fund our growth through capital recycling initiatives including ongoing distributions from our operations and monetizing investments where value has been maximized.

We have been deliberate over the last few years, investing in larger-scale operations that are market leading providers of essential products and services. The majority of our business now comprises large-scale, stable and highly cash generative operations. As our business has evolved, we have also continued to build value within our operations and as a result, the intrinsic value of our business has continued to grow.

	Net Asset Value (“NAV”) <sup>1</sup>						
	2016	2017	2018	2019	2020	2021	CAGR
NAV	\$ 2,400	\$ 4,000	\$ 5,700	\$ 6,800	\$ 6,300	\$ 8,300	28%
NAV per Unit	\$ 25.00	\$ 31.50	\$ 43.50	\$ 45.00	\$ 42.00	\$ 56.00	18%

<sup>1</sup> Reflects midpoint of our view of intrinsic value provided annually at investor day.  
 Figures rounded for presentation purposes.

Our net asset value has increased to \$56 per unit which represents a compound annual growth rate of 18% since we launched our business in 2016. Most of our value creation has been achieved by acquiring high-quality businesses at reasonable prices and enhancing their underlying earnings and cash flows. While our unit price continues to trade below our view of fair value, we have been actively repurchasing our units as an efficient means of generating attractive returns for you.

There is considerable additional embedded value potential that we are surfacing across our operations. Over the next few years we expect to increase Adjusted EBITDA of our existing operations by approximately \$400 million. This means our existing business, absent any capital recycling, should generate up to \$20 per unit of additional value.

We are also actively pursuing initiatives to expand our investor base and garner a stronger capital market following. We hope to set the record date for the unit split and creation of Brookfield Business Corporation (BBUC) and complete the distribution of the newly created corporate shares in the coming weeks.

BBUC will be a paired entity with our partnership, but a publicly listed Canadian corporation which should appeal to investors who want to invest in our business but prefer not to own limited partnership units. As a corporation, BBUC should provide a tax reporting framework that may be preferable to some and be eligible for inclusion in global indexes not available to us today as a limited partnership. These indexes will support growth of our ownership base, including with passive index investors.

## Liquidity and Capital Position

We ended the year with \$2.2 billion of corporate liquidity and subsequently received a commitment for up to \$1 billion of preferred equity capital which further enhances our liquidity position.

Brookfield Asset Management, our sponsor and majority unitholder, has agreed to subscribe for up to \$1 billion of perpetual preferred equity shares which will be available for us to draw upon to support our future growth activities as they arise. Our access to large-scale, long-term capital at reasonable cost is a meaningful advantage to support the continued growth of our business.

Today our operations generate approximately \$750 million of cash flow annually after deducting estimated cash taxes and required maintenance spend. This substantial level of cash flow is available within our business and can be used to fund growth, pay down debt or support recurring distributions to enhance our corporate liquidity position.

During the most recent quarter, we generated \$350 million of corporate liquidity through distributions from our operations. Our residential mortgage insurer generates significant cash from operations. With a partial lifting of a moratorium on capital distributions for banks and insurance companies in Canada late last year, the business paid a \$400 million dividend funded by cash in excess of the business' required capital adequacy level. Our share of the dividend was approximately \$165 million. The business continues to operate with excess cash which, with regulatory approval, we expect to distribute through additional special dividends over time.

Our nuclear technology services operation also continues to generate strong cash flow. In line with prior years, the business paid a \$300 million dividend at year end, of which our share was \$130 million.

In December, we refinanced our Canadian entertainment and gaming operations following the completion of significant development activities and continued underlying earnings growth. As a result, the business paid a dividend at year-end of \$390 million, of which our share was \$55 million.

## Overview of Operational Performance

Our Industrials segment contributed strong performance, generating Adjusted EBITDA of \$713 million for 2021.

At our advanced energy storage operations, overall battery volumes for 2021 increased 5% compared to 2020. Growing aftermarket demand more than offset reduced volumes from original equipment manufacturers impacted by ongoing global auto production shortages. We continue to make progress on our business improvement plan focused on optimizing our U.S. operations and to date have executed on approximately half of the targeted \$400 million of annual cost savings. The business is generating strong cash flow and during the year paid down \$760 million of debt. The outlook for the business remains positive, supported by its global market leading position and initiatives underway to further enhance its positioning at the forefront of automotive electrification trends.

Performance of our water and wastewater operations in Brazil increased 15% compared to 2020. These results reflect a continued focus on cost management and the addition of new customer connections as a result of ongoing organic network expansion and contribution from the recently acquired Maceió concession. During the year, we added approximately 850 kilometers of new pipeline expansion and 84,000 new water and wastewater connections.

Our Infrastructure Services segment generated Adjusted EBITDA of \$613 million for 2021.

Our nuclear technology services operation performed well in the year benefiting from higher volumes and activity levels during the fall outage season, strong execution on new plant projects and ongoing cost savings initiatives. Full year EBITDA improved over 2020 and we expect to increase EBITDA over the next few years supported by favorable industry tailwinds.

The growing confidence of nuclear as a reliable clean energy source required to achieve meaningful carbon reduction is likely to extend the operating life and servicing requirements of existing plants globally. In Europe, fossil fuel retirements and an increased desire for energy independence is increasing the prospect for new project developments. Westinghouse consistently provides tremendous value to its customers, and we will continue to support its ongoing investment in new technology and R&D to maintain its market leadership position in micro reactor, small modular reactor (SMR) and large-scale power generation.

Performance within work access services is gradually improving despite the impact of reduced activity in certain markets and higher labor costs. During the fourth quarter 2021, the company acquired a full-service scaffolding provider in Germany, expanding its market presence and diversifying into additional end markets in the commercial, renewable energy and shipbuilding sectors.

At our offshore oil services operations, performance improved in the second half of the year due to the benefit of profit-sharing agreements tied to the oil price and production volumes of customers. Despite a recent stabilization in results, the operating environment remains challenging.

Our Business Services segment generated Adjusted EBITDA of \$561 million for 2021.

Our residential mortgage insurer generated exceptional performance in 2021 as a result of the strong Canadian housing market. Underwriting activity reached record highs for the year and continued strength in home prices contributed to mortgage default rates remaining well below normal levels. Continued favorable underlying demand fundamentals, a prudent regulatory environment and expected moderate home price appreciation should contribute to stable Canadian housing market activity in 2022.

Demand for elective surgeries within our healthcare operations remains strong despite the ongoing disruptive impact of lockdowns and restrictions on surgical activity throughout the year. Performance improved over 2020 and we are optimistic activity levels at our hospitals will increase once restrictions on elective surgeries are lifted. The business continues to focus on optimizing labor and managing higher costs associated with operating in the current environment.

In construction services, performance recovered significantly in 2021 reflecting strong project execution in Australia and the U.K. We secured over \$5 billion in new projects during 2021 resulting in an increase in backlog to \$7.4 billion from \$5.6 billion at the end of 2020.

## Outlook

Our largest operations are global providers of essential products and services that have proven to be resilient and able to navigate all market environments. Our current focus is on integrating our recent business acquisitions and accelerating initiatives to surface value within our operations. We are in an excellent position to continue to generate meaningful growth in intrinsic value per unit supported by our strong financial position and the improving quality of our overall business operations.

On behalf of the management team, we would like to thank all our employees for their continued hard work and dedication, and our unitholders for their ongoing interest and support. As always, we welcome your suggestions and ideas as our partners in the business.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cyrus Madon".

Cyrus Madon  
Chief Executive Officer

February 4, 2022

## Cautionary Statement Regarding Forward-looking Statements and Information

*Note: This letter to unitholders contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of applicable Canadian and U.S. securities laws. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield Business Partners, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.”*

*Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Business Partners to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.*

*Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; including as a result of the ongoing novel coronavirus (SARS-CoV-2) pandemic, including any SARS-CoV-2 variants (collectively, “COVID-19”); the behavior of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; ability to collect amounts owed; catastrophic events, such as earthquakes; hurricanes and pandemics/epidemics; the possible impact of international conflicts and other developments including terrorist acts and cyber terrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.*

*In addition, our future results may be impacted by various government mandated economic restrictions resulting from the ongoing COVID-19 pandemic and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may negatively impact our revenues, affect our ability to identify and complete future transactions, impact our liquidity position and result in a decrease of cash flows and impairment losses and/or revaluations on our investments and assets, and therefore we may be unable to achieve our expected returns. See “Risks Associated with the COVID-19 Pandemic” in the “Risks Factors” section included in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 20-F for the year ended December 31, 2021 to be made available.*

*We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, Brookfield Business Partners undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.*

### Cautionary Statement Regarding the Use of Non-IFRS Measures

*This letter to unitholders contains references to Non-IFRS Measures. Adjusted EBITDA is not a generally accepted accounting measure under IFRS and therefore may differ from definitions used by other entities. We believe this measure is a useful supplemental measure that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Adjusted EBITDA should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.*

*References to Brookfield Business Partners are to Brookfield Business Partners L.P. together with its subsidiaries, controlled affiliates and operating entities. Brookfield Business Partners’ results include publicly held limited partnership units, redemption-exchange units, general partnership units and special limited partnership units. More detailed information on certain references made in this news release will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our annual report for the year ended December 31, 2021 to be filed on Form 20-F.*