

Letter to Unitholders

Brookfield Business Partners (“BBU”) had a strong start to the year. Each of our business segments performed well in the first quarter and we generated our highest ever quarterly Company EBITDA of \$266 million. During the quarter we progressed the sale of businesses at favorable values and pursued a number of other initiatives to build value in our business. We announced the acquisition of Healthscope, the second largest private healthcare provider in Australia, and in April we closed our largest transaction to date, the acquisition of Clarios Power Solutions (“Clarios”), the leading global supplier of advanced automotive batteries which we acquired from Johnson Controls.

Capital Recycling

During the quarter we progressed three initiatives which will generate approximately \$450 million of cash for BBU in the near term.

In early March we reached an agreement to sell our facilities management company, BGIS, for approximately \$1 billion, which will generate net proceeds of \$180 million for BBU. This business grew to become a global competitor under our ownership and has generated stable cash flows for many years. The company’s consistent performance and growth potential generated strong interest from buyers and created an opportunity for us to monetize our investment at a favorable price. When combined with distributions received, the net proceeds equate to three and a half times our original investment and an IRR of about 45%. We expect to close this transaction in June 2019.

We also reached an agreement to sell our executive relocations business, BGRS, which will generate net proceeds of \$230 million for BBU. BGRS provides comprehensive mobility services to corporate and government clients globally. We have owned this business for many years and have grown it both organically and through bolt-on acquisitions. Relative to our overall operations today, BGRS is one of our smaller businesses and generates modest free cash flow for us so we decided to sell this business and recycle the proceeds into future investments. We expect to close this transaction in the second quarter 2019.

In April we completed our first public market sale of shares in North American Palladium (NAP). We sold approximately 5.7 million shares for \$10 per share for aggregate proceeds of approximately \$55 million (net proceeds to BBU of approximately \$15 million). NAP is a Canadian mining company and the only pure play palladium producer in the world producing approximately 240,000 ounces of palladium per year. We acquired control of the company in 2015 and since then we have successfully sponsored its turnaround by installing a new senior management team, reducing operating costs, increasing palladium production and doubling the company’s ore reserves. The completion of our operational improvements, combined with the continued strength in demand and pricing for palladium, presented an opportunity for us to begin monetizing this investment. At the offering price BBU’s remaining stake in NAP is worth \$120 million and presents a future source of funding for our investment activities.

In addition, we are pursuing initiatives across our business that should further enhance our already strong liquidity position.

Overview of Operational Performance

We reported strong quarterly results with Company FFO for the first quarter 2019 of \$205 million, or \$1.59 per unit. Results from our operations in the quarter benefited from the contribution of new operations acquired over the past year, organic growth and business improvements.

Infrastructure Services

Our Infrastructure Services segment generated Company FFO of \$102 million for the first quarter.

Westinghouse performed strongly and we continue to work closely with management to improve profitability and refocus the core infrastructure services business. These initiatives are resulting in productivity and efficiency gains and we are well advanced toward our profitability targets. In addition, the business had strong performance in its fuel operations, primarily as a result of a seasonal increase in refueling activities at customer operations and the provision of engineering services for new plant operations.

Teekay Offshore, which provides services to the offshore oil production industry, performed well in the first quarter with improved performance in both its FPSO and shuttle tanker segments. Overall higher utilization in the towage operations together with contributions from recent growth projects supported strong performance. Teekay Offshore continues to execute on its plan to generate stable and growing EBITDA from its large and diversified portfolio of specialized vessels and invest in new, state-of-the-art vessels as part of its growth strategy. In early April, Teekay Offshore announced that it had secured long-term debt to finance four new shuttle tankers for delivery in 2019 and 2020. Two of the vessels will commence operations under a long-term agreement and the other two will join the company's shuttle tanker portfolio in the North Sea, driving future cash flow growth.

Industrials

Our industrials segment generated Company FFO of \$81 million for the first quarter.

GrafTech continued to perform well and reported strong results for the quarter. Following our monetization activities last year, BBU's ownership of GrafTech declined to 27% and as a result, our proportionate share of GrafTech's earnings is lower this year. GrafTech progressed debottlenecking initiatives during the quarter which provided additional production capacity at its plants and the company continues to benefit from its multi-year take-or-pay contracts which provide stability of operating results.

North American Palladium reported strong results for the first quarter benefiting from high sales volume and continued strength in the price of palladium backed by strong demand. Palladium prices trended above \$1,500/oz during the quarter, with metals analysts forecasting strong prices through the next three years. The company has also announced an expanded exploration program which should increase reserves and support a higher valuation of the business.

Business Services

Our business services segment generated Company FFO of \$32 million for the first quarter.

Multiplex, our construction services business, reported significantly improved results of \$18 million in Company FFO and our U.K. and Australian construction operations continue to perform well. During the first quarter Multiplex delivered six projects and performed approximately \$1.1 billion of work. Significant contract wins during the quarter included two residential projects, Chelsea Barracks – Phase 4 in the U.K. with approximately \$300 million of work and Junction House in Canada. Our backlog at the end of the first quarter was approximately

\$7.6 billion. Despite Brexit headlines, our U.K. business is experiencing stable bidding activity in London, our primary market, and our U.K. backlog is stable.

Our road fuel distribution and marketing business results for the first quarter were positively impacted by improvements in U.K. biofuel and during the quarter we initiated marine fuel distribution, a new product line which will support additional volumes.

Update on Strategic Initiatives

Clarios Power Solutions (“Clarios”)

At the end of April we closed our acquisition of Clarios, the global leader in automotive battery technology, manufacturing and distribution. The transaction was funded with \$3.0 billion of equity, of which BBU expects its share to be \$750 million for a 25% ownership interest, which will be determined once institutional partner participation is finalized. We were successful in financing \$10.2 billion of the purchase price on very favorable terms given the exceptional strength and stability of the business. We raised this debt at a weighted average cost of 5.9% and with an average term of seven years. There are no financial maintenance covenants and there is no recourse to BBU. We are pleased with this outcome as it provides us with significant flexibility to run the business and execute our plans allowing for substantial free cash flow to be distributed to owners, including BBU.

Clarios is a technology leader and an essential product supplier to an end market that is constantly growing. As a global market leader that supplies more than one third of the world’s automotive batteries, Clarios benefits from economies of scale in product development, manufacturing and recycling of used batteries. Clarios has remarkable stability in earnings as over 75% of sales are driven by inelastic, stable demand for aftermarket battery replacement. As a result, it boasts a decades-long record of consistent growth in EBITDA and unit profitability throughout business cycles.

Over the last 15 years profitability has declined only once, in 2009, and quickly rebounded the following year. The aftermarket nature of the business also provides significant downside protection to our investment as, on average, cars last 15 years and require three battery replacements. It would take a long time to displace or significantly impact cashflows from the business given the current number of automobiles in the various markets that the business services.

We believe that favorable industry trends also provide significant growth potential to the business. First, industry forecasts suggest the total number of cars on the road will grow by 30% globally over the next ten years. Clarios will provide batteries to the manufacturers of these cars, as well as replacement batteries for decades to come. This is true even in a world where there is a higher take up of electric cars, as today every electric or hybrid car also has a traditional 12V battery that performs many of the same functions as it would in an internal combustion engine car. Second, as vehicles are increasing in complexity, the car battery is becoming more critical than ever before to manage the increasing electrical loads in automobiles. This is driving an industry shift toward advanced batteries, where our business is by far the industry leader.

Clarios has long-term relationships with top-tier original equipment manufacturers (OEM's) and auto retailers in more than 150 countries which provides us with a unique advantage in the development and supply of new products and technologies. The company has a history of innovation and has invested in an international network of laboratories with over 300 engineers focused on battery research and development to address our customers’ evolving needs as they design the next generation of vehicles.

Finally, as we do with all our businesses, we have identified opportunities within manufacturing and supply chain processes to further support profitability, and we are working closely with the management team on these and other initiatives to enhance the business.

Healthscope Limited (“Healthscope”)

In January, together with institutional partners, we reached a definitive agreement to acquire up to 100% of Healthscope for up to \$4.1 billion. Healthscope is a market leading business with stable cash flow generation providing infrastructure and critical services through its network of 43 private hospitals across Australia. In addition, Healthscope is the largest pathology services provider in New Zealand. We have constructed hospitals globally for years and therefore had a great advantage in reviewing these operations in a time-consuming take-private situation. The transaction will be funded with up to \$1.0 billion of equity (approximately \$250 million to be funded by BBU), \$1.4 billion of long-term financing and \$1.7 billion from the sale and long-term value leaseback of 22 wholly-owned freehold hospital properties. We have received regulatory approval for our transaction although it is still subject to a shareholder vote. We are targeting a close in the second quarter.

Cardone Industries (“Cardone”)

In April, together with institutional partners, we recapitalized Cardone, the largest privately-held U.S. remanufacturer of automotive aftermarket replacement parts, with additional capital to support near term liquidity requirements in the business. We acquired an 85% controlling interest in Cardone for \$195 million, BBU’s share is a 35% ownership interest in Cardone for an investment of \$80 million (inclusive of the prior investment of \$33 million). Our investment provides the company with the opportunity to broaden its innovation and production capacity, while further strengthening its capital position. We look forward to working with the management team to improve and grow the business.

Teekay Offshore

In April, together with institutional partners, we agreed to acquire all of Teekay Corporation’s remaining interests in Teekay Offshore, increasing our ownership interest to 73% for an equity purchase price of \$100 million. (BBU’s ownership interest in Teekay Offshore will increase to 30% for approximately \$45 million). We expect to close this transaction in the second quarter.

Looking Forward

Our outlook for the year is positive. We believe BBU is well positioned to continue its growth and value creation activities. Our immediate focus is to integrate Clarios and close our announced transactions, including the acquisition of Healthscope, and the sales of BGIS and our relocation services business.

On behalf of everyone at BBU, thank you for your ongoing interest and support.

Sincerely,



Cyrus Madon

Chief Executive Officer

May, 2019

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

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 and its subsidiaries, 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; 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 and hurricanes; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

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 Company FFO. When determining Company FFO, we include our unitholders’ proportionate share of Company FFO for equity accounted investments. Company FFO is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of Company FFO or Funds from Operations used by other entities. We believe that this is a useful supplemental measure that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. Company FFO should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.

References to Brookfield Business Partners are to Brookfield Business Partners L.P. together with its subsidiaries unless the context reflects otherwise. More detailed information on certain references made in this letter to unitholders will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the quarter ended March 31, 2019.