

Letter to Unitholders

Overview

Our business had a successful 2023. Adjusted EBITDA increased to a record \$2.5 billion driven by improved margin performance, increased contribution from operations on a same store basis and resilient business fundamentals. The quality of our operations and our hands-on approach to repositioning the businesses we own continues to be a key differentiator of our performance.

We have been very active over the past year, generating more than \$2 billion from our capital recycling initiatives, including the sale of our nuclear technology services operation and interests in six smaller businesses. These proceeds reduced corporate borrowings and further enhanced our capital position.

Owning Great Businesses

The performance of our largest operations was excellent in 2023. Adjusted EBITDA of our five largest operations, which generate the majority of our overall Adjusted EBITDA and free cash flow, increased by more than 10% compared to the prior year and the margin performance of these operations exceeded 25% in 2023. Each of these operations is a market leader and provider of products and services that are critical to the success of their customers. They cannot be readily displaced or disrupted, which means they have durable competitive advantages, strong pricing power and resilient margins.

Great businesses like these have strong access to capital, even at times when financing markets are challenging. To put this in context, since the beginning of last year we have refinanced more than \$17 billion of debt, equating to approximately half of the total non-recourse borrowings in place at our operations. We were able to extend the overall duration of these borrowings with no increase to our overall cost of debt. As our larger operations generate increased earnings, they can readily and prudently increase their borrowing capacity and distribute proceeds to Brookfield Business Partners.

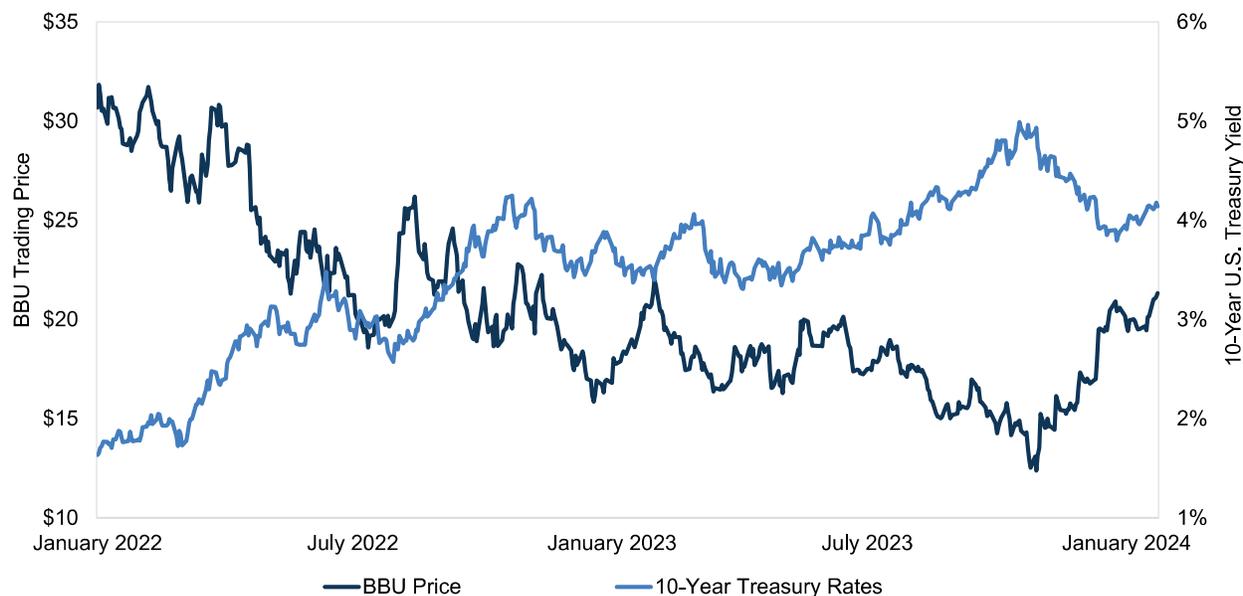
While our largest operations are performing exceptionally well, not all have reached an optimal level, and we have had a few businesses over the past year that required additional capital support to provide them with flexibility. In the case of our work access service operation, annual trailing EBITDA has improved in each of the past nine quarters and, with the benefit of improved market activity, earnings should soon exceed pre-pandemic levels. Performance of our healthcare services operation in Australia remains challenged as post-pandemic activity levels have not recovered as expected and higher labor costs continue to impact results. We are developing plans to reduce the fixed cost base and improve cash flows.

Fortunately, these situations are readily manageable within the context of our overall business and the increased performance of our largest operations far outweigh these impacts.

Headwinds to Tailwinds

In early 2022, central banks globally began an interest rate tightening cycle in order to control inflation. Since then, our unit price became entirely disconnected from the fundamental value of our business. In fact, our unit price has been directly and inversely correlated with U.S. Treasury rates:

BBU Trading Price and U.S. Treasury Rates



While our trading price has increased more than 60% from the lows of last year, our units and shares still trade at less than 8.5x annualized EBITDA, compared to a S&P 500 multiple of 14x. Businesses which generate EBITDA margins on par with ours are trading at over 15x.

Central banks have now signaled an end to the tightening cycle, and as interest rates decline and investor confidence increases, our business will benefit in three ways:

1. Transaction and IPO activity should create opportunities for us to monetize our larger scale businesses and generate liquidity;
2. All else the same, a 100 basis point decrease in interest rates should result in a \$50 million improvement to our annual cash flow; and
3. Investors will resume valuing our units on a fundamental basis which should materially improve our trading performance.

Playing to our Strengths

Some of our best investments have been made during periods when capital is scarce and competition for assets and businesses is typically reduced. While rates have likely peaked, the effect of a 500-basis point increase in short term rates is only now beginning to be felt in many businesses.

Today there are more than \$250 billion of leveraged loans on corporate balance sheets maturing in the next two years. Many of these loans were put in place during an ultra-low interest rate environment three to four years ago. While corporate loan default rates have remained relatively low to date, businesses with highly levered balance sheets may be unable to refinance upcoming maturities in a more normalized rate environment without raising fresh equity.

To put this in context, two years ago there were less than 15 businesses of scale with publicly traded debt yielding 15% or more. Today there are nearly 150 businesses in that same category. Not all of these are great businesses, but there may be some which are of high quality that simply need capital. This should present opportunities to acquire high-quality businesses from owners who do not have access to capital or sponsors that may be forced to sell to create liquidity for their investors.

Balance Sheet and Liquidity

We ended the year with approximately \$2.1 billion of liquidity at the corporate level. After accounting for the impact of our known funding commitments and proceeds from recent monetizations, corporate liquidity is approximately \$1.5 billion. In addition, we have approximately \$7 billion of available liquidity within our operations, providing us with ample capacity to support our growth.

During the year we redeemed \$750 million of preferred securities held by Brookfield Corporation and repaid a portion of the borrowings drawn on our corporate bank facilities. As a reminder, our corporate credit facilities are in place to bridge the timing of our acquisition and monetization activity. Future business sales, several of which could be meaningful, should substantially reduce borrowings drawn at the corporate level over time.

Nearly all our larger operations are financed with long-dated maturities that have limited or no financial maintenance covenants, and no recourse to our business or other operations. Approximately 70% of our borrowings are either fixed or naturally hedged, and most of our unhedged positions are in regions, such as Brazil and India, where it is uneconomical to do so.

We have no significant maturities coming due over the next twelve months. With the majority of our refinancing needs behind us, we have flexibility to opportunistically manage our maturities over the next few years.

Operating Results

Adjusted EBITDA increased 11% over the prior year, and the Adjusted EBITDA margin of our operations reached 19%. On a same store basis, after adjusting for the impact of acquisitions and dispositions, Adjusted EBITDA increased approximately 5% over the prior year supported by improved performance at our larger scale operations and progress achieved on our business improvement plans.

Business Services

Our Business Services segment generated full year Adjusted EBITDA of \$900 million driven by strong performance at our dealer software and technology services operation and residential mortgage insurer.

Performance at our dealer software and technology services operation continues to be strong. Since acquiring the business 18 months ago, EBITDA on a run-rate basis has improved by more than 40%. Our value creation plan focused on optimizing costs, enhancing service, and improving productivity is largely complete. The business is now focused on product and technology innovations to accelerate growth, enhance customer retention and expand its addressable market.

Our residential mortgage insurer is performing well. While higher mortgage rates impacted new underwriting volumes during the year, Canadian home prices have remained resilient. Losses on claims remain below long-term averages and business performance is benefiting from higher income earned on its investment portfolio.

During the year, the business generated approximately \$140 million of distributions at our share and has now returned 75% of our initial equity investment in less than four years.

Infrastructure Services

Our Infrastructure Services segment generated Adjusted EBITDA of \$853 million for 2023 driven by contribution from lottery services and improved performance at work access services.

Lottery services had a solid year supported by resilient industry fundamentals and larger draw-based lottery jackpots. The ramp-up of recent commercial wins in the U.K. and New Zealand will begin contributing to results this year. We are continuing to progress plans to scale the digital lottery segment.

Growing demand for higher margin value-added products and services is benefiting performance at our modular leasing services operation. Utilization of our units, particularly in the U.K., is lower. Initiatives are progressing to enhance the operational efficiency of the business and position it for opportunities in more resilient segments of the market which are less exposed to a broader slowdown in European construction.

Industrials

Our Industrials segment generated full year Adjusted EBITDA of \$855 million. Strong performance at our advanced energy storage operation was offset by reduced contribution from graphite electrode operations and Western Canadian energy related operations.

Our advanced energy storage operation achieved record results. As the leading provider of low voltage battery solutions for all vehicles, business performance continues to benefit from the growing demand of higher margin advanced batteries. Last year, the business was awarded over 40 new electric vehicle platforms and is nearly halfway toward achieving its recently increased goal of delivering solutions on 300 electric vehicle platforms by 2027. The business continues to deleverage and paid down over \$850 million of debt in 2023 as we position it for a public offering. In January it completed a repricing of its \$2.7 billion term loan at a cost that was 75 basis points lower than the debt it replaced, resulting in \$20 million of annual interest savings.

Our engineered components manufacturer is performing well in a more challenging demand environment and is pursuing commercial optimization and cost reduction initiatives to enhance performance. Overall margins have continued to improve despite the impact of reduced volumes.

Closing

Over the past five years we invested approximately \$6 billion of capital to acquire a number of high-quality businesses on an average overall multiple of less than 10x EBITDA. During that same period, the average market multiple was more than 14x. On top of buying at low multiples, the quality of our earnings today is the best in our history. This provides a strong setup for continued value creation as we execute our plans to enhance our business performance and cash flows.

Lastly, Brookfield, our parent company, has a long history of promoting from within and moving executives into new roles to take on greater responsibilities. This approach ensures continuity in leadership and positions us for long-term success. As we look toward the next phase of growth for our business, the Board of Directors has formally approved the appointment of Anuj Ranjan as Chief Executive Officer. Anuj has been at Brookfield for nearly 20 years and has taken on increasing responsibility managing the day-to-day operations of our business since being appointed President nearly two years ago. Cyrus Madon has been appointed Executive Chairman, where he will continue to serve as an Executive Officer of Brookfield Business Partners and maintain his role on the investment committee. He will also join the Board of Directors as Executive Chairman.

While our business will continue to evolve, the guiding principles underpinning our track record of strong performance remain unchanged.

Thank you for your continued interest in our business and your ongoing support. Please do not hesitate to reach out to any of us should you have suggestions, ideas or comments you wish to share as partners in our business.

Sincerely,



Anuj Ranjan
Chief Executive Officer



Cyrus Madon
Executive Chairman of the Board of Directors

February 2, 2024

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 regarding recently completed and proposed acquisitions, dispositions and other transactions, and 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”, “views”, “potential”, “likely” 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, investors and other readers 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 achievements 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: general economic conditions and risks relating to the economy, including unfavorable changes in interest rates, foreign exchange rates, inflation and volatility in the financial markets; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including our ability to complete dispositions and achieve the anticipated benefits therefrom; 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, wars and related 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 including those set forth in the “Risk Factors” section in our annual report for the year ended December 31, 2023 to be filed on Form 20-F.

Statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described herein can be profitably produced in the future. We qualify any and all of our forward-looking statements by these cautionary factors.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we undertake 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 and Adjusted EBITDA margin are not generally accepted accounting measures under IFRS and therefore may differ from definitions used by other entities. We believe these are useful supplemental measures that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Adjusted EBITDA and Adjusted EBITDA margin should not be considered in isolation from, or as 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. Unitholders’ results include limited partnership units, redemption-exchange units, general partnership units, BBUC exchangeable shares and special limited partnership units. More detailed information on certain references made in this letter to unitholders 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, 2023 to be filed on Form 20-F.