Brookfield Business Corporation – Q3 2026 Results Conference Call & Webcast
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Corporate Speakers:

- Anuj Ranjan; Brookfield Business Corporation; Chief Executive Officer
- Mark Wallace; Clarios International; Chief Executive Officer
- Jaspreet Dehl; Brookfield Business Corporation; CFO
- Adrian Letts; Brookfield Business Corporation; Managing Partner
- Alan Fleming; Brookfield Business Corporation; Managing Director

Participants:

- Gary Ho; Desjardins Capital Markets; Analyst
- Bart Dziarski; RBC Capital Markets; Analyst
- Bill Katz; TD Cowen; Analyst
- Scott Fletcher; CIBC Capital Markets; Analyst
- Devin Dodge; BMO Capital Markets; Analyst
- Jaeme Gloyn; National Bank Research Division; Analyst

PRESENTATION

Operator^ Welcome to Brookfield Business Corporation's Third Quarter 2026 Results Conference Call and Webcast.

The conference is being recorded.

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, and thank you, everyone, on the line for joining us today.

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 encourage you all to review our filings with the securities regulators in Canada and the U.S., which are available on our website.

We'll begin today's call with Anuj Ranjan, our Chief Executive Officer, who will provide an update on the progress we're making in executing against our strategic priorities. Anuj will then turn the call over to Mark Wallace, Chief Executive Officer of Clarios, who will discuss the business performance and the growth opportunities we see ahead. We'll conclude our prepared remarks with Jaspreet Dehl, our Chief Financial Officer, who will review our financial results. We'll then open the line to your questions.

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

Anuj Ranjan^ Thanks, Alan. Good morning, everyone, and thank you for joining us on the call today. We've had a busy few months. We're making great progress across our business. We agreed to sell an additional 20% interest in La Trobe Financial, our Australian asset manager and lender. We've now realized a ~2x cash multiple and a 35% IRR on our investment, and we still own more than half our original ownership in the business. In addition, last week, we closed the sale of Multiplex for over $600 million.

These realizations tell us something about the market. Buyers are increasingly willing to pay for more critical cash-generative industrial and services businesses. In total, we've generated $1.4 billion from capital recycling since the start of the year, which puts us well on our way to exceeding the $2 billion target we set at our Investor Day last year.

But these two sales are just the latest examples of our strategy in action. We acquire high-quality businesses at attractive values, making them stronger through operational improvements and recycling capital when the time is right to redeploy into new opportunities.

And we've been doing just that. We closed new investments in World Freight Company and Gregg Distributors and reached an agreement to acquire Reliance Worldwide Corporation, a global leader in plumbing products with category-defining brands, resilient demand and significant opportunities for operational improvement.

Together, these three investments represent more than $500 million of capital from BBUC. These investments are great examples of the opportunities we're seeing in today's market. They are high-quality businesses with strong competitive positions and durable cash flows.

But what really excites us is the opportunity to make them even better. Around the world, companies are rethinking how they operate in response to changing supply chains, cost pressures and advances in technology. These shifts are creating significant opportunities to improve productivity, reduce costs and make businesses more competitive. We've spent decades making businesses better, and we believe that experience gives us a distinct advantage.

Over the past two years, we've committed more than $1.2 billion to acquire seven market-leading industrial and services businesses.

We see significant opportunities in manufacturing efficiency, procurement, commercial execution and technology to grow earnings and cash flow at these businesses. We're still in the early stages of executing our value creation plans. So much of the opportunity is still ahead of us. Remember, we have a long track record of turning these operational improvements into real cash for our shareholders.

Since creating BBUC, we've sold about 30 businesses, generating roughly $9 billion in proceeds and a 19% realized IRR. In aggregate, these monetizations were done at about a 12% premium to our NAV.

Looking ahead, we have a strong pipeline of new investments, a lot of upside in what we already own and significant capital coming back to us from monetizations. This puts us in an excellent position to continue compounding value for our shareholders. One of the best examples of our approach in action is Clarios.

Since acquiring the business, we've significantly grown its earnings, strengthened its operations and positioned it for the next phase of growth. Today, Clarios is our largest investment. And honestly, we believe the best is yet to come.

I'm very pleased to have Mark, Clarios' CEO, joining us today to share more about the business, the progress we're making and the opportunities ahead.

Mark, over to you.

Mark Wallace^ Thank you, Anuj, and good morning, everyone. It's great to be back with you.

I'd like to spend a few minutes providing an update on Clarios, including the strength of our core business and the opportunities we are pursuing that will accelerate our growth and expand our addressable markets from supercapacitors that help stabilize power demand in artificial intelligence data centers to connected services that help commercial fleets reduce downtime while creating new recurring revenue streams. I'll also touch on how our recent portfolio actions support our long-term strategy.

Let me start with our performance. We finished fiscal 2026 with our fourth consecutive year of record financial results. That performance underscores the strength and earnings power of our core business and provides a strong foundation for long-term growth.

At the center of the foundation is our highly resilient business model. Clarios is a global leader in low-voltage energy storage, approximately 4x the size of our nearest competitor. We power roughly one in three vehicles on the road, and we sell more than 150 million batteries annually.

Approximately 80% of our sales are in the stable aftermarket where battery replacement is essential and recurring. This scale is supported by a well-established circular model that recovers and reuses critical minerals across the battery life cycle. That aftermarket exposure provides significant stability while also creating meaningful long-term growth potential.

One of the most important drivers is the continued shift towards higher-value advanced batteries, which we expect to be a multi-decade tailwind. Advanced batteries now represent 35% of our units sold, up from just 10% in fiscal 2015.

More than 70% of the batteries we sell into the original equipment channel today are advanced batteries. While the aftermarket penetration remains significantly lower, over time, we expect the aftermarket to naturally follow as those vehicles move through the replacement cycle. And because advanced batteries generate greater revenue and profit per unit than conventional batteries, that mix shift creates an attractive long-term growth

opportunity. At the same time, the role of low-voltage power in vehicles is becoming more important.

Vehicles are becoming more electrified, connected, software-defined and automated. That evolution requires more sophisticated low-voltage power systems to support electronics, critical vehicle functions and safety redundancy.

Importantly, that trend is largely powertrain agnostic. Internal combustion, hybrid and fully electric vehicles all require reliable low-voltage power. With more than 620 xEV platform wins to date, we have established a strong position as these architectures continue to evolve.

For Clarios, that creates an opportunity to provide greater value to our customers and increase our dollar content per vehicle. This is the strategy behind the Clarios Power Management System, or CPMS. By bringing together advanced batteries, supercapacitors, electronics, software and monitoring capabilities, we can address a broader portion of the vehicle's low-voltage architecture and solve more of our customers' power management needs.

More broadly, our $6 billion U.S. investment plan supports advanced battery production, critical mineral processing and recovery, next-generation technology and state-of-the-art manufacturing. These investments strengthen our core while building the capabilities needed to support future growth.

Alongside these investments, we remain intensely focused on driving operational efficiency across the business. We're utilizing AI and machine learning, advanced automation and robotics to improve productivity, optimize our supply chain and enhance our customer service.

Continuous operational improvement is an important lever to support margin expansion and long-term value creation. Beyond driving growth and efficiency in our automotive business, we also see opportunities to extend power management technology into new attractive markets.

A great example is supercapacitors. Our acquisition of Maxwell Technologies added a complementary fast-response power technology to our portfolio. Within automotive, supercapacitors support peak power requirements, stabilization and redundancy.

Beyond automotive, we see applications in data centers, grid infrastructure, industrial applications and renewable energy. Data centers are particularly interesting. AI workloads are creating increasingly volatile power demands that constrain existing infrastructure. Supercapacitors can respond almost instantly, helping smooth power spikes and bridge short duration gaps between primary and backup power. We see an attractive opportunity as AI computing drives demand for fast, reliable power.

We are pursuing a similar opportunity through our connected services. By combining battery data, analytics and our deep expertise, we can help fleet customers identify potential battery issues before they result in vehicle downtime. Today, our connected services solutions support approximately 20 commercial fleets across North America.

These deployments validate the need for actionable battery intelligence that can improve uptime and maintenance planning.

Over time, connected services can create recurring revenue opportunities, deepen customer relationships and generate valuable insight to inform future innovation. As we pursue these opportunities, we remain focused on allocating capital to strengthen our competitive position and create shareholder value.

Our recent portfolio actions are good examples. Our planned acquisition of Ecobat's U.S. operations includes three critical mineral recovery and processing facilities that together process more than 40 million batteries annually.

Bringing these capabilities in-house advances our vertical integration, reduces reliance on third-party suppliers and strengthens access to critical minerals, reinforcing both our closed-loop model and the security of domestic battery supply chains. It also allows us to benefit from greater vertical integration, creating an opportunity to improve margins over time. At the same time, we monetized our noncontrolling economic interest in an equity stake in a large battery distributor while preserving our long-standing commercial relationship.

Taken together, these actions reflect a disciplined approach to managing the portfolio, investing in strategic assets and capabilities while maintaining financial flexibility for future growth and long-term shareholder value creation.

So as we look ahead, I'm excited about where Clarios is positioned. We have a resilient cash-generative core business. We are strengthening our automotive leadership as vehicle architectures become more complex while extending our capabilities into attractive new markets and recurring revenue opportunities.

Together, we believe these growth platforms expand our addressable market from approximately $32 billion today to an estimated $52 billion by 2040, supported in part by the growing demand for advanced power management solutions in data centers. This strategy gives us multiple avenues to grow while continuing to drive operational efficiency, deploy capital,with discipline and create long-term value.

Thank you, and I'll turn it over now to Jaspreet.

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

We generated third quarter Adjusted EBITDA of $594 million compared to $575 million in the prior period. Adjusted EFO for the quarter was $337 million compared to $284 million in the prior period. Current period Adjusted EFO includes $44 million of net gains, primarily related to the partial sale of La Trobe Financial.

Turning to segment performance. Our Industrials segment generated third quarter Adjusted EBITDA of $348 million compared to $316 million last year. On a same-store basis, Adjusted EBITDA increased approximately 8% over the prior period.

At Clarios, strong commercial execution, the continued favorable shift towards higher-margin advanced batteries and higher U.S. production tax credits supported earnings, offsetting some softness in volumes and inflation-related cost pressures.

BRK Ambiental delivered double-digit growth in Adjusted EBITDA, benefiting from contractual tariff increases and higher volumes. Performance at DexKo was broadly in line with last year despite continued weakness in North American trailer markets. Improved margin within the business benefited from the team's continued efforts to align its cost base with current demand, advance its commercial initiatives to offset inflation and tariff pressures as well as accelerate automation.

Moving to our Business Services segment, we generated third quarter Adjusted EBITDA of $204 million compared to $188 million last year. On a same-store basis, Adjusted EBITDA increased by approximately 3% over the prior period.

Sagen continued to benefit from resilient demand among first-time homebuyers even as broader housing activity in Canada remains slow. Losses and claims were higher during the quarter, reflecting increased claim severity and reserve strengthening, consistent with our expectations for normalization.

The business is very well capitalized with a minimum capital adequacy ratio of 176% and continues to generate significant cash flow, which allowed it to pay us a $90 million distribution in the quarter.

CDK delivered double-digit Adjusted EBITDA growth over the prior year, supported by cost-saving initiatives as well as continued cross-sell and upsell activity.

The business appointed a new CEO in August as the team continues to focus on initiatives to strengthen commercial execution and accelerate customer adoption of this modernized workflow.

Finally, our Infrastructure Services segment generated third quarter Adjusted EBITDA of $76 million compared to $104 million last year. Prior year results also included contribution from Altera's FPSO operations, which were sold earlier this year.

At Modulaire, results were impacted by softer demand and competitive pricing pressure alongside operational challenges in the U.K. A new CEO joined in September and is focused on strengthening operational execution, improving customer retention and driving better commercial performance across the business with the U.K. as the immediate priority.

At Scientific Games, weaker industry volumes and higher costs associated with new contract implementation weighed on results. This included higher-than-anticipated costs to deliver select international contracts. The business continues to execute on delivering a record number of implementations.

These impacts were partially offset by performance improvement at BrandSafway. The business is benefiting from strong growth in white space markets, including

semiconductors, power and data centers as well as higher fleet utilization and commercial initiatives.

Turning to our balance sheet and capital allocation priorities. We ended the quarter with approximately $2.7 billion of pro forma liquidity at the corporate level. Our strong financial position provides significant flexibility to fund new investments and continue to buy back our shares.

Since launching our share repurchase program early last year, we bought back more than $335 million of shares. We continue to view repurchases as an attractive use of capital at current trading prices and will remain disciplined as we pursue new investment opportunities. As always, our priority is to deploy capital where we believe it will generate the greatest long-term value per share.

With that, I'll turn the call back to the operator for questions.

QUESTIONS AND ANSWERS

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

Gary Ho^ The first question is for Mark here. Thanks for joining the call, very timely.

I believe you mentioned a little bit of this in your prepared remarks, but I did see that Clarios agreed to redeem its Interstate Batteries stake for roughly $1 billion and then also signed the supply agreement at the same time. Just wondering why was now the right time to monetize the stake? Also maybe just tie that into your investment in Ecobat as well moving upstream in the recycling process. Just wondering if those two are linked together?

Mark Wallace^ First and foremost, they're not linked together. I think just timing-wise, they end up hitting at the same time. Number one, our relationship with Interstate Batteries has been long-standing. However, I think it's important to note that we had a non-controlling stake in Interstate.

So really for us, there was not a lot of value creation from the asset from that perspective. And to be quite honest, we're able to monetize it at a significant multiple, as you can imagine, with that.

So we were quite thankful. We were able to negotiate with the family and get the multiple we received from the asset.

More importantly, we also secured a long-term seven-year agreement with Interstate Batteries because we have been their long-standing partner from a supply chain perspective, we want to maintain that.

When it relates to Ecobat, as we mentioned in our $6 billion investment plan in the United States, part of that was our critical minerals recovery. And so that was a great way

for us to be able to basically add critical mineral recovery at a much faster pace than we would have done if we had -- vertically, or if we've done a greenfield as an example.

So we're quite pleased with both of these transactions, one in the amount of proceeds we received from Interstate and more importantly, that we're able, hopefully, once it gets through the Justice Department and antitrust, we'll have the Ecobat assets, which will be definitely accretive to our core business.

Gary Ho^ Okay. Great. And while I have you, maybe just a quick update on the 45X tax refund as it relates to the 2024 tax year. Any update on that? I think in your last call, you mentioned interest is accruing and you're having regular contact with the IRS.

Mark Wallace^ Yes. Gary, nothing's changed. We continue our regular updates with the IRS. There's still accruing interest penalties as we go forward. But at this stage, we see no reason that would prevent us from being paid the 2024 refund.

Gary Ho^ Okay. Great. If I can just sneak one more in, maybe for Anuj or Jaspreet. We know it's early days following the midterm election results in the U.S. Do you have any early read on which portfolio companies could benefit or could be affected by the outcome there?

Anuj Ranjan^ Look, the businesses we own and the kinds of things that we buy and have continued to invest in, these are all businesses that are purposefully resilient, can stand various different cycles. We've gone through a relatively inflationary period and with a lot of uncertainty many times before in these companies, and they've been just fine.

It comes back to our strategy of essential products and services, critical components in value chains and things that customers need where we can make operational improvements. None of that has changed in our thesis for new investments or with our existing portfolio. So nothing today.

It's again, very early, but I'd say so far, what we're really focused on is the fundamental operations of our businesses, which are all going generally quite well.

Operator^ Our next question comes from the line of Bart Dziarski with RBC Capital Markets.

Bart Dziarski^ I just wanted to see if we can get an update on the BPE managed evergreen fund. The fair value last quarter was $490 million. What was the fair value this quarter? And just maybe talk about the momentum you're seeing there?

Anuj Ranjan^ Yes, Jaspreet can talk about the fair value, and I'll tell you a little bit about how we're doing on fundraising.

Jaspreet Dehl^ I'd say the fair value hasn't changed materially quarter-over-quarter. It's pretty consistent. On the assets that we sold, the fair value is about $690 million, and we've gotten back close to $200 million on that. We're continuing to speak with the fund

and as they are raising subscriptions, they have the ability to allocate their capital. So they've been raising capital and allocating some of the capital to pay us back.

Anuj Ranjan^Yes, in terms of fundraising and the activity, I'd say the interesting thing about the wealth channel is often, you get onboarded on the platforms and then you start to work that platform's channel directly with the RIAs or the brokers or the end customers.Then you see the results of inflows trickle in after. That whole process is usually about a year, to be honest, before you see the cash come in.

I'd just say that we continue to be at it. We're seeing quite a bit of momentum.

Our story around industrials and essential services is really resonating in this kind of an environment, and we're seeing that happen - that pick up in the wealth channels as well. Through what we can see in terms of leading indicators, I feel very good about the continued fundraising momentum through 2027.

Bart Dziarski^ Okay. Great. That's helpful. And then on the buybacks, Jaspreet, you talked about the pacing there and just your priority for the buyback. I'm curious, where does buyback rank in the pecking order of capital deployment? What should we expect in terms of the pacing of buybacks from here?

Anuj Ranjan^ Look, we always take a balanced approach, as you know, and both, obviously, deleveraging, returning capital to shareholders, and making new investments and acquisitions. We've done quite a bit of buyback in recent times because of, obviously, the stock price was a very attractive opportunity.

I'd say we just continue to have that balanced approach and going forward, we do see opportunities to put capital to work, and we continue to. You've seen us make these modest-sized investments.

In addition, we're doing a lot of monetizations and recycling that capital and we did a lot of deleveraging. Today, I mean, buybacks and new investments are probably going to continue to be of interest.

Jaspreet Dehl^ Yes. Maybe the only thing I'd add is that our balance sheet is as strong as it's ever been like pro forma for the monetizations Anuj referenced. We've got liquidity of $2.7 billion. So it gives us a lot of flexibility.

Operator^ Our next question comes from the line of Bill Katz with TD Cowen.

Bill Katz^ I just want to start off with it's good to see all the activity of the portfolio, both buying and selling. If we were to use the third quarter as a base level for the Adjusted EBITDA, how do we think about maybe the pro forma impact of maybe what's foregone from sale versus what might be able to come on in terms of redeployment?

Jaspreet Dehl^ I just want to make sure I got your question. So you're looking for an understanding of the current quarter Adjusted EBITDA and we run rate that, like what does that look like?

Bill Katz^ No. Let me rephrase. I think you put up $594 million of Adjusted EBITDA in the quarter. I'm just trying to understand you've sold some things subsequent to quarter end, and I think even buying things. Maybe I'll rephrase, how do I think about the incremental accretion or dilution relative to the recent monetizations? Then maybe with DeployCo, how do you think about incremental synergies to maybe make up for anything that may have been sold off?

Jaspreet Dehl^ Right. Okay. So maybe if I just think about that on an annual basis, it's a bit easier and then we can get into a quarter. But our annual run rate Adjusted EBITDA round numbers right now is about $2.5 billion. So I think about that number, Multiplex is probably our largest sale. We've been generating circa $60 million of Adjusted EBITDA from Multiplex.

Then I'd say the lost contribution from La Trobe and some of the other monetizations that we've done over the last 12 months. I'd say estimated about $20 million to $25 million. So again, if we said round numbers, circa $100 million from asset sales. So that gets us to about $2.4 billion.

Then if we think about the acquisitions, that we've already made and you run rate those plus some of the things in the pipeline that will close end of year, early next year. I'd say maybe not quite $100 million because a lot of the acquisitions that we've been making have beensmaller size and scale.

But I'd say we probably get back close to that $2.5 billion run rate number. I know that gives a bit of a high-level overview, but happy to take it offline and give a bit more detail.

Bill Katz^ Super helpful. Just as a follow-up, a little bit more of a nit question, so I apologize for the narrowness of it. On your P&L, it looks like you had a pretty high level of other income and then the tax rate looked a little bit on the low side. I was wondering if you could just provide some guidance on how we should think about both those line items going forward.

Jaspreet Dehl^ Sure. So in other income and expenses, we generally have a lot of our non-cash movements, derivatives items like that. So there are some movements there.

There's also LTIP accruals just around payments - share-based payments and compensation on eventual monetization. That's again, just movements in those types of things. Nothing very specific that I would call out there.

On taxes, we had some tax recoveries. I actually call out Clarios, we had a deferred tax recovery at Clarios this quarter, which drove the overall tax expense lower.

Operator^ Our next question comes from the line of Scott Fletcher with CIBC.

Scott Fletcher^ Thinking about the strength of the balance sheet that you mentioned, Jaspreet, and sort of the size of the recent deals you mentioned as being smaller. Given that strength, is there an appetite to maybe increase the size of the deals or the participation in the deals going forward? Or are you comfortable with spreading it out across the smaller deals here?

Jaspreet Dehl^ Yes. Look, we tend to be very opportunistic just in terms of the investments that we make. In the pipeline today and some of the recent acquisitions that we have done, that mid- to slightly larger size industrial businesses is where we've been very focused and our proportionate share of investments is typically about a third when we invest alongside the funds. So for now, we foresee making similar sized investments.

But as you said, we've got a lot of pro forma liquidity, and we've got a lot of flexibility. So if we see something that's really compelling, we could do something larger. But for now, the plan is to continue to invest alongside the fund. Based on the current pipeline, the size of investments that you've been seeing, that's probably reasonable.

Scott Fletcher^ Okay. That's helpful. Maybe one for Mark. On the Clarios side of things, Could you share your priorities or plans for capital allocation? Now that you've sold/monetized an asset and done some M&A, is there more of a focus on investing in the build-out? Or other opportunities for M&A along in your pipeline?

Mark Wallace^ Yes. Scott, nothing has changed in our strategy. So first and foremost, is a continued investment in the underlying business itself and strengthening the balance sheet. And as you can imagine, I talked about some of the new growth areas for the company.

We've always active in the inorganic markets as well and we continue to be quite inquisitive of things that could be accretive to the business longer term. So those would be priorities.

Lastly, as you can imagine, with our free cash flow generation ongoing, we definitely can support more shareholder-friendly activities in the future.

Operator^ Our next question comes from the line of Devin Dodge with BMO Capital Markets.

Devin Dodge^ All right. I'm going to start with a question for Mark. Mark, you highlighted a few new offerings to augment the core low-voltage auto battery business. I'm assuming these aren't overly material today, but just wondering if you could frame how much revenue comes through these other products now. If we dream the dream, what the potential contributions could be over the next, call it, three to five years?

Mark Wallace^ Yes. So in the case in the automotive technology business that I referenced, which is a combination of energy storage devices, supercapacitors, embedded software and electronics, that's what I call our advanced auto technology business and most of that is going to be launching starting in 2028, but the ramp-up will happen around 2030.

When you look at it more from a revenue perspective, we have over $2 billion of backlog just in that space itself. That's all contractual. We have two factories that are being retrofitted as we speak, and those will start, like I said, production in 2028.

When it comes to the, let's call it, the non-automotive space, especially data centers with the acquisition of Maxwell, there's quite a high demand for our supercapacitor systems

for data center utilization. So we're going to be bringing on two new factories over the next 18 months just to support what I call the near-term demand that we're seeing in data centers.

Those two businesses combined, we're expecting our addressable market to grow by 50%. So we definitely see those having a larger impact in our earnings profile and our revenue growth closer to the end of this decade.

Devin Dodge^Okay. That's interesting. Okay. I'm not sure who wants to take this, but it's another one on Clarios. But we've seen financial leverage, I think it's down to the low 4s if you back out the credits, and it should decline further once more credits are received. It just seems that you're likely nearing another decision for how to monetize this business. I was just wondering if you could talk about your exit options that you're considering. You've also owned this business for nearly eight years. I'm not sure if there is need to return capital to Brookfield's private fund investors plays into the exit options being considered.

Anuj Ranjan^ Yes, I'll take that. Look, Clarios is an amazing business. It's highly cash generative and in the future, when we look forward, the potential of that cash flow for BBUC is incredible.

So I'd say just starting with, we're very, very pleased and really excited about what Mark and the team have done and, frankly, what's ahead as in my earlier comments is probably better than what we've seen in the past.

That being said, obviously, we're always open to opportunities to crystallize value and there's a lot of ways that we can look to crystallize value, which could include, of course, selling the business, but it could also include ways to capture some sort of value at the parent with maybe partial sales or other kinds of opportunities without necessarily needing to sell the entire business.

So all of these various, we want to retain optionality. The nice thing is when you got this highly cash-generative business that will pay a very stable and growing dividend over a long time. We have all kinds of alternatives at our disposal. So it frankly will come down to in coming time as to what is the best value that we can achieve compared to the cash yield that we're getting. But again, with that sort of a cash yield, we're not in any hurry.

Devin Dodge^ Okay. Makes sense. Okay. And just one last one. I was going to ask about Nielsen. It's a business we don't talk very much about. Just wanted to know if you could give an update -- a high-level update how the business is performing? And just any color on why Brookfield elected not to participate in the recent acquisition there and what that pro forma ownership will look like?

Jaspreet Dehl^ Yes. I can answer maybe the last part and then hand it over to Adrian to maybe just talk about what we're seeing in the business. So I think you're referencing the DoubleVerify transaction that Nielsen recently announced. So that transaction is primarily debt funded and with a little bit of equity. As you know, we've got a pref investment in Nielsen, a convertible pref.

We're quite excited about the transaction, and we think it will be very accretive to the business and continue to set it up for growth. It will add value to our converted share of the business. The business was able to do that without requiring additional equity from us. I mean, really doesn't impact our overall return profile. So that's the approach that we took on.

Adrian Letts^ To comment on the performance of the business, we're getting through all the large renewals now, and we're seeing upticks in the value of those renewals as we start to include other products and services, particularly around streaming. The Gracenote business is improving. And then if you look into the new products and services that we're launching, we're starting to see strong momentum on that.

So look, overall, we remain very optimistic in terms of the opportunity of the business. I think to Jaspreet's point, the DoubleVerify acquisition really adds to the portfolio of products and services that we can offer to our customers on either side of the marketplace, and it's a business that is performing well.

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

Jaeme Gloyn^ Just a few questions on some of the company performance. First, Sagen, just wanted to get a sense as to the breakdown of what's driving the reserve build this quarter. Is it entirely macro driven? Or is there something you're seeing with either loss curves or just the underlying performance?

Jaspreet Dehl^ Yes. It's Jaspreet. I'll take that. I'd

say overall what you're seeing in the losses is really a normalization towards the long-term, long range. I think we've said this before, but the long-term loss expectations are in that 15% to 25% range, and we're seeing a normalization.

Now since we bought the business in late 2019, going through COVID and the home price appreciation, we've seen abnormally low loss ratios over a large period of time that we've held this business, but our expectation has always been that losses will increase and hit more in that 15% to 25% range. So that's what we're seeing now.

In the quarter, in particular and this year, we've seen continued downward pressure on home prices in Canada. I'd say, as you'd expect, the Ontario, GTA, those markets where we saw a substantial increase in home prices, that's where we've seen the largest correction and I'd say the largest pressure.

So the loss ratios that we're seeing come through, part of it is the actual experience and then part of it is just shoring up reserves as we look forward and we're looking at economic uncertainty, rates went up. So just making sure that we've got that resilience in our reserves given the broader macro.

Jaeme Gloyn^ Yes. Okay. Understood, mostly severity from house price decline. The next one would be CDK and showing in growth in Adjusted EBITDA. Anything to draw out from that quarter's performance? Again, the debt markets are obviously one thing, but the operating performance, the cash flow of the business continues to be positive and to

grow on a year-over-year basis. So maybe just sort of talk through some of the initiatives that are still rolling through there at CDK.

Jaspreet Dehl^ Yes. Maybe I'll just make an opening comment and then hand it over to Adrian to talk about operating performance. I'd say the business had a good quarter this year. We have annual price increases, there's cross-sell and the overall performance has been better. Churn in the business is still elevated, and we are managing through that.

So what I would say is while the business is on the right path, and I'll let Adrian talk to everything that we're doing in the business, one quarter, we shouldn't extrapolate that as the trend. We are proactively working on debt.

The business does generate positive free cash flow. It continues to invest in its modernization efforts. So the cash flow profile of the business is still good. But we are in active dialogue and looking at the debt maturity.

Adrian Letts^ Just to build on operational performance. So Jaspreet commented on this quarter's AdjustedEBITDA. But look, continued cross-selling and upselling initiatives, coupled with the appointment of a new CEO who brings deep operational experience in building and scaling large-scale technology and new products. The business is continuing to focus on executing its technology modernization program. That will also underpin CDK's product capabilities.It also improves customer support and retention, which gives us a really strong basis to drive cross-selling.

And it's important to remember, look, CDK's platform is deeply embedded into customer workflows. It's remains the largest dealer management software provider in North America and has a really strong market position and draws on 40 years of proprietary data, which we think as you go through the ongoing modernization efforts, the business is really well positioned to leverage AI as an opportunity to deliver much more value to customers.

Jaeme Gloyn^ Okay. Then last one, maybe similar to an earlier question. Elections in Brazil, a couple of Brazilian assets. Obviously, the markets maybe not as well received, but anything to draw out from an impact that might affect those businesses on a go-forward basis?

Jaspreet Dehl^ Yes. Look, I'd say our two largest assets in Brazil, BRK Ambiental, our wastewater business and Unidas, which is our fleet management and car rental business. Both of those businesses, operating performance has been very good.

I think we called out that BRK Ambiental had like double-digit Adjusted EBITDA growth. We continue to optimize the operating costs in that business. We recently bid on and acquired a new concession. So we're in the process of rolling that out. So business and operating performance has been excellent.

But for both businesses, as with any business, like extended periods of very high interest rates aren't really constructive. So we have seen high rates in Brazil for a long period of time, which has curtailed capital market activity. The rates have been coming down. I

think the punchline from the elections is that the expectation is still that rates will come down, maybe a little bit of moderation on how quickly they come down.

So I'd say our focus continues to be on operating these businesses well, compounding value and being ready to monetize them when we get the appropriate window.

Operator^ I'm showing no further questions. So with that, I'll hand the call back over to CEO, Anuj Ranjan, for any closing remarks.

Anuj Ranjan^ Thank you all for being here this quarter and look forward to speaking with you again next quarter.

Operator^ Ladies and gentlemen, thank you for participating. This does conclude today's program, and you may now disconnect.