

**Brookfield Business Partners – Q4 2024 Results Conference Call & Webcast
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Corporate Speakers:

- Anuj Ranjan; Brookfield Business Partners L.P.; CEO
- Jaspreet Dehl; Brookfield Business Partners L.P.; CFO
- Adrian Letts; Brookfield Business Partners L.P.; Managing Partner
- Mark Wallace; Clarios International Inc.; CEO
- Alan Fleming; Brookfield Business Partners L.P.; Managing Director

Participants:

- Devin Dodge; BMO Capital Markets, Research Division; Analyst
- Gary Ho; Desjardins Securities Inc., Research Division; Analyst
- Nik Priebe; CIBC Capital Markets, Research Division; Analyst
- Nelson Ng, RBC Capital Markets, Research Division; Analyst
- Jaeme Gloyn; National Bank Financial, Research Division

PRESENTATION

Operator[^] Welcome to the Brookfield Business Partners Fourth Quarter 2024 Results Conference Call and Webcast. As a reminder, all participants are in listen-only mode and the Conference is being recorded. After the presentation, there will be an opportunity to ask questions (Operator Instructions).

Now I'd like to turn the conference over to Alan Fleming, Head of Investor Relations. Please go ahead, Mr. Fleming.

Alan Fleming[^] Thank you, Operator, and good morning.

Before we begin, I'd like to remind you that in responding to questions and talking about our growth measures and our financial and operating performance, we may make forward-looking statements. These statements are subject to known and unknown risks and future events and results may differ materially. For further information on known risk factors, I encourage you to review our filings with the securities regulators in Canada and the U.S., which are available on our website.

We'll begin the call today with an update on business performance and strategic initiatives from Anuj Ranjan, our Chief Executive Officer. Anuj will then turn the call over to Mark Wallace, Chief Executive Officer at Clarios, who will provide an update on the business. We'll end the call with Jaspreet Dehl, our Chief Financial Officer, for a discussion of our financial results. After we finish our prepared remarks, the team will be available to take your questions.

With that, I'd like to now pass the call over to Anuj.

Anuj Ranjan^ Thanks, Alan and good morning, everyone. Thank you all for joining us on the call today.

We made excellent progress over the past year, continuing to build value in our business and strengthening our capital position. Our operations are performing well, with margins increasing to over 20% on record full-year Adjusted EBITDA of \$2.6 billion.

We've always described our business as a compounding engine where we buy great businesses for value, increasing their underlying cash flows through operational improvements and then recycling capital when the time is right. Our objective is to do this again and again, compounding shareholder value over the long term.

Over the last 12 months, we've also generated more than \$2 billion from these capital recycling initiatives including about \$1 billion from monetizations and distributions funded by ongoing cash flows in our operations. As many of you are aware, we also recently completed an upfinancing at Clarios. The debt raise was significantly oversubscribed and we were able to fund a \$4.5 billion distribution. BBU's share of the distribution was about \$1.2 billion, which equates to a 1.5x multiple of our investment, and we continue to hold our full interest in Clarios.

This is a phenomenal outcome for BBU. Simply put, businesses like Clarios don't come around all that often — and as you'll hear from Mark shortly, Clarios has an incredibly strong trajectory of increasing earnings and cash flows. The opportunity to crystalize a strong return while continuing to remain fully invested in Clarios will be a meaningful driver of value for BBU.

Proceeds we've recently generated put us in a very strong position with significant financial flexibility. Consistent with our capital deployment priorities, this morning, we announced a new \$250 million share buyback program. Given our trading price today this is an extremely efficient use of our capital, which will be meaningfully accretive to the per unit value of BBU. We plan to be active with our buyback activity including regular buybacks in the market and the repurchase of blocks if they come up for sale.

We're also putting capital to work in new investments where we believe we can create additional value and generate market-leading cash flow returns. Just yesterday we completed the acquisition of Chemelex, a leading manufacturer of electric heat tracing systems, which we carved out from a larger industrial company. BBU's share of the equity investment was approximately \$210 million.

Chemelex's specialized products are used to regulate the temperature of pipes and industrial and commercial applications. It generates durable cash flows, supported by resilient aftermarket replacement demand across a very large installed base. It's exactly the type of market-leading industrial business that we've been investing in for years and we see lots of opportunity in the situation to optimize operations and leverage the strength of the overall Brookfield platform to support the business' growth.

As we look to the year ahead, the resilience of our larger businesses — underpinned by market leadership, pricing power and stable demand will continue to serve us well amid a potential backdrop of geopolitical and economic uncertainty. Our confidence also comes from how we invest — generating most of our returns through buying good businesses at reasonable prices, executing our improvement plans to increase cash flows and recycling the capital to optimize returns. This takes time but allows us to compound value and generate strong returns across economic cycles.

The proof is really in our track record — since going public, we've generated over \$6 billion of proceeds from the sale of over 20 businesses, realizing a 3x multiple of our invested capital and a 30% IRR. We're committed to continuing to generate strong returns for our shareholders and we're pleased with the progress we made over the past year to strengthen our balance sheet, which is enabling us to seize growth opportunities and accelerate buybacks, all of which is accretive to the intrinsic value of our business.

I'll now pass the call over to Mark Wallace. Mark is the Chief Executive Officer at Clarios and he's joined us today to spend time talking about the opportunities ahead for his business and the drivers which are underpinning its excellent performance.

Mark Wallace^ Thank you, Anuj. Good morning, everyone.

As a reminder, Clarios is a world leader in energy storage solutions for transportation and the only global player in the market. We are approximately 4 times larger than our nearest competitor and we have the number one market position in the Americas and Europe, and number three in Asia.

We sell over 150 million batteries per year to over 100 countries, supporting virtually every automaker and large aftermarket retailer around the world, often with majority share. Our strategic and value-driven sustainability leadership is important to our customers and is essential for the future of transportation and the security of our most essential resources. Our circularity leadership enables critical mineral recovery and reuse by making new batteries out of used ones — making used batteries a nearly renewable resource. We embrace critical mineral circularity to better protect our supply chain with 100% of our products designed to be recycled. Our low-voltage auto batteries are the most recycled consumer product in the United States, with recycling rates greater than 99% — topping aluminum, paper, tires and glass. With our strong global position and capabilities, we believe this is and will continue to be a differentiating strength for Clarios.

Approximately 80% of our volume is driven by the high-margin, resilient aftermarket channel. We are involved in the first fit with global automakers through the 2 to 4 replacements over a typical vehicle's life. This gives us more than 30 years of visibility into the global battery demand and provides an incredibly durable and sustainable business model.

The automotive industry is rapidly changing with a continued evolution towards more electrified, connected and automated driving vehicles. This shift in technology represents a significant tailwind for our business today and long into the future as we see these new energy vehicles enter the aftermarket for multiple battery replacements.

With our powertrain and chemistry agnostic approach, we are well-prepared to create the most value for our customers. Regardless of the vehicle type, architecture or technology, advanced low-voltage battery solutions are a key component in every vehicle architecture now and into the future. With the increased electrification and digitalization of vehicles, low-voltage battery power and safety demands are growing in line with vehicle power demands at an estimated 15% CAGR. This is driving increased demand for more advanced battery solutions. Clarios is uniquely positioned to capitalize on the growing demand as we hold approximately 50% of the world's AGM capacity, which when combined with our strong customer relationships and broad chemistry agnostic portfolio, enables us to lead this industry transition.

We have the broadest technology portfolio and capabilities in the industry. The total systems expertise that enables us to optimize solutions for customers across safety, performance and cost. We're making excellent progress on advancing our technology portfolio which is driving strong interest from our customers.

For example, we recently launched a new high-performance AGM battery — which has a significantly improved recharge rate and enables our customers to increase CO₂ savings in start-stop vehicles up to 80% versus a traditional AGM battery. We've also brought our eAGM technology to the market which addresses the higher surge power load requirements in hybrid, plug-in hybrid and battery electric vehicles. In battery electric vehicles, these batteries work in tandem with a high-voltage traction battery to provide the right levels of power and functional safety. In addition, we're seeing some very positive developments in our connected services business — combining artificial intelligence, machine learning and connectivity for a new level of battery intelligence to increase monitoring and communication. We recently secured our first connected services contract with a European heavy duty fleet operator providing a solution that can reduce unnecessary engine idling, creating significant fuel savings and a meaningful reduction in CO₂ emissions.

As a reminder, Clarios is one of the largest suppliers of low-voltage lithium-ion solutions and we're continuing to make great progress on our expansion into other chemistries and products such as sodium ion and supercapacitors, as well as software and system solutions. Supercapacitors will play a complementary role in our low-voltage portfolio to support peak power demands. We recently secured significant platform wins for both our 12V and 48V supercapacitors with a global automotive manufacturer. Each of these platforms also includes an AGM battery and extend into the 2030's and beyond into the aftermarket.

Our significant technological advancements and customer wins serve as proof points to the execution of our strategy and strong value proposition we provide to our customers.

Under Brookfield's ownership, Clarios has solidified its position as the global leader in low-voltage battery solutions and is ideally positioned to capitalize on being at the forefront of automotive electrification trends and growth runway ahead. We will continue to invest in the high return projects focused in the U.S., to support our future growth and profitability improvement targets. We are accelerating our investments to capture profitable AGM growth, drive plant productivity and continue our battery innovation and development roadmap. We are excited about the opportunity to build on our leadership position by making strategic investments in the U.S. to expand critical minerals processing and recovery, increasing advanced manufacturing capacity and implementing the latest manufacturing technologies in our U.S. plants.

We are coming off two years of record financial results supported by our focus on commercial excellence, operational efficiency and R&D leadership. In the coming years, we expect to continue to execute on this strategy, benefiting from a mix shift to advanced batteries while delivering ongoing cost savings each year from our global operation value creation plans.

Overall, it's an exciting time at Clarios. The rapid transformation to new energy vehicles create a significant tailwind for our business. As we invest in the future, our earnings and cash flow will continue to grow. We are primed for sustained and profitable growth through our leading global market position, evolving advanced technology portfolio and our durable and sustainable business model.

With that, I'll hand it back to Jaspreet, who will be available for questions and answers.

Jaspreet Dehl^ Thanks, Mark. And good morning, everyone.

We generated a net loss attributable to Unitholders of \$109 million in 2024 primarily driven by impairments taken in our healthcare services operation and natural gas producer. Results during the quarter also included the impact of the settlement of a legacy pre-acquisition class-action lawsuit at our dealer software and technology services operation. The settlement will be funded with liquidity within the operation and does not require any additional equity funding. During the year, we recognized \$371 million of tax benefits at our advanced energy storage operation.

Adjusted EBITDA increased to \$2.6 billion from \$2.5 billion in 2023 supported by stable underlying performance and Adjusted EFO was \$1.5 billion which included \$306 million of net gains during the year.

Turning to segment performance —

Our Industrials segment generated full year Adjusted EBITDA of \$1.2 billion compared to \$855 million in 2023. Results benefited from strong performance at our advanced energy storage operation driven by the growing demand for higher margin advanced batteries, commercial actions and continued progress on business optimization plans.

Growing contribution from our Brazilian water and wastewater services operation also supported results. Prior year included contribution from disposed operations including our Canadian aggregates production operation which was sold in June last year.

Moving to our Business Services segment, we generated full year Adjusted EBITDA of \$832 million compared to \$900 million in 2023. Prior year included contribution from dispositions including our road fuels operation which was sold in July. Adjusted EFO was \$641 million, representing an increase from \$636 million in 2023. Our residential mortgage insurer continues to perform very well — losses on claims remain below long-term historical levels and insurance revenue is benefiting from normalizing mortgage rates and increased housing market activity. Results at our dealer software and technology services operation reflected higher costs associated with the planned modernization and technology upgrades to enhance the user experience and service levels.

Finally, our Infrastructure Services segment generated full year Adjusted EBITDA of \$606 million compared to \$853 million in 2023 which included \$236 million of contribution from our nuclear technology service operations which was sold in November 2023. Results benefited from increased contribution from our offshore oil services operation, offset by reduced market activity at work access services.

Turning to our balance sheet.

As Anuj mentioned, we're in a great financial position today. We ended the year with \$2.7 billion at the corporate level, which is pro forma for recently announced acquisitions and realizations.

This liquidity provides us significant optionality to support our capital allocation priorities including the reduction of borrowings at the corporate level, opportunistically repurchasing our units and investing in strategic acquisitions to support our growth.

More specifically, we expect about \$1.5 billion of proceeds from the recently closed sale of Altera's shuttle tanker operations combined with our share of the distribution from Clarios. We are launching a \$250 million repurchase program, which at our current trading level, will increase the per unit share value of our business.

With that, I'd like to close our comments and turn the call back over to the operator for questions.

QUESTIONS AND ANSWERS

Operator[^] (Operator Instructions) Our first question comes from the line of Devin Dodge with BMO Capital Markets.

Devin Dodge[^] Going to start with a question for Mark.

Look, there's been really good momentum in the shift towards more advanced batteries in your sales mix. But I think there's also a potential shift towards more Clarios content per vehicle. So just wondering if you could frame that opportunity, where you're at now and where you think this could get to over time?

Mark Wallace^ Yes. Good morning.

First of all, as I mentioned in my prepared comments, with a very large win by adding supercapacitors to our portfolio, we've actually increased our content per vehicle for that entire platform significantly. We expect that to be an ongoing trend because as vehicles continue to increase the electrical demand on the low-voltage network, but also provide more autonomous features, which means you need higher levels of functional safety, you're going to see multiple energy storage devices used on vehicles into the future.

I expect that not only will our OEM, so our new auto production business, continue to grow in content per vehicle, but that will also directly translate into an increase in our aftermarket content as well.

Devin Dodge^ Okay. Then maybe just another one for you, Mark.

For the \$2 billion plus of planned investments in the U.S. over the next decade, can you just provide some context for where you see those dollars getting allocated and if it's more tied to support the ongoing better technologies or a broader increase in domestic capacity?

Mark Wallace^ Yes. You hit on a lot of those. But number one, we have 16 facilities in the U.S. today. Number one, we want to modernize or continue to modernize our footprint, which includes higher levels of automation, but also the use of artificial intelligence and machine learning — as we do that, we also have to spend OpEx as well.

One, we've got to modernize our workforce to be able to manage in those facilities of the future. Second, we have to increase capacities as the demand for advanced batteries is growing at the fastest rate in the United States. We'll continue deploying capital there to support the growth and to be able to take care of our customers.

Next, as you can imagine, with that increase, we also, as the world's leader when it comes to circularity, we want to increase our ability to recycle domestically here in the U.S. A few things about recycling — number one it's the right thing to do for the environment, because our batteries are designed in such a way that we can recover up to 99% of the materials in those batteries. Second, it provides us a better cost structure from a profitability perspective. Lastly, when you think about critical minerals, it allows us to capture those critical minerals and keep those in our domestic supply chains for benefit for our U.S. economy. Lastly, thinking about leapfrog technologies. There's lots of discussions about various lithium chemistries in the world. But as you know most all those are somehow connected to supply chains we would consider to be very difficult to deal with geopolitically. We think about leapfrog technologies such as sodium-ion from

an R&D and production investment levels because that can really help the U.S. and other western economies find new ways to have energy storage that's not connected to Chinese supply chains in the future.

Devin Dodge^ Okay. Excellent color. Then just one last one.

I just wanted to ask about Scientific Games. Financial leverage continues to be at the higher end of the range for this business. I think it was mentioned that there were some commercial wins, but I believe there may be some larger potential growth opportunities on the horizon that may require some relatively sizable upfront investments.

The question is, does the financial leverage of the business impact the ability to pursue those growth opportunities and can the business self-fund those contracts or do BBU and others need to contribute more capital?

Jaspreet Dehl^ Devin, it's Jaspreet. I'll start and then ask Adrian to add if I miss anything.

Scientific Games, as you know is an incredible business. They've got contracts with their customers. The majority of their customers are long term with high retention rates. And the business generates very kind of stable EBITDA and cash flow. While we saw early in our investment a couple of years ago, some spike in costs, the business has been able to implement a number of operational improvements, which now puts the business at an even better position as we go forward, to manage the cost side.

The underlying performance and cash flow profile of the business is strong. It has the ability — they've been very active winning new commercial opportunities across the globe including in the U.S. One of the more sizable ones has been the U.K. lottery operations, which we've talked about in the past. More recently, they won a contract in Ohio. These contracts take a little bit of time and capital investment to onboard and get started but all of those are to be funded within the business and the businesses accounts for that when they bid on the contracts and they win on the contracts. The business is self-sustaining and quite frankly, set up in an excellent position to continue to kind of grow revenue.

Operator^ Our next question comes from the line of Gary Ho with Desjardins Capital Markets.

Gary Ho^ First question is for Mark as well. Just great to have you on the call.

I did listen in to your presentation at the CES event recently. Intrigued by what you're doing on the connected service solutions side for fleet operators. Good to hear you've signed on a European fleet client. What's the opportunity here? Do you see any of your competitors introducing similar technology as well and what's the pipeline look like today?

Mark Wallace^ Good morning.

As we noted at CES and obviously in our prepared remarks this morning, we do have a contractual agreement now with the European heavy-duty truck fleet. First and foremost, the services providing that fleet customer come via our unique ability to leverage our battery algorithms and be able to look at the vehicle, the charge rate of the battery itself, and be able to tell the driver of the vehicle or the fleet owner when it is the right time to start the vehicle and when it is the right time to turn the vehicle back off. By doing that and having unique software in the cloud, we can actually reduce, for that particular fleet customer — 40% of their idling.

As you can imagine, that translates into well over EUR 1,000 per year of fuel savings, but also a significant reduction in greenhouse gas emissions. When we think about connected services going forward, from a Clarios perspective, we want to make sure we bring in true value to our customers.

In this particular case, more than EUR 1,000 of fuel savings per year per truck, but also now carrying that into other applications, such as being able to predictably tell a fleet owner that they may have a defective battery that could cause what we call a roadside. That avoids a significant charge that would be for the fleet owner to have the truck service on the side of the road and more importantly delaying freight.

We see this as a continued evolution. We're working with others in Europe now and more importantly, also, we are expanding and working now with U.S. fleet owners as well. So more to come on the connected services. We're quite pleased with the progress we made. But more importantly, we're bringing true value to our customers.

Gary Ho^ Great. Then maybe a few questions on the buyback and capital allocation. Can you remind me what Brookfield Corporation's ownership of BBU is today? I think last number I saw was around 66%. Do they intend to be part of that \$250 million buyback or is that just all BBU that will be buying back stock and canceling the shares?

Then Jaspreet, just post the dividend recap from Clarios, are you at a level that you're comfortable with that the corporate debt side? Or will you intend to reduce that further?

Jaspreet Dehl^ Thanks for your question.

You're right. The Brookfield ownership is circa 65-66%. The buyback program is specifically focused on buying back in the open market and any block sales that come up. We'll be buying those and canceling them in treasury that is a BBU buyback focused on the open market.

From a liquidity perspective, we're in an excellent position now. We've talked about this before from a capital allocation perspective. We wanted to pay down some of our working capital facilities. These were always meant to be bridge lines that we borrowed to really bridge monetization and acquisition activity.

With the proceeds that are coming in from Clarios and Altera, we will be using part of these proceeds to pay down the line and I think it puts us in an excellent position. Pro forma liquidity will be at \$2.7 billion, and I think that's a good place for us to be.

Gary Ho^ Okay. Great. Then if I can sneak one more in just on Healthscope. That business continues to be a bit challenged. Can you share what is the path to protect your invested capital there and what are the events that we should keep an eye on?

Jaspreet Dehl^ Sure. Again I'll start, and I'll ask Adrian to add if there is anything to add.

As you know it's been a challenging situation coming out of COVID for the Healthscope business. The issue there is just a mismatch between kind of revenue growth versus cost escalation, primarily driven by wage escalation within the hospitals. It's just not a sustainable model. Activity levels are still below pre-COVID levels, while there has been some uplift in activity, it has not been sufficient to offset the imbalance between revenue and cost.

That's the position that the business is in, and it's been in that position for a period of time and it's just not sustainable long term. We've been very active. We have a lot of people hands on working with the management teams within the business on all fronts, from continuing to do whatever we can to improve the operational performance, take costs out but also proactively negotiating with the private health insurers to get increases in the funding for the activity that we perform.

Then we're also actively talking with governments and industry associations because this isn't just a Healthscope issue, it's a broader issue for the private healthcare industry in Australia.

Gary — I'd say we're working on all fronts. As you know we do everything we can when a situation is challenging, to protect our capital and get as much of our capital back, and that's where the focus is at Healthscope today.

Operator^ Our next question comes from the line of Nik Priebe with CIBC Capital Markets.

Nik Priebe^ Okay thanks. I'll direct a few questions about Clarios towards Mark as well since we have the benefit of having you on the call.

My understanding is that there's always been some chatter about OEMs making attempts, albeit unsuccessfully so far, to transition away from 12V in the electronic architecture of electric vehicle design. Just be interested to hear your perspective on how that might evolve in the future and whether there are any steps that can be taken to better position Clarios for that world?

Mark Wallace^ Yes —Nik, good morning.

One thing to note, when we talk about low voltage, that means less than 60V. We are capable of providing solutions from 12V, 24V, even 40V, 48V, etc. So well positioned as vehicles and architectures continue to evolve. I mentioned a few minutes ago, in the prepared remarks that one of the awards that we have is a 48V supercapacitor. As you think about vehicle architectures, yes, there will not be a vehicle that just runs off 480V only. You have a lot of subsystems, be it infotainment, etc., that will need a much lower voltage range. You will switch over to just one network and you'll still need the low voltage side for a lot of the subsystems.

More importantly, Nik, I think the key takeaway is much like we see in aerospace, when you have more autonomous features and drive by wire, break by wire, etc., you need the redundancies. This all boils down what's called basal level. Basically, it's like failure mode levels and automobile that you need to provide redundant power and systems to these very critical functional safety systems.

Now we are not just seeing an evolution toward just one single voltage. We're actually seeing an evolution where you have multiple energy storage devices on board a vehicle to ensure you get not only the power demands you need for the vehicle, but also the functional safety requirements going forward. We're quite pleased with the latest win we just mentioned, where we'll actually provide 12V and 48V supercapacitors as well as our AGM battery technology.

Nikolaus Priebe^ Okay. That's great color. I appreciate that. I just want to shift gears and talk a little bit about the benefits stemming from the Inflation Reduction Act. Setting aside the discussion around the probability of collecting on future benefits, how likely is it that you'll be able to collect on the \$371 million of tax credits that have been recognized to date and what I'm trying to understand is how quickly can you actually convert that to cash on balance sheet before any actions taken to dismantle or repeal elements of the Inflation Reduction Act?

Jaspreet Dehl^ Mark, if I could just clarify the \$371 million that's being referenced is at BBU's share.

The total eligibility for Clarios on the tax benefit is over \$1 billion within the business. Maybe just to add one thought, and then I'll hand it over to Mark to comment.

The business is in the process of filing its tax return for the 2024 tax year. That is based on the regulation that was finalized and in place in October last year. I'd say we feel good about the business' eligibility for that.

We expect to file it in Q1 and the cash should be received shortly thereafter. Mark, anything you want to add to that?

Mark Wallace^ No. I think you covered that, Jaspreet.

Operator^ Our next question comes from the line of Nelson Ng with RBC Capital Markets.

Nelson Ng^ Great, thanks. I just have a few high level questions.

For Anuj, your letter to shareholders highlight the re-industrial revolution trend. Obviously Clarios and Chemelex are some of the clear beneficiaries.

Can you just talk about some of your other businesses that could stand to benefit from this trend? Then also does the re-industrial revolution theme drive your focus on where you look for M&A opportunities?

Anuj Ranjan^ Good morning - happy to take that.

Just to start, I'll start with your last question first. It's definitely part of our theme when we look to invest in businesses. We have always wanted to own businesses that we understand really well, where we have a value creation opportunity that we can feel very confident about.

What we've been able to do in the past with Clarios, Westinghouse and GrafTech as examples and so our pipeline, whether it includes Chemelex, which we just closed, or other businesses we have in the pipeline we feel very confident about the sort of technology aspects and the re-industrialization of these businesses as part of our business plan when we acquired them. Our pipeline is definitely made up of businesses that fit that theme.

In terms of businesses that we already own in the portfolio where we see some opportunities beyond, of course Clarios, we talked quite a bit about today. DexKo is another good example of a business where we're seeing a lot of these same trends and we think that we're coming into a period where we should see some benefits in the business' underlying performance as a result.

While it's not an industrial business, for services businesses like Scientific Games, we're also seeing an opportunity to advance their business plans through some of these technology initiatives.

Nelson Ng^ Got it. That's great.

Then just on the M&A environment, can you just talk about whether you're seeing this as a buyers or sellers' market or both? I just came off the Brookfield Renewable call and they highlighted a market in terms of them seeing strong bids for operating derisked assets, and they see high returns for development opportunities. When you look at your opportunity set, are you seeing similar dynamics in specific asset classes?

Anuj Ranjan^ Well we're definitely seeing the transaction activity in the market is back. It's become quite an enabling market for transactions. One —I'd say generally, there's more confidence in certain economies, in particular, the U.S., and in other markets like India, where people are happy to invest and they feel pretty confident about the next few years of the future of those markets. Whereas in the last few years, I think there was still some question around the resilience of certain economies.

I think people feel better about it today. The credit markets are clearly back. We've seen it for businesses that generate a lot of cash flow that are real market leaders like Clarios. The amount of demand we had for the financing we just did clearly demonstrated that the credit markets are able to support businesses of the type that we like to own.

Then I'd say given some time that's passed, some of the bid-ask spreads we saw in the past between buyers and sellers is starting to reduce. I do anticipate there'll be more transaction activity this year generally in the overall private equity market. We as BBU, will be a participant both on the investment side as you're seeing with Chemelex and our pipeline is quite strong.

In terms of monetization activity, we had a pretty good year last year, and we'll continue to continuously look for opportunities. I wouldn't say it's necessarily one or the other of a buyer or a sellers' market in the types of businesses we buy. They're quite specialized. They are things that we think that we can add a lot of value. Often our large businesses where there isn't as much competition. We feel pretty good about our pipeline and our ability to transact at the values that we want.

Operator^ Our next question comes from the line of Jaeme Gloyn with National Bank.

Jaeme Gloyn^ Just want to get a little bit more color on the DexKo operations where there is still a challenging market backdrop. Is it primarily demand-driven and what are you looking for from a conditions perspective to see a turnaround or a reacceleration in the DexKo business?

Adrian Letts^ Thank you for the questions. It's Adrian. I'll answer that.

Look — overall volumes remain challenging due to general softness in the market, but also some inventory levels and destocking. It's still too early to predict where volumes will come back. We're planning for weakness to persist through 2025 but the management team has done an excellent job continuing to offset some of the margin pressure with strong cost management and focused heavily on managing CapEx and working capital. The business is well positioned when the economic cycle starts to turn. As I said, it's a bit difficult to see that and we're expecting it to persist through 2025.

Jaeme Gloyn^ Okay and another business I just wanted to get a bit more color was CDK —just wanted to get some more clarity in terms of the higher costs with investments in the technology to upgrade customer service and what's the timeframe? What's the magnitude? What exactly is being done on that front?

Then the second part of that is the customer churn and just wanted to get a sense as to how does that compare historically obviously higher levels but just is it have you gone through other periods of high churn and how does it compare to that? Is it entirely due to the cyber-attack issue? Or what is the exit interview saying on that churn?

Jaspreet Dehl^ Its Jaspreet. I'll answer the CDK questions, and then Anuj or Adrian can add.

As part of our investment thesis when we invested in CDK, we planned to upgrade and modernize the technology stack and the user experience and service that the software offered its customers that was always part of our plan.

What we've done now is just accelerated a lot of that work and what we're seeing flow through is just a pull forward. You would have seen these costs come through the business over a longer period of time. What we're aiming to do is perform all of this activity in a shorter period of time. That's why you're seeing that spike in costs.

The modernization program is going to take some time I'd say 18 to 24 months is a reasonable timeframe. We do expect that costs are going to continue to be elevated. But this is fundamentally a great business. It's got a very good market share and overall pretty sticky customer base. The team has done an incredible job on the operational front to streamlining how the business is run and the cost structure and we continue to be very supportive and we think this is an incredible business that we own.

With regards to customer churn. Churn is slightly elevated this last quarter. Our net retention rate in the business is still 90% plus. While we are seeing a little bit more churn, we're also seeing new customers signing on. The business signed two significant dealerships last quarter, which was a great outcome. While churn was a bit higher, it's not something that we don't think over time is going to normalize.

Operator^ I would now like to turn the conference back over to Anuj Ranjan for closing remarks.

Anuj Ranjan^ Thank you, everyone. I look forward to seeing you next quarter.

Operator^ This concludes today's conference call. Thank you for your participation. You may now disconnect.