

# Letter to Unitholders

We had a strong third quarter generating increased Adjusted EBITDA of \$443 million and Adjusted FFO of \$276 million. Our operations continue to perform very well, and we made considerable progress in our business. We reached an agreement to acquire a global lottery services and technology business, closed two of our recently announced acquisitions and continue to progress the spin-out of our paired corporate entity. Our pipeline of investment opportunities continues to grow, and our balance sheet remains robust with ample liquidity to continue funding our growth activities.

## Growth in Intrinsic Value

Our goal is to deliver long-term growth in intrinsic value per unit, primarily through capital appreciation. This was our objective when we launched our business five years ago and it remains so today. We do this by buying high quality businesses on a value basis and taking a hands-on approach to enhancing their operations and cash flows. At the appropriate time we will monetize businesses and recycle capital into new opportunities.

Over the last five years, we sold nine mostly smaller operations, generating \$3 billion in proceeds and an IRR of ~30% on those monetizations. During that same period, we invested \$6 billion to acquire 19 new businesses which are larger scale, more resilient operations and have meaningfully enhanced the overall profile of our business.

Today our operations comprise global market-leading providers of essential products and services with stable operations and resilient cash flows. The exceptional quality of these businesses should continue to support stable financial performance across market cycles. We are also working to surface embedded value in our operations through the execution of targeted plans supported by our deep operational capabilities. The initiatives underway provide meaningful visibility to long-term value creation within our business, separate from any future capital recycling activities.

All this activity has contributed to improved financial performance which is reflected in the growth of Adjusted FFO per unit.

	Adjusted FFO per Unit						CAGR
	2016	2017	2018	2019	2020	2021 <sup>1</sup>	
Adjusted FFO per unit, including gains	\$ 2.15	\$ 2.22	\$ 5.67	\$ 7.87	\$ 5.80	\$ 9.93	38%
Adjusted FFO per unit, excluding gains	\$ 1.97	\$ 1.41	\$ 4.61	\$ 5.45	\$ 5.28	\$ 6.46	28%

1. Trailing twelve months for the period ended September 30, 2021.

As a result of this growth, the value of our business has more than doubled over the last five years, increasing from \$25 per unit to \$56 per unit, a compound annual growth rate of 18%.

At points in time our unit price will trade below where we believe it should and recently our units have traded at a meaningful discount to our view of intrinsic value. We have been active in repurchasing our units and will continue to do so as an efficient means of generating attractive returns for you.

## **Building Platforms for Growth**

While we have been deliberate in acquiring larger high-quality businesses over the last few years, from time to time we will opportunistically acquire smaller operations with exciting growth potential that we can scale. Often these are businesses where our capabilities and global presence enable them to grow through expansion of service offerings or into new regions. We may also make smaller investments that, in addition to their growth potential, allow us to expand our reach into newer markets and build our capabilities with lower risk.

We have built our road fuels operation into a renewable fuels-led global platform by leveraging our operational capabilities and assisting the company to diversify its operations through organic growth and several add-on acquisitions. Today our operations have transformed from a fuel distributor to a leading renewable fuels business with a global footprint and vertically integrated supply and retail operations.

Since acquiring the business in 2017, we have enhanced our capabilities in sourcing, logistics, renewable fuels production, and blending and expanded its retail infrastructure to build a presence in new markets. We invested in building out its biofuel business by acquiring and building new production capacity, vertically integrating the fuel collection supply chain through several acquisitions and selectively pursuing new biofuel production.

As one of Europe's largest sustainable biodiesel producers using 100% waste-based feedstock, our operations are well positioned to play a leading role in the decarbonization of transport fuels. Waste-based fuels provide a low-cost and sustainable supply of biofuel to meet growing policy and blending mandates. Today the business generates over half of its profitability from renewable biofuel and retail operations with significant growth potential driven by ongoing expansion of production capacity in advanced biofuels. These enhancements have contributed to a 65% increase in normalized EBITDA over the last three years.

Our recent acquisition of Aldo, which we closed at the end of August, is another example of a business with scalable growth potential. Aldo is a leading distributor of solar power generators for the distributed generation market in Brazil. The business benefits from a cost-efficient, e-commerce platform that supports more than 11,000 independent resellers.

The solar distributed generation market in Brazil is underpenetrated and growing rapidly, driven by strong demand, reliability needs and a supportive regulatory framework. As a market leader, Aldo is well positioned to participate in this growth. We have identified further opportunities to support growth by expanding the business' service solutions and broadening its product offering into adjacent markets that benefit from increased demand for energy.

Aldo is one of a handful of smaller operations we currently own where our global presence and operating expertise will enable it to grow. Others include our technology services operations, acquired earlier this year, and our fleet management operations in Brazil. These businesses collectively represent a small portion of our overall EBITDA today, but we expect each will generate strong returns over time and contribute to our overall value creation.

## **Strategic Initiatives**

We recently reached an agreement to acquire a leading provider of products and services to government sponsored global lottery programs for approximately \$5.8 billion through a carve out of the operations from Scientific Games Corporation. The business is deeply integrated across the lottery ecosystem through its

capabilities across game design, distribution, systems and terminals and turnkey technology solutions. The breadth of its product offering, scale and clear value proposition contribute to a large recurring revenue base and strong customer retention.

Lottery programs are a critical and growing source of funding for governments around the world. These programs are highly regulated and governed by strict oversight. Scientific Games is well positioned to meet the high standards of service and security which has contributed to its long-term partnerships with most of the major lottery programs around the world. We plan to work with management and support opportunities to enhance the business' service offerings, grow its customer base and participate in digital expansion.

We expect to fund approximately 30% of the equity on closing, with the balance of the equity investment funded by our institutional partners. The transaction is expected to close in the second quarter of 2022, subject to regulatory approval.

In October we closed the acquisition of DexKo Global, a leading manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers in North America and Europe. Given current market demand for debt of high-quality issuers, we successfully raised \$2.6 billion of long-term financing at very favorable rates to fund this acquisition. We invested approximately \$400 million for a 35% ownership interest, with the balance funded by institutional partners. We are in the early stages of implementing our onboarding plan and intend to continue growing this business, expanding into adjacent products and supporting its acquisition strategy.

We are working toward closing our acquisition of Modulaire Group, a leading provider of modular unit leasing services in Europe and Asia. The transaction is on track to close before the end of this year, subject to regulatory approval. We expect to invest approximately \$500 million for a 30% ownership interest, with the balance funded by our institutional partners.

## **Overview of Operational Performance**

Our Industrials segment contributed strong performance, generating Adjusted EBITDA of \$171 million for the third quarter of 2021.

Our advanced energy storage operations are performing well and we continue to progress our targeted \$400 million annual profit improvement plan. Growing aftermarket demand for higher margin advanced batteries more than offset the impact of reduced battery demand from auto manufacturers during the quarter as a result of global auto production shortages. We continue to be pleased with the growing cash flow generated by the business.

Performance of our water and wastewater operations in Brazil benefited from the addition of new connections as we continue to build out our service network. So far this year we have added more than 60,000 new connections and we recently took full operational control of the newly acquired Maceió concession serving 1.5 million residents.

Our Infrastructure Services segment generated Adjusted EBITDA of \$140 million for the third quarter of 2021. Strong performance in nuclear technology services was driven by higher volumes primarily due to the timing and scope of the fall outage cycle in the Americas. We experienced higher costs on two legacy projects in Europe which impacted overall financial performance for the quarter. During the quarter the business reached agreement to acquire a partial interest in a Spanish engineering company. This investment further strengthens our outage maintenance and digital service offering which will increase our competitiveness with customers in Europe and globally.

Within work access services, activity levels have strengthened across our international operations. In August we acquired Brace Industrial Group, which provides complementary services across the U.S. and extends our footprint into strategic end markets and service lines.

Results in offshore oil services stabilized during the quarter, although the business continues to operate in a difficult environment. In September we completed an exchange of debt held by a Brookfield-led consortium which will extend maturities and reduce the company's cash interest payments.

Our Business Services segment generated Adjusted EBITDA of \$163 million for the third quarter of 2021. Our residential mortgage insurer continues to generate strong performance. Loss ratios remain below normal, and we are benefiting from increased market share and robust new underwriting activity.

A slowdown from the pandemic-driven strength in Canadian housing activity has resulted in more moderate home price appreciation over the last several months. The market remains above 2019 levels and fundamentals are strong for continued resilience into 2022. We expect systemic undersupply in housing and a growing population will continue to underpin demand. Strong regulatory measures should ensure appropriate risk levels in Canadian housing as well as a continued stable lending environment.

The business is operating with approximately \$500 million of excess capital relative to required capital adequacy levels which we hope to distribute as a special dividend by the end of the year, subject to approval from regulators.

In healthcare services, demand for elective surgeries at our hospitals in Australia remains strong. Performance during the quarter was impacted by intermittent lockdowns and government restrictions in New South Wales and Victoria. As restrictions ease, we expect activity levels to quickly recover.

Performance in construction services benefited from strong project execution in Australia and the U.K. Bidding on new business remains robust and during the quarter we secured eight new projects, ending the quarter with a backlog of approximately \$7.8 billion, consistent with the backlog at the end of the second quarter.

## **Liquidity and Capital Position**

Our balance sheet is in excellent shape. We ended the quarter with \$2.3 billion of corporate liquidity, providing us ample capacity to fund our recent commitments and future growth activities.

We have several initiatives underway to further enhance our liquidity. Our operations today generate significant cash flows which will fund distributions to support growth within the business. As the earnings of our operations grow, so does their borrowing capacity, providing opportunities to increase debt as a means of generating additional corporate liquidity. We remain mindful to finance each of our operations with an appropriate level of long-dated debt at favorable rates, which is non-recourse to BBU and can be readily serviced and sustained across all market cycles. Over time the monetization of our larger-scale operations will generate significant proceeds that we can redeploy into new growth opportunities.

We also recently increased our corporate borrowing facilities by approximately \$500 million, commensurate with the growth in our overall business and to continue to maintain a strong corporate liquidity position.

## **Enhanced ESG Disclosure**

We believe that responsible stewardship of our operations is essential to building long-term value and mitigating risk. As a long-term owner and operator of businesses, we have a history of incorporating strong environmental, social and governance (ESG) practices into our business processes and management of our operations. We recognize that how we interact with our environment, our people and the communities in which we operate is critical to our ongoing success.

Aligned with that commitment, we are working to enhance our disclosure around the policies and initiatives that guide how we manage our business. We look forward to providing a more comprehensive overview of our approach to ESG later this year.

## Outlook

Our global scale provides us access to significant potential acquisition opportunities. As we build dedicated expertise in technology and healthcare, we are seeing more opportunities to leverage our experience as long-term owners and operators of businesses. Our current focus is to onboard recent acquisitions.

In September, we held our annual Investor Day where we provided deeper insight into our approach to operations and the growth initiatives underway to enhance the value of our business. If you missed it, the webcast is available under the *News & Events* section of our website.

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,



Cyrus Madon  
Chief Executive Officer

November 5, 2021

## 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 Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. 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 pandemic (“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, 2020.*

*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 FFO and Adjusted EBITDA were formerly referred to as Company FFO and Company EBITDA, respectively. The methodologies for calculating Adjusted FFO and Adjusted EBITDA are unchanged from how Company FFO and Company EBITDA were previously calculated. When determining Adjusted FFO and Adjusted EBITDA, we include our unitholders’ share of Adjusted FFO and Adjusted EBITDA for equity accounted investments. Adjusted FFO and Adjusted EBITDA are not generally accepted accounting measures under IFRS and therefore may differ from definitions used by other entities. We believe these metrics are useful supplemental measures that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Adjusted FFO and Adjusted EBITDA should not be considered in isolation from, or as substitutes 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 interim report for the third quarter ended September 30, 2021 furnished on Form 6-K.*