

Brookfield Business Partners (Q4 2020 Results)
February 05, 2021

Corporate Speakers:

- Alan Fleming; Brookfield Business Partners L.P.; VP of IR
- Cyrus Madon; Brookfield Business Partners L.P.; CEO
- Denis Turcotte; Brookfield Business Partners L.P.; COO
- Jaspreet Dehl; Brookfield Business Partners L.P.; CFO

Participants:

- Devin Dodge; BMO Capital Markets; Analyst
- Geoff Kwan; RBC Capital Markets; Analyst
- Andrew Kuske; Credit Suisse Group AG; Analyst
- Gary Ho; Desjardins Securities Inc.; Analyst
- Jaeme Gloy; National Bank Financial, Inc.; Analyst

PRESENTATION

Operator: Welcome to the Brookfield Business Partners Fourth Quarter 2020 Results Conference Call and Webcast.

(Operator Instructions)

The conference is being recorded.

(Operator Instructions)

And now I'd like to turn the conference over to Alan Fleming, Vice President of Investor Relations. Please go ahead, Mr. Fleming.

Alan Fleming: Thank you, and good morning. Welcome to Brookfield Business Partners 2020 Fourth Quarter Conference Call.

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

On the call with me today is Cyrus Madon, Chief Executive Officer; Denis Turcotte, Chief Operating Officer; and Jaspreet Dehl, Chief Financial Officer. I'll turn the call over to Cyrus to provide an update on our business, and then Denis will discuss recent activities at Westinghouse. Jaspreet will finish with a review of our annual financial results. We'll then be available to take your questions.

And with that, I'll pass the call over to Cyrus.

Cyrus Madon: Thanks, Alan. Good morning, everyone. Thanks for joining us on the call today. I thought I'd start with some high-level comments on our operations and then give you an overview on some of the initiatives we've been focused on.

2020 was a busy year for us, and that would have been hard to imagine back in March. During the year, we committed about \$3.5 billion of capital, \$1.3 billion of that came from BBU, to acquire new businesses and to increase our ownership in businesses we already own like Sagen. We generated just over \$1 billion from distributions and sales of mature businesses and BBU's share of that is about \$550 million.

And we're really pleased to tell you that our operations demonstrated great resilience last year. Over the last few years, we've been very deliberate around where we invest our capital. Many of our largest businesses today are market-leading providers of essential products and services. These businesses were virtually unaffected by the global economic shutdown during the year. And those that were impacted recovered strongly as the year progressed.

We own about the same number of businesses today as we did five years ago, but the profile of BBU is very different today. Most of our profitability comes from businesses that have scale and generate stable cash flows. To put this in perspective, four of our largest companies today, Sagen, Westinghouse, Clarios and BRK Ambiental, generate more than 10x the EBITDA of our largest four companies in 2016.

As we've improved the quality of our overall business, we've also improved the resilience of BBU's intrinsic value, which is the present value of the cash flows our businesses will generate in the future. Like most companies around the world, our near-term cash flows were impacted over the past year. Yet our long-term cash flows and terminal values were largely unscathed given the resilience of our largest businesses, which means there's been very little impact to BBU's overall intrinsic value. And as we continue to grow our business, we expect our intrinsic value per unit will continue to increase.

The strong cash flows generated by our largest businesses also provide us recurring distributions that we use to fund our growth. As an example, at year-end, Westinghouse paid a \$265 million dividend, of which BBU received \$115 million. Later, Denis is going to talk more about what's going on at Westinghouse, but I'll just say this continues to be a phenomenal investment for us. In about two and a half years, and importantly, with no increase to Westinghouse's debt levels, BBU has received more than \$370 million in dividends, which is nearly all of our initial equity investment just two and a half years ago. Westinghouse, truly, is a great cash generator.

Sagen is another highly cash-generative business which has reliably made distributions to shareholders over the years and should support strong distributions to BBU for years to come. In October, we made an offer to acquire the publicly held shares of Sagen we don't

already own for about book value. Privatizing Sagen will provide us more opportunities to improve the returns we earn on our capital.

We're in the process of exploring opportunities to optimize Sagen's capital structure. With the low interest rate environment today and strong appetite for debt of high-quality issuers, it's likely that BBU will not have to fund all of the privatization investment we had originally anticipated. Now, the amount we end up funding will depend on how receptive the capital markets are and making sure that we're able to maintain Sagen's strong credit ratings, which is critically important to us and the company's customers. We expect the transaction to close in the first half of this year, which will increase BBU's ownership to about 40%.

In January, we acquired Everise. This is a business process outsourcing company, which specializes in managing customer relationships for large, mostly U.S.-based, health care and technology clients. We like this business because it operates at the intersection of the attractive healthcare, technology and services sectors, and we've identified opportunities to help grow this business. BBU expects to fund \$85 million of the investment for an approximate 35% ownership interest.

As you're aware, early last year, alongside our institutional partners, we invested about \$600 million in the public securities of businesses that we're trading at significant discounts to their intrinsic value. The prices of these securities have increased by about 150% and resulted in a gain to BBU of \$300 million. During the fourth quarter, we sold about 10% of our investment and crystallized a \$21 million gain to BBU.

The price of GrafTech shares has also increased with an improving outlook for global steel demand. So during the fourth quarter and in January, we sold 45 million GrafTech shares and generated \$220 million of proceeds for BBU. With these sales completed, BBU will hold a 17% interest in GrafTech.

So with 2020 now in the rearview mirror, we are really excited about the days ahead. Private market transaction activity continues to pick up, and we are working on a strong acquisition pipeline of high-quality businesses and add-ons to continue growing the businesses we own today.

With that, I'm going to hand it over to Denis.

Denis Turcotte: Thanks, Cyrus. Good morning, everyone. Our business operations team has worked hand in hand with each of our operating companies over the last year to keep our employees safe, healthy and to manage through a challenging environment, continuing to advance the transformation plans in place with each of our businesses. We are proud of what our team has accomplished and nowhere are these achievements more evident than at Westinghouse, which is in a stronger position today than at any point since we acquired the business in 2018.

As many of you know, Westinghouse is our global service provider to the nuclear power industry. The business plays a critical role in ensuring the safe and uninterrupted operation of customers' power facilities. The majority of the company's profitability is generated from regularly recurring plant and refueling maintenance outages, and ongoing operating improvement initiatives. While we saw some deferral of non-critical maintenance work, demand for Westinghouse's services has been largely unaffected over the last 12 months. And as Cyrus mentioned earlier, the business continues to generate a lot of free cash flow to support distributions up to BBU, while still reinvesting in the business and a broad base of technologies to maintain its industry leading position.

We've made good progress over the past 12 months working with Westinghouse to advance its transformation agenda. We've continued to focus on optimizing manufacturing, supply chain and G&A costs, while standing up a global shared services organization that benefits from leveraging economies of scale and regional advantages. We've also revamped Westinghouse's technology and innovation roadmap with a focus on digitalization initiatives to improve the cost position of the company and are positioning to provide unique digital products and services to its customers.

Westinghouse has closed four bolt-on acquisitions in the last 18 months that were all strategically important, bringing advanced technical and service capabilities to the business. These have augmented core engineering and services capabilities, added new digital products and services to its portfolio and have increased its presence in the attractive Canadian nuclear services market. Westinghouse has been able to execute these acquisitions at accretive EBITDA multiples and continues to build and review a strong pipeline of actionable targets in core and adjacent markets. Several of these opportunities could be relatively sizeable.

Westinghouse is also developing leading carbon-free technologies to support the transition to distributed energy. Small modular and micro reactors represent a significant growth opportunity to bring clean, reliable energy to remote areas and industrial applications, given the growing interest in all markets for zero carbon energy.

Westinghouse's micro reactor is designed to provide competitive power with minimal maintenance and its small size allows for standard transportation methods and rapid, on-site deployment. In October, Westinghouse established a partnership to support Canadian government efforts studying modular and micro applications as part of its goal to achieve a Net-Zero Canada by 2050.

Westinghouse' run rate EBITDA is now \$650 million, and we feel quite confident that we'll be able to achieve our target EBITDA of \$700 million to \$800 million over the long term through ongoing operational improvements and the benefits from recent add-on acquisitions.

With that, I'll hand it back to Jaspreet.

Jaspreet Dehl: Thanks, Denis, and good morning, everyone. As Cyrus just touched on, our business performance has been extremely resilient this year. BBU generated Company EBITDA of \$1.4 billion compared to \$1.2 billion in 2019. Company FFO, excluding benefits of dispositions, increased to \$792 million or \$5.28 per unit compared to \$764 million or \$5.45 per unit in 2019. The increase in 2020 Company EBITDA reflects the contribution of recently acquired businesses in our Business Services and Infrastructure Services segments. This was partially offset by reduced contribution from our Industrials segment.

Within our Business Services segment, we generated Company EBITDA of \$271 million, an increase of 22% compared to 2019. Sagen contributed strong Company EBITDA of \$128 million. Results of Sagen benefited from strong new underwriting activity and low levels of mortgage defaults supported by the strength of the Canadian housing market.

At Healthscope, we generated Company EBITDA of \$67 million in 2020. With the easing of restrictions on elective surgeries in Australia, activity levels at Healthscope's hospitals have returned to normal though the business continues to operate in an elevated cost environment. In November, Healthscope completed the sale of its pathology business in New Zealand. Proceeds of \$390 million were used to pay down debt at Healthscope.

Moving on to Multiplex, which reported Company EBITDA of \$6 million for the year. Following the impact of economic shutdowns and restrictions at customer sites early in 2020, construction activity levels across Multiplex's project sites have improved. In Australia, operations have fully recovered to pre-shutdown levels. In the U.K. construction has been deemed an essential service and project sites remain open during the latest round of lockdown restrictions. Bidding activity is gradually improving. Multiplex signed \$900 million of work in the fourth quarter, ending the year with a backlog of \$5.6 billion.

I'm going to now move to our Industrials segment where we generated Company EBITDA of \$604 million this year, which is 2% below 2019. Clarios performed very well and reported \$390 million of Company EBITDA. Total volumes this year declined only 4% compared to 2019 as battery demand recovered strongly in the second half of the year.

At GrafTech, we generated Company EBITDA of \$163 million for the year. Despite the impact of reduced sales volumes and graphite electrode pricing, the company generated meaningful cash flow during the year and paid down approximately \$400 million of debt.

BRK Ambiental's performance remained resilient throughout 2020 given the essential nature of the water and wastewater services that it provides. The company is working to integrate its newly acquired concession at Maceió, a city of 1.5 million inhabitants, and expects to begin providing services in mid-2021.

And finally our Infrastructure Services segment generated Company EBITDA of \$602 million in 2020, an increase of 29% compared to 2019. Company EBITDA during the year was supported by that addition of BrandSafway, which we acquired in January 2020.

BrandSafway contributed \$74 million. Performance of the business has been impacted by reduced activity levels and delayed project starts as a result of the economic shutdowns during the year. We have been actively reviewing M&A opportunities in the current environment. And in December, BrandSafway made an add-on acquisition in Texas and is now the largest commercial work access provider in the region.

Westinghouse reported Company EBITDA \$284 million and contributed strong performance throughout the year. Execution on new plant projects and strong cost management more than offset the limited impact of maintenance deferrals at customer sites.

Altera Infrastructure contributed higher Company EBITDA in 2020 primarily due to BBU's increased ownership. Overall revenues remain relatively stable while the business continues to operate in a challenging environment for its oil producing customers which has impacted performance in the FSO and the FPSO segments of the business. The shuttle tanker operations at Altera continued to perform well in 2020.

And in conclusion, I just wanted to touch on liquidity. We ended the year with approximately \$2.5 billion of liquidity at the corporate level. This includes approximately \$550 million of cash and liquid securities and approximately \$2 billion of availability on our credit facility. We remain extremely confident that we have more than enough liquidity to continue to fund the growth and support our business on an ongoing basis.

With that, I'm going to wrap up my comments. And I'll pass 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 from BMO Capital Markets.

Devin Dodge: I'll start with a question on capital deployment. We're clearly in a period, there's a lot of M&A activity. I think the release mentioned that new investment activity for BBU continues to accelerate. Just can you walk us through that pipeline and where you're seeing the most opportunities?

Cyrus Madon: Sure. Look, it's really broad-based, Devin, just to put a little color around that. In North America and Europe, we are seeing fairly large-scale opportunities across, let's say, business services broadly and industrials. What we are seeing more of is more technology service opportunities as well, and this will be globally.

I think having closed on Everise, now doing more work there, it's just giving us a different aperture than we had before on this type of opportunity. And by the way, we think there's enormous growth potential within Everise itself, but we are starting to see a lot of tech service opportunities. And probably that will be over the medium term, an area of growth for us.

And we're seeing a couple of rescue-type opportunities as well, notwithstanding the fact that markets are very, very strong. There are still some struggling companies around the world that need capital quickly. So pretty broad-based. And -- but I would tell you it's very active in every one of our regions. Our teams are actively looking at things.

Devin Dodge: Okay. That's a good rundown. Maybe just switching gears over to Westinghouse. I mean Denis gave a really good update there. Just wondering, like this business seems to be migrating towards being one of your mature investments, if it isn't there already. I guess in terms of positioning Westinghouse for potential sales, do you think, or do you feel like there's more work to be done around tuck-in M&A, either geographically or rounding out that service offering, such as adding more decommissioning capabilities?

Cyrus Madon: Yes. Look, it's a good question. We are sort of at a little bit of a crossroads because we could sell part of the company or all of the company, I suppose, if we wanted to. We could hang on to it and continue milking these incredible cash flows. But it will all come down to what's the value we can get versus what we can create by keeping it? And it will all come down to that.

But at some point in time, we certainly will test the market a little bit and see if we can get a read on market value for the business. But what's clear to us is this is a very valuable company. I mean having now observed how stable the cash flows have been coming through this pandemic, it really is a remarkable business. And the cash flow conversion -- it's rather incredible. If you think of what we're getting compared to what we paid, based on, I think, our initial equity check was \$920 million for 100% of the business, it's generating a 30% free cash dividend yield. I mean it's truly remarkable.

But -- and there's still room to grow. There's bolt-on opportunities. Denis and his team will continue working their magic, and we've got a phenomenal management team there that's doing wonderful, wonderful things with the business. So yes, it's possible we will consider some form of monetization, but we would only do it at an extraordinary value.

Devin Dodge: Okay. Okay. And maybe just one last one on BrandSafway. This is a business that's been a bit challenged in 2020. Jaspreet touched on some of this. But just trying to get a sense for how this business is performing relative to the underwriting assumptions? And have you started to see signs of a demand pickup as we look a little bit deeper into 2021?

Denis Turcotte: Sure, Devin. It's slightly below underwriting, and it's easy to understand. It's directly related to COVID given the impact on our customers' businesses,

where there's a lot of deferral of activity. But it's deferral not avoidance because these are fundamental major maintenance outages that we provide mission-critical support to. So it will need to get done. It will come back. We have no concerns in that regard. And your second related question?

Devin Dodge: It was -- we started to see a demand turn as we think about 2021.

Denis Turcotte: Yes. Actually, yes. So the order book is starting to show positive signs. And again, I think whenever you see these second waves of COVID cases in any of the markets we're in, it naturally -- there's a time lag, but it naturally induces customers to pull back and defer again. So I have no doubt it will be a little bit choppy over the next nine months, maybe 12 months. But like I said, the work has got to get done. So it's really about pushing demand downstream as opposed to us not being able to drive that overall revenue eventually.

Devin Dodge: Congrats on the good quarter.

Operator: Our next question comes from the line of Geoff Kwan from RBC Capital Markets.

Geoff Kwan: My first question was the investments that you made in the public securities that you purchased last year, you've sold some of that and booked some of the gains. Obviously, the markets have done very well off the lows. I'm just wondering if the securities that were sold, like would they have been in companies where you feel that there's unlikely to be some sort of, call it, major investment or acquisition at some point in the future?

Cyrus Madon: Look, they're in companies that we really like, but the valuations got to the point where we can earn a higher return redeploying that capital into something else. Geoff, it's that simple. And it may be that we end up buying one or two of those companies one day, but it's going to have to be an evaluation that makes sense for us.

Geoff Kwan: Okay. When I was looking at Genworth or Sagen's results yesterday, it was noted that they've entered into a number of new relationships, I guess, in the past little bit. And these would be companies that are within the BAM, call it, broader empire like Oaktree, the public securities team, Royal LePage and whatnot. So essentially driving synergy opportunities across the Brookfield -- broader Brookfield portfolio. From your perspective, how we describe the incremental growth, potential growth opportunity of these, call it, cross synergies within BBU's portfolio, whether or not they're within BBU's owned companies doing business with each other or ones that would be involved within the broader, again, Brookfield entity?

Cyrus Madon: Yes. Geoff, what we're doing here is really adopting our business plan, which when we made our initial investment into Sagen, which part of it was to improve the yield that we earn on their multibillion-dollar investment portfolio. And historically, the yield has been something around 3%. If we can move that up by 50 basis points,

maybe even 1% over time, it has a material impact to the company's earnings. So that we are simply just executing our business plan, and we're fortunate to have, I'll say, within the BAM family, Oaktree, one of the greatest money managers on the planet. And we're happy to allocate some capital to them to manage it.

Geoff Kwan: Okay. And just my last question is, you've talked in the past about some investments as, I don't know if it's platform companies, but essentially, companies that you could own over the long term, and Multiplex would be an example of that. Looking at the portfolio today, would there be other companies that you would kind of fit into that category?

Cyrus Madon: Well, look, I'll go back to my answer -- the answer is yes. And I'll go back to my answer on Westinghouse. I mean that's an amazing company, generates a lot of cash and maybe that if we don't get the price that we want on that business one day when we choose to sell it, that could be one we could keep for a long, long time. And there are others, too. But that's just an example. It will all come down to the opportunity cost and the opportunities in front of us.

Operator: Our next question comes from the line of Andrew Kuske from Credit Suisse.

Andrew Kuske: I guess it's more of a philosophical question, but WEC winds up being a good illustrative example. And it's really just on the upstream of cash from businesses like Westinghouse. How do you think about that? It clearly enhances your return on the front end, but you also see this as instilling greater discipline in the management teams of some of your portfolio companies, but you're still in the background to be supportive for further acquisition activity if they need capital. Can you just give us some color on that context?

Denis Turcotte: Sure. That's absolutely the case. And it's interesting because in our onboarding process, post closing, one of the first things we do is, in effect, try to reset the tone at the top. And part of that is about having -- putting great management teams in place and making them understand that with Brookfield as an owner, there is so much support and optionality that comes with that, a big part of why these companies, management teams, once they start to figure it out, most of them very openly express how comfortable they are with Brookfield's ownership because you've got that kind of commitment. And it's a very returns oriented, understand risk before you make investment kind of tone we instill. And we actually drive cultural change where these folks start to think like owners, just like we do. That's a core cultural attribute of any of the Brookfield companies. So by imparting that on our management teams, we end up having partners in these businesses that understand we've got significant access to capital. We can bring lots of great support and resources, and it ends up being a great partnership.

Andrew Kuske: That's very helpful. And maybe just continuing on Westinghouse. Denis, while we've got you on the call. Could you just give maybe a bit of color on the levels of activity of the business? Are they similar? And how are you seeing effectively margin enhancements and improvements in the business? Is it a mix of price and cost

reduction, new business initiatives? If you could give us a bit of a breakdown, it would be great.

Denis Turcotte: Sure. And again, as per my previous comments, it really starts with the fact that we've stood up a real Board there, a working Board. We've got a great CEO in Patrick Fragman; and CFO in Dan Sumner. They've put exceptional people in place. And we focus not just on cost reduction, but it's really situational, where there are opportunities to drive growth, we're starting to really get some traction. For example, in EMEA, again, changing the leadership team that we found there. We've now got a great group of people, very focused on taking more share across EMEA. And the net effect has been over the last year as some of the implications of COVID has induced a bit of deferral of work in the U.S., well, it's been offset by growth in EMEA.

Similar story in Asia Pacific where we're growing our activities in China and in the new projects business, where without taking any of the EPC risk that got this company in trouble, we're really leveraging this deep technical capability we have and a really unique ability to manage the variable nature of engineering services so that we can step up and provide our customers with technology-leading engineering capability at a moment's notice, and then we can scale that back down when the work's done and/or if the order book ends up getting reduced. So it's a very dynamic kind of situation and lots of both, cost reduction, growth.

And on the technology side, as we had commented just briefly, as the world really starts to focus on ESG issues, and people understand that nuclear is just a phenomenal source of baseload power, you can turn around and genuinely drive zero carbon emission power sources both in large-scale and/or down tune, including in microscale based on the kind of technology we're investing in. So the company is just positioned in a very unique way, given the way the winds are blowing here macro.

Andrew Kuske: That's very helpful. And maybe one final question just for Cyrus. If you could just give us any thoughts you may have on this iteration of the SPAC market and thoughts as using that as a potential exit vehicle for some of your investments in the future?

Cyrus Madon: Yes. Well, as you're well aware, there seems to be a new SPAC launched every day, and there's a lot of capital available. So certainly, we would if we're selling something, absolutely, we'll consider SPAC as potential buyers of our companies or a means to IPO our companies, if that's the appropriate path for them.

Operator: Our next question comes from the line of Gary Ho from Desjardins.

Gary Ho: Maybe just going back to the Westinghouse discussion. It sounds like you're very comfortable with the \$800 million EBITDA outlook. Maybe can you talk about what initiatives or tuck-ins can be done to move this target above \$800 million? And what would a loose guide scenario be for that asset?

Cyrus Madon: Well, look, just why don't I start, and Denis can chime in, but there are a number -- many, many, many small tuck-in opportunities. We've already done four, and there are many like that globally. And in addition to that, there are a handful of larger opportunities that could add \$100 million, maybe \$200 million of EBITDA when you factor in synergies. And there are several of those around the world as well. So there are many growth opportunities. I don't think it would be appropriate for me to mention any of them on this call. I hope I fully answered your question or not.

Denis Turcotte: Yes. There's not a lot I would add to that other than to highlight that the internal target of getting beyond \$750 million run rate EBITDA, that's not including acquisitions. So we see another \$100 million to \$130 million, and that's in the line of sight, a combination of cost reduction, margin improvement and organic growth. And the momentum, I can't stress enough the positive momentum that Patrick and Dan have maintained and frankly increased since taking over the day-to-day of the business. So we're very optimistic in the growth characteristics ahead for Westinghouse.

Gary Ho: Okay. That's helpful. And then maybe just touching on Clarios a little bit. I think delivered a pretty solid quarter. I know you provided the \$300 million cost guidance. How do you think about the advanced battery and higher margin potential, I think that's outside of the \$300 million? Is this something immaterial? Or should we start to bake some of those benefit in any guidepost there would be helpful?

Jaspreet Dehl: Yes. It's Jaspreet. Maybe I'll start, and then Denis can complement if there's anything more to add. I'd say, at Clarios, the original \$300 million that we had indicated our target EBITDA improvement, that was really based on operational improvements specifically within the U.S. operations. So these were tangible things that we had identified within the U.S. network that we could execute on to improve the underlying EBITDA in the business.

And we're well on our way to doing that. And John had talked about this at Investor Day, we've executed on about \$100 million of that already. We're not seeing it flow through the bottom line yet. But on an annualized basis, we've achieved about \$100 million of that \$300 million. The mix change that you're seeing, especially, we're seeing a lot of that in the aftermarket channel, where what's happening is that the first replacement cycle for vehicles, specifically in the U.S., is now coming up on the advanced batteries, and we're providing kind of those replacement batteries to that first cycle of cars that needs replacement.

And that's really driving outsized demand in the aftermarket for the advanced batteries and that's definitely a positive impact on margins for the business. So that should be a tailwind as we look forward. But it wouldn't be something that we would have targeted in that \$300 million initial operational improvement opportunity. Denis, anything to add?

Denis Turcotte: Well, just by exception, as Jaspreet mentioned, we haven't seen it in the numbers yet from a public perspective. But we absolutely see it in the metrics that give us insight to the business. This was a big carve-out and the first phase of the relay, if you

think of it that way, with John and Sean, our people in there focused on that carve out and starting to turn the ship, so to speak.

And I think John did a great job setting the table for Mark Wallace. And now Mark is in there, and it's become apparent to me very quickly, he's very talented CEO, talented executive. He's made some very significant moves to the organization, its structure, changed out about a half a dozen leaders, and we're really starting to pick up momentum from a value creation plan execution point of view. So we're optimistic on all fronts, again, both top line and margin expansion here moving forward.

Gary Ho: Okay. Perfect. That's helpful. And then maybe just my last question, it looks like there's some more units repurchased in the quarter. What's your outlook at the current share price?

Jaspreet Dehl: So you're right. We're continuing to buyback units. And our view is still that our units are trading at a significant discount to NAV, and we've been active and we'll continue to actively buy back at these levels. Again, there's restrictions in terms of how much we can buy back just based on the total liquidity but we're very active, and we continue to believe that the units are trading at a significant discount to intrinsic value. So you'll continue to see that.

Operator: Our next question comes from the line of Jaeme Gloyn from National Bank Financial.

Jaeme Gloyn: Related to Multiplex, I believe you mentioned that the current backlog is \$9 billion. Can you confirm that number and then also frame that relative to previous quarters or even previous years at this time?

Jaspreet Dehl: Yes. It's Jaspreet. So the \$900 million was the new work that they won. The backlog is sitting at \$5.6 billion. And I said between \$5 billion and \$6 billion is kind of where we'd want to backlog to be for this business. If you look back historically, I think the highest off the top of my head, it's been at about \$7 billion, but we're quite comfortable. We've talked about this before. We've been scaling back the business in the Middle East, really focused on U.K. and Australia and having that \$5.5 billion to \$6 billion backlog is the right number for the business. And we've got the right team in place to kind of manage that in the key geographies. So that's kind of where we're sitting.

Jaeme Gloyn: Okay. Great. With respect to the public securities, maybe just a quick refresh for my benefit. The investment in the public securities business primarily to get closer to certain companies that you like and may eventually look to invest in? Or is it primarily just to sort of trade the market given the deep discounts at the time? And what are the plans for realization on that portfolio?

Cyrus Madon: Yes. So at the time, we had identified some companies that we have followed for a long time that could be great privatization candidates. And that's what we invested in when the market was quite choppy and volatile and exhibited great value back

in March and April. So that was the purpose. And our thought at the time was, this will position us to buy a couple of great companies. And if markets recover to the point where it's less attractive to buy and more attractive to sell, that's what we do. So that is exactly what we're doing. So over time, we'll probably sell the vast majority of the position we have. We're not in any rush to, but that's the current thinking.

Jaeme Gloyn: Okay. Great. And last one, just around the corporate borrowings sitting at about \$600 million today. What's the view for using those credit facilities in upcoming transactions and monetizations? Can you just give us a near-term outlook for corporate leverage?

Jaspreet Dehl: Sure. I'll take that one. So you're right. We've got about \$600 million in borrowings. We have got a portfolio of cash and liquid securities for \$550 million. And as Cyrus mentioned, if we continue to monetize that, that will continue to generate returns for us. We also, in January, sold down some of our GrafTech positions, which generated circa \$220 million of proceeds. So there's definitely cash coming in the door that we can use to pay down any borrowings or some of the warrants that we had at year-end on this facility.

But as we look forward, this is the primary purpose that we have these facilities in place. We've had them in place since we launched BBU. And they've grown as the size and scale of the business has grown. And if you think about our business today, we've got large-scale operations, a number of them provide kind-of stable ongoing distribution. And we feel quite comfortable using our facilities to fund acquisitions. And as and when we have monetizations of these really large businesses that's going to generate a lot of cash for BBU, and we'll use those proceeds to pay down the line. So you'll see us actively using the lines to bridge any gaps between our monetizations and kind of growth activities.

Operator: This does conclude the question-and-answer session of today's program. I'd like to hand the program back to management for any further remarks.

Cyrus Madon: Thank you very much for joining us, and we will look forward to speaking to you next quarter.

Operator: Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.