

# Letter to Unitholders

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## Overview

It has been an active start to the year. We generated over \$1.5 billion from our capital recycling initiatives, committed approximately \$370 million to acquire two leading industrial businesses, significantly reduced our corporate borrowings and advanced our unit repurchase program. Since the beginning of the year, we repurchased nearly 6 million units and shares at highly accretive levels, returning \$140 million to shareholders.

Our financial results were solid. Adjusted EBITDA increased to \$591 million, and margin performance remains stable. While changing trade policy and public market volatility have contributed to an uncertain global macroeconomic outlook, our strategy remains consistent: own great businesses with market-leading positions and execute on our plans to enhance their underlying performance and cash flows. This has enabled us to compound value through periods of uncertainty in the past and will continue to serve us well as we manage through the current evolving environment.

## Global Insights: Parsing Through Noise

The perspectives gained from our investors, institutional partners, investment professionals and management teams around the world provide valuable insights – particularly during periods of change and uncertainty. While market fluctuations like we have seen over the past several weeks can be unsettling, perception often does not match reality. Sometimes the narrative can get ahead of reality and very often nothing is ever as good or bad as it seems. Most businesses, including ours will not be completely insulated from the impacts of tariffs, higher inflation or the risk of a prolonged downturn in global growth – but those with experience managing through economic cycles and the operational capabilities to adapt will fare better, on balance, than those who do not.

At the same time, volatility can create enormous opportunities. Over the years, we have made some of our best investments during periods of significant dislocation. Being global with a local presence and having strong access to capital provides a significant advantage in environments like these to deploy capital at deep value.

Regardless of where political and policy changes shake out, relocalization and digitalization are here to stay. Many countries seem to have concluded that there has historically been overreliance on global trading partners and international supply chains. Capital will flow to these areas as companies look to reduce the dependency on cross-border trade, strengthen supply chains and invest in domestic manufacturing and service capabilities. This is already happening in the U.S. and starting in other countries around the world.

The U.S. continues to be an extremely attractive destination for capital. It is the most productive economy in the world with a vast investable universe, leading technological capabilities and a world class talent pool. We have been investing in the backbone of the U.S. economy for years, and have built a track record as an owner and operator of high-quality, cash generative businesses which provide essential products and services. Growth for many industrial companies is accelerating as technology, relocalization and policy changes converge. Going forward, advancements in automation, robotics and AI will usher in a new era and create immense opportunities to buy and completely transform many of these industrial companies at a more rapid pace which will require significant capital and operating expertise. Value creation within industrial operations will be more dramatic and at a faster pace than ever before.

While growth in Europe has lagged behind the U.S. for years and near-term sentiment has weakened, the region remains home to many great businesses – some of which are unfairly unloved or orphaned by the public markets. These companies can be transformed into global champions under the right ownership. Today, Europe is uniting around a pro-growth agenda with governments playing a part to ease regulation, promote productivity and support spending. The U.K., as an example, has been actively working to reduce competition barriers to boost innovation, employment and growth with recent initiatives to provide additional research and development funding and proposed planning reforms intended to expedite the delivery of infrastructure projects. For its part, Germany recently proposed plans to establish a €500 billion infrastructure fund which could signal a broader shift in fiscal policy and private investment in the region.

The Middle East, and specifically the Gulf countries, continues to thrive, while India similarly remains a bright spot in the global economy. An overarching focus on local operations serving customers on a local basis combined with longer-term trends fueled by growing populations, skilled labor forces and resilient economic growth continues to attract significant capital. This is supporting a highly conducive deal-making environment, providing us opportunities to leverage the strong platform we have in the region and strategically grow our presence.

## **Balance Sheet and Liquidity**

Our capital position is strong. We ended the quarter with liquidity at the corporate level of \$2.3 billion pro forma for expected proceeds from recently announced dispositions and funding for announced acquisitions. We also have over \$7 billion of additional available liquidity within our underlying operations.

We are in a great position to support our capital allocation priorities including reducing our borrowings at the corporate level, opportunistically returning cash to shareholders and investing in strategic acquisitions to support our growth. We have made significant progress across all three fronts over the past few months.

Buying back our units at a significant discount to intrinsic value is an excellent use of our capital. In January, we launched a \$250 million repurchase program and have bought back 5.9 million units and shares at an average per unit price of \$24. We will continue to execute our repurchase program under our existing normal course issuer bid (NCIB) which we plan to renew once it expires in August this year. Should we be able to generate significant proceeds from opportunities to sell all or part of our interest in operations at accretive levels to where our units and shares are trading today, we may look for additional ways to accelerate plans to return capital to shareholders.

We are also continuing to invest in the growth of our business, and during the quarter reached an agreement to acquire Antylia Scientific, a leading manufacturer and distributor of critical consumables and testing equipment serving life sciences and environmental labs. Antylia provides essential products that support the accuracy and repeatability of processes in labs, meaning it benefits from a diverse and sticky customer base which supports its significant cash flow generation. The business has historically grown through a series of acquisitions and we see opportunities to optimize its manufacturing, commercial strategy and supply chain to capitalize on key growth opportunities. We expect to invest approximately \$160 million for an approximate 25% economic interest on closing which is planned for the second quarter.

## **Operating Results**

Adjusted EBITDA for the quarter was \$591 million compared to \$544 million in the prior year reflecting stable underlying operating performance with resilient margins.

Most of our global operations are market leaders, largely providing goods and services where they are produced, meaning they are not heavily reliant on cross-border trade. We expect this to limit the direct effect of tariffs on our cash flows, largely centered on select operations within our Industrials segment. In these cases, we anticipate our

operations will be able to partially mitigate these impacts over time through a combination of operational and commercial actions.

An overall higher inflationary environment could delay long-term investment decisions, impact growth and result in a more pronounced pullback in global demand. While we have seen the resiliency of our operations demonstrated through past cycles, we are working with all our management teams to ensure our businesses are well positioned in any economic environment.

## **Business Services**

Our Business Services segment generated first quarter Adjusted EBITDA of \$213 million driven by increased performance of operations on a same store basis.

Volumes of new insurance premiums at our residential mortgage insurer were strong, supported by improved mortgage demand and an overall stable Canadian housing market. Losses on claims remain low in the context of long-term historical levels as a function of low unemployment and stable home prices, which on average remain 30% above pre-2020 levels. While a potential slowdown in Canadian economic growth, higher unemployment and a drop in home prices could contribute to increasing losses, the business remains well capitalized and prepared to manage the impact of higher losses in line with long term levels of 15-25% versus mid-single digit levels currently. We expect the business to continue to generate strong cash flows and provide ongoing distributions.

Plans to enhance the technology suite and customer experience at our dealer software and technology services operation are progressing well. The business recently launched new product offerings including an integrated payment platform and inventory suite aimed at broadening its service offering and enhancing dealer efficiency. Management remains focused on addressing churn levels and increasing customer satisfaction scores to support its broader growth and customer retention initiatives.

Earlier this year, our healthcare services operation obtained forbearance from its lenders providing the business with temporary interest relief under its financing agreements. Operating performance continues to be under pressure and the current capital structure is unsustainable. The business is assessing options as it continues to negotiate with key stakeholders.

## **Industrials**

Our Industrials segment generated first quarter Adjusted EBITDA of \$304 million supported by contribution from a recent acquisition.

Our advanced energy storage operation had a strong start to the year. Demand for technologically superior advanced batteries continues to increase, with advanced battery volumes now comprising 34% of the business' total unit sales. The business continues to generate strong cash flow, providing flexibility for ongoing deleveraging and reinvestment in its U.S. manufacturing capabilities. These reinvestment plans include expanding existing U.S. advanced battery production capacity, building new facilities and enhancing its recycling and critical mineral recovery capabilities, all of which will further strengthen its market leadership position with the support of tax benefits.

Our engineered components manufacturer started to show modest signs of recovery. While volumes in the business improved in certain North American end markets during the quarter, international end market demand remains weak. The risk of a broader economic slowdown could impact the timing of an overall recovery in volumes. Management is focused on enhancing its commercial positioning and continuing to adjust its cost base to optimize cash flow and margins.

## Infrastructure Services

Our Infrastructure Services segment generated first quarter Adjusted EBITDA of \$104 million compared to \$143 million in the prior year which included contribution from our offshore oil services' shuttle tanker operation which was sold at the beginning of January.

At our offshore oil services operation, we closed the sale of the shuttle tanker operation and reached agreements on the sale of several non-core assets. To date, at our share we have generated over \$400 million of proceeds from the monetization of assets in the business realizing about half of the capital we invested, and we continue to hold an unrealized interest in the remaining FPSO operations. The redeployment of two large FPSO vessels is progressing well. The upgrade work on one vessel was completed earlier this year and it is now earning a day rate in the field, while a second FPSO vessel is expected to be delivered to its customer in the North Sea early next year.

Our lottery services operation is continuing to execute on the ramp-up of recent wins for lottery operators in the U.S., U.K. and New Zealand. The pipeline of new commercial opportunities remains strong and the business recently completed a strategic realignment which included separating its digital lottery operations into a standalone segment under a new leadership team. The realignment is intended to support the accelerated delivery of recently secured digital lottery services contracts and strengthen the business' position for expansion into new markets.

## Closing

We are pleased with the progress we have achieved over the first few months of the year. The outlook has certainly changed since the start of the year but our commitment to compounding long-term intrinsic value for our investors remains the same. While we are prepared for uncertain times ahead, we are equally optimistic and confident in the quality of our underlying operations, strength of our operational capabilities and the increased flexibility of our balance sheet to support our continued growth.

Thank you for your trust, partnership and continued interest in Brookfield Business Partners. Please do not hesitate to contact any of us should you have suggestions, questions, comments or ideas – we value your engagement.

Sincerely,



Anuj Ranjan  
Chief Executive Officer



Cyrus Madon  
Executive Chairman

May 2, 2025

### **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 assumptions, 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. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations and our plans and strategies may vary materially from those expressed in the forward-looking statements and forward-looking information herein.*

*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 following: the cyclical nature of our operating businesses and general economic conditions and risks relating to the economy, including unfavorable changes in interest rates, foreign exchange rates, inflation, commodity prices and volatility in the financial markets; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; business competition, including competition for acquisition opportunities; strategic actions including our ability to complete dispositions and achieve the anticipated benefits therefrom; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; changes to U.S. laws or policies, including changes in U.S. domestic and economic policies as well as foreign trade policies and tariffs; technological change; litigation; cybersecurity incidents; the possible impact of international conflicts, wars and related developments including terrorist acts and cyber terrorism; operational, or business risks that are specific to any of our business services operations, infrastructure services operations or industrials operations; changes in government policy and legislation; catastrophic events, such as earthquakes, hurricanes and pandemics/epidemics; changes in tax law and practice; 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, 2024 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 a Non-IFRS Measure**

*This letter to unitholders contains references to a Non-IFRS measure. Adjusted EBITDA is not a generally accepted accounting measure under IFRS and therefore may differ from definitions used by other entities. We believe this 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 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 interim report for the first quarter ended March 31, 2025 furnished on Form 6-K.*