

Letter to Unitholders

Our business performed well in 2020 in the face of a uniquely challenging environment. Company EBITDA increased to \$1.4 billion reflecting the contribution of recently acquired businesses and we generated Company FFO of approximately \$870 million. Despite unprecedented volatility during the year, we made good progress on initiatives to build value, committing approximately \$3.5 billion (BBU's share was \$1.3 billion) in new investments and generating over \$1.1 billion (BBU's share was \$550 million) from monetizations and distributions. We ended the year with \$2.5 billion of liquidity, positioning us well to continue pursuing large scale growth opportunities in 2021.

The strength of our financial performance in 2020 was supported by the exceptional quality of businesses we own and our disciplined approach to risk management. At our largest businesses, revenues were either virtually unaffected by the global economic shutdown or recovered strongly as the year progressed. Given the favorable financing structures we employ, our businesses got through the year with no meaningful capital requirements.

Intrinsic Value

Over the last several years we have built BBU into a global business that is well positioned to manage through difficult economic cycles. We have been deliberate, investing in large scale operations that are market leading providers of essential products and services.

As our business has evolved, we have sold down or fully exited ten businesses over the last five years. These monetizations in total have generated more than \$7 billion of proceeds (approximately \$2.5 billion to BBU) that we have reinvested to fund our growth. As a result, while we own about the same number of companies as we did five years ago, the profile of BBU's businesses is very different. Currently, four companies, Sagen, Westinghouse, Clarios and BRK Ambiental generate over ten times the EBITDA of our largest four companies in 2016 when we created BBU. The substantial majority of BBU now comprises businesses with scale, stable operations and resilient cashflows. The remainder of BBU's value comprises smaller businesses we recently acquired with exciting growth potential, like IndoStar and Ouro Verde, and others we have owned for many years that have become a progressively smaller part of BBU but continue to create value for us.

A consequence of the improved quality of our overall operations has been the enhanced resilience of BBU's intrinsic value. We define the intrinsic value of BBU as the present value of all cash flows our operations will generate in the future. Like most companies around the world, our near-term cash flows were impacted by the economic disruption during 2020 but because of the resilience of our larger businesses, the long-term viability of our cash flows and terminal values has been largely unaffected. As a result, we believe the overall impact of the pandemic-driven economic shutdown to BBU's intrinsic value has been limited.

While the trading price of BBU's units has almost doubled from lows in 2020, the unit price remains below our view of fair value, and we acquired approximately two million units during the year. We plan to continue acquiring units at prices which represent an attractive use of our capital.

More Cash

The stability of our larger businesses should support recurring and increasing distributions of cash to BBU, which we will use to fund growth. Westinghouse, our provider of essential products and services to the nuclear power industry, is one of our largest and most stable businesses. Demand at Westinghouse has been largely unaffected over the last twelve months and we continue advancing initiatives to build value within the business. Since acquiring Westinghouse in 2018, EBITDA has increased from \$440 million to \$650 million in 2020. We hope to improve annual EBITDA by an additional \$150 million over the medium term. The business also continues to generate substantial free cash flow and paid a dividend at year end of \$265 million, of which BBU's share was \$115 million. To date, BBU has received more than \$370 million in distributions from Westinghouse, representing almost all our initial equity investment, which was achieved with no increase to Westinghouse's debt levels. As a consistent and growing cash generator, Westinghouse is increasing the intrinsic value of BBU.

Sagen is also a highly cash generative business. It is the largest private sector residential mortgage insurer in Canada and we acquired a controlling interest in this business at the end of 2019. Sagen has a long track record of generating stable earnings through housing and market cycles as well as strong and steady distributions for shareholders. As we look forward, the strong cash flow profile of the company and opportunities to further optimize its capital structure should support continued distributions to BBU.

Update on Strategic Initiatives

Sagen

In October we entered into an agreement to acquire the 43% publicly held shares of Sagen that we did not already own for approximately book value, or eight-times fully taxed earnings. The transaction is a natural extension of the initial investment we made in 2019 for our 57% controlling interest in the company. We would have liked to acquire full ownership of the business at that time, but the speed and certainty required by the selling shareholder did not allow for us to do so. Privatizing the company will provide us additional opportunities to optimize the capital structure and enhance the long-term cash generation potential of the business. Our offer was accepted by shareholders in December and the transaction remains on track to close in the first half of the year.

Upon closing, BBU's interest in Sagen will increase to approximately 40% and represent one of our largest investments to date. Given exceptionally low interest rates, and strong market appetite for debt of high-quality businesses, it is likely BBU will not need to fund all \$460 million which represents our share of the privatization investment. This will depend on capital market receptivity and our ability to maintain strong credit ratings for the business, which is important to Sagen's customer base.

Everise

In January we closed the acquisition of Everise. Everise is a business process outsourcing company which specializes in managing customer interactions for large global healthcare and technology clients primarily based in the U.S. The types of customer interactions Everise manages are complex and often involve the use of technology specifically designed for a particular client's needs. Everise is an essential service provider to its customer base and has a strong track record of delivering best-in-class service and meaningfully reducing customer costs which results in stable profitability.

Everise has an established management team and we have identified opportunities to continue to grow the business, particularly in the high growth healthcare and technology sectors. BBU funded approximately \$85 million of the \$240 million equity investment for a 35% ownership interest.

Capital Recycling

GrafTech's share price has responded to improving global steel production and strong demand for GrafTech's shares provided us opportunities to advance our ongoing monetization efforts. During and subsequent to the fourth quarter, we sold approximately 45 million GrafTech shares of which approximately 17 million were directly held by BBU. The sales generated approximately \$220 million of proceeds to BBU.

BBU continues to hold a 17% ownership interest in GrafTech and with the increased liquidity of GrafTech shares we will continue exploring opportunities to further reduce our ownership in the business.

The significant decline in the price of public securities early last year created an opportunity to invest approximately \$600 million in the equity of high-quality businesses we know well at meaningful discounts to our view of their intrinsic value. With the recovery in public markets during the second half of the year, the market value of these securities has increased by 150%, representing a total gain and increase to BBU's liquidity of approximately \$300 million.

Overview of Operational Performance

Our Infrastructure Services segment generated Company EBITDA of \$602 million for 2020. Westinghouse 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. Westinghouse's EBITDA improved over 2019 and the business remains on track to achieve its long-term annual EBITDA target.

Altera Infrastructure's contracted revenues remain stable while the business continues to operate in a challenging environment with its oil producing customers deferring many large capital projects. The business contributed higher Company EBITDA in 2020 primarily as a result of BBU's increased ownership.

At BrandSafway, the recovery in activity levels remains uneven due to restrictions at customer sites and delayed project starts. Despite the challenging operating environment, the business is well positioned to capitalize on market consolidation opportunities. In December BrandSafway acquired Big City Access, becoming Texas' largest premier commercial work access provider.

Our Industrials segment generated Company EBITDA of \$604 million for 2020. At Clarios, overall battery volumes for 2020 declined only 4% compared to 2019 as both aftermarket and original equipment volumes recovered strongly in the second half of the year. Facilities across all regions are operational and the company is focused on managing capacity in line with increased demand and order backlogs in the U.S. and Europe. The business continues to advance initiatives to enhance its operations and in October Clarios made an early payment of approximately \$150 million on its term loan to reduce leverage.

GrafTech's full-year performance was impacted by weak global steel markets and continued graphite electrode inventory destocking, resulting in reduced sales volumes and pricing. Despite these challenges, GrafTech generated meaningful cash flow and paid down approximately \$400 million of debt during the year. In December GrafTech issued a \$500 million secured note at favorable terms with proceeds used to repay a portion of its existing term loan.

BRK Ambiental's performance remained resilient throughout 2020 given the essential nature of the water and wastewater services it provides to millions of Brazilians. Continued cost discipline contributed to strong performance and the company's focus on high priority capital projects resulted in 56,000 new customer connections. Following its acquisition of the Maceió concession in September, the company is reviewing additional concession opportunities expected to come to market over the next several years.

Our Business Services segment generated Company EBITDA of \$271 million for 2020. Sagen reported strong full year results that benefited from a resilient Canadian housing market and strong new underwriting activity. The

continued strength in housing prices has contributed to low levels of mortgage defaults and loss ratios. The business is well capitalized and should mortgage defaults increase in the near-term, has sufficient headroom to absorb potential higher losses.

Healthscope's performance in 2020 reflects its critical role as part of Australia's healthcare infrastructure. While results during the year benefited from payments received under state agreements, activity levels have returned to normal following the easing of restrictions on elective surgeries in Australia. Healthscope was contracted by the government to build and operate Northern Beaches Hospital in Sydney, which opened its doors in October 2018. Northern Beaches is licensed as a private hospital with the ability to treat public and private patients and was significantly underperforming when we acquired Healthscope. We have been working to improve capacity utilization of the private portion of the hospital and overall operational discipline which is positively impacting results. During the fourth quarter, Northern Beaches reported record admissions. More broadly, management is refocusing on business improvement initiatives including procurement savings and growth of its mental health and rehabilitation services. In November, Healthscope closed the sale of its pathology business in New Zealand for \$390 million and the proceeds were used to pay down debt.

Liquidity and Capital Position

We ended the year in a strong capital position with \$2.5 billion of corporate liquidity comprising cash, marketable securities, and availability on our credit facilities. We remain confident in our ability to continue generating liquidity within our operations and from the monetization of business interests to support our growth.

Our approach to financial risk management is designed to protect our business in all market environments. We have been mindful to finance each of our businesses with an appropriate level of debt, without recourse to BBU, that can be readily serviced and sustained. We seek to borrow longer dated debt with maturities at least five years out and ideally no financial maintenance covenants.

Outlook

With 2020 finally in the rear-view mirror, we look forward to better days ahead. Global economies are recovering, and while we expect bumps along the way our business has never been better positioned.

Activity levels have picked up globally in private market transactions and we are actively pursuing new investments in high-quality businesses as well as add-on opportunities to grow our existing operations. With our ample liquidity and access to capital in this low interest rate environment we are well positioned to execute on growth opportunities for our business.

On behalf of the BBU management team, we would like to acknowledge the hard work and dedication over the past year of all our employees, including those in our operating companies around the world. It is because of their commitment that we are so well positioned today. We would also like to thank all our unitholders for their ongoing interest and support, especially those who took the time to provide us with suggestions, all of which are welcome.

Sincerely,



Cyrus Madon
Chief Executive Officer
February 5, 2021

Cautionary Statement Regarding Forward-looking Statements and Information

Note: This letter to unitholders contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield Business Partners, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.”

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Business Partners to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; including as a result of the ongoing novel coronavirus pandemic (“COVID-19”); the behavior of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; ability to collect amounts owed; catastrophic events, such as earthquakes; hurricanes and pandemics/epidemics; the possible impact of international conflicts and other developments including terrorist acts and cyber terrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

In addition, our future results may be impacted by the government mandated economic restrictions resulting from the ongoing COVID-19 pandemic and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may negatively impact our revenues, affect our ability to identify and complete future transactions, impact our liquidity position and result in a decrease of cash flows and impairment losses and/or revaluations on our investments and assets, and therefore we may be unable to achieve our expected returns. See “Risks Associated with the COVID-19 Pandemic” in the “Risks and Uncertainties” section included in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 20-F for the year ended December 31, 2020 to be made available.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, Brookfield Business Partners undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding the Use of Non-IFRS Measures

This letter to unitholders contains references to Non-IFRS Measures. When determining Company FFO and Company EBITDA, we include our unitholders’ share of Company FFO and Company EBITDA for equity accounted investments. Company FFO and Company EBITDA are not generally accepted accounting measures under IFRS and therefore may differ from definitions used by other entities. We believe these metrics are useful supplemental measures that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. However, Company FFO and Company EBITDA should not be considered in isolation from, or as substitutes for, analysis of our financial statements prepared in accordance with IFRS.

References to Brookfield Business Partners are to Brookfield Business Partners L.P. together with its subsidiaries, controlled affiliates and operating entities. Brookfield Business Partners’ results include publicly held limited partnership units, redemption-exchange units, general partnership units and special limited partnership units. More detailed information on certain references made in this letter to unitholders will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2020.