

BROOKFIELD BUSINESS PARTNERS L.P.

# Q1 2018 Supplemental — Information

First Quarter March 31, 2018

**Brookfield**

All amounts in this Supplemental Information are in U.S. dollars unless otherwise specified. Unless otherwise indicated, the statistical and financial data in this document is presented as at March 31, 2018.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION**

This Supplemental Information 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 L.P. and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. In some cases, forward-looking statements can be identified by terms 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 L.P. and its subsidiaries 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 exchanges rate; 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 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; changes in tax laws, catastrophic events, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; 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 L.P. 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 USE OF NON-IFRS MEASURES**

This Supplemental Information contains references to Company FFO and Company EBITDA. When determining Company FFO and Company EBITDA, we include our unitholders' proportionate share for equity accounted investments. Our definition of Company FFO and Company EBITDA may differ from definitions of Company FFO, Funds from Operations or Company EBITDA used by other entities. We believe that Company FFO and Company EBITDA are useful supplemental measures that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. Company FFO and Company EBITDA should not be considered as the sole measures 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.



# Overview

---

## Key Performance Metrics

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Net income (loss) attributable to unitholders	\$ 74	\$ 66
Net income (loss) per limited partnership unit <sup>2,3</sup>	(0.53)	0.61
Company EBITDA <sup>1</sup>	191	(7)
Company FFO <sup>1</sup>	138	95
Company FFO per unit <sup>2</sup>	1.07	0.88

## Key Balance Sheet Metrics

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Total assets	\$ 16,394	\$ 15,804
Net debt	2,946	2,159
Equity attributable to others	2,439	3,026
Equity attributable to unitholders	2,686	3,038

## Key Acquisition

Acquired Company	Segment	Invested Capital <sup>4</sup>	Economic Interest	Acquisition Date
GTA Gaming Operations	Business Services	C\$8 million	13%	January 2018

## Financial Performance - Three Months Ended March 31, 2018

- Company EBITDA increased by \$198 million to \$191 million, primarily due to stronger pricing and operational performance at GrafTech, our graphite electrode manufacturing business, improved results from our construction business, and the contributions from our 2017 acquisitions
- Company FFO increased by \$43 million to \$138 million, primarily due to the factors contributing to the increase in Company EBITDA above, partially offset by the net gain of \$82 million to the partnership recognized in the prior period from the sale of our bath and shower manufacturing business
- Net income attributable to unitholders was \$74 million, compared to \$66 million in 2017. The increase in Company FFO was offset by higher depreciation and amortization expenses with the 2017 acquisitions, combined with a higher tax expense at GrafTech
- Net debt was \$2,946 million compared to \$2,159 million at December 31, 2017. The increase is primarily due to the senior secured term loan at GrafTech partially offset by a higher cash balance as at March 31, 2018 compared to December 31, 2017
- Equity attributable to unitholders was \$2,686 million, compared to \$3,038 million at December 31, 2017. The decrease is primarily a result of a \$260 million transition adjustment on the adoption of IFRS 15

- 1) Company EBITDA and Company FFO are non-IFRS measures and are key measures of our financial performance that we use to assess operating results and our business performance. Company EBITDA and Company FFO are presented as a net amount attributable to unitholders. For further information on Company EBITDA and Company FFO, see "Definitions" at the back of the Supplemental and "Use of Non-IFRS Measures" of the 2018 6-K. These terms are consistently used throughout the Supplemental.
- 2) Average number of partnership units outstanding on a fully diluted time weighted average basis, assuming the exchange of redemption exchange units held by Brookfield Asset Management for limited partnership units, for the three months ended March 31, 2018 was 129.3 million (2017: 108.0 million).
- 3) Income (loss) attributed to limited partnership units on a fully diluted basis is reduced by incentive distributions declared to special limited partnership unitholders during the three months ended March 31, 2018.
- 4) Figures are presented as a net amount attributable to Brookfield Business Partners L.P.

## Subsequent Events

- In April, GrafTech completed an initial public offering, including a partial exercise by the underwriters of the over allotment option for approximately 13% of the company at \$15/share, implying an enterprise value for the company of approximately \$7 billion, which compares to an enterprise value at acquisition in June 2015 of \$1.3 billion. The offering generated gross proceeds of \$571 million, or \$197 million to Brookfield Business Partners
- Berkshire Hathaway exercised their option to acquire our 33% ownership interest in Berkshire Hathaway HomeServices (“HomeServices”), for proceeds of approximately \$130 million before tax, which we received in late April
- In May, we increased our revolving unsecured credit facilities by \$325 million to an aggregate of \$575 million, increasing our overall liquidity to \$1.7 billion. The facilities are currently undrawn
- On May 4, 2018, the Board of Directors declared a quarterly distribution in the amount of \$0.0625 per unit, payable on June 29, 2018, to unitholders of record as at the close of business on May 31, 2018

# Statement of Operating Results

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 8,194	\$ 1,934
Direct operating costs	(7,649)	(1,874)
General and administrative expenses	(118)	(62)
Depreciation and amortization expense	(106)	(65)
Interest expense	(86)	(19)
Equity accounted income (loss), net	17	10
Impairment expense, net	—	(7)
Gain on acquisitions/dispositions, net	16	272
Other (expense) income, net	(14)	14
Income (loss) before income tax	\$ 254	\$ 203
Income tax (expense) recovery		
Current	(28)	4
Deferred	(10)	(4)
Net income	\$ 216	\$ 203
<b>Attributable to:</b>		
Limited partners	\$ (35)	\$ 32
Non-controlling interests attributable to:		
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(34)	34
Special Limited Partners	143	—
Interest of others	142	137
Net income	\$ 216	\$ 203

## Financial Performance - Three Months Ended March 31, 2018

- Financial performance for the three months ended March 31, 2018 included results from the following acquisitions completed in Q2-2017 and Q3-2017 and therefore were not reflected in Q1-2017 results:
  - BRK Ambiental acquired in April 2017
  - Greenenergy acquired in May 2017
  - Fuel Marketing Business acquired in July 2017
  - Teekay Offshore acquired in September 2017
- Revenues and Direct operating costs** increased by \$6,260 million and \$5,775 million, respectively, primarily due to the acquisition of Greenenergy, which accounted for approximately 85% of the increase in revenues and approximately 92% of the increase in direct costs. In addition, higher pricing at GrafTech contributed to the increase in revenue during the quarter
- General and administrative expenses** increased by \$56 million compared to the prior period primarily due to the businesses acquired during 2017, which contributed \$39 million to general and administrative expenses in the quarter. In addition, management fees increased due to growth in the partnership's total capitalization
- Depreciation and amortization expense** increased \$41 million with the 2017 acquisitions

# Statement of Operating Results

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 8,194	\$ 1,934
Direct operating costs	(7,649)	(1,874)
General and administrative expenses	(118)	(62)
Depreciation and amortization expense	(106)	(65)
Interest expense	(86)	(19)
Equity accounted income (loss), net	17	10
Impairment expense, net	—	(7)
Gain on acquisitions/dispositions, net	16	272
Other (expense) income, net	(14)	14
Income (loss) before income tax	\$ 254	\$ 203
Income tax (expense) recovery		
Current	(28)	4
Deferred	(10)	(4)
Net income	\$ 216	\$ 203
<b>Attributable to:</b>		
Limited partners	\$ (35)	\$ 32
Non-controlling interests attributable to:		
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(34)	34
Special Limited Partners	143	—
Interest of others	142	137
Net income	\$ 216	\$ 203

## Financial Performance - Three Months Ended March 31, 2018

- **Interest expense** increased by \$67 million due to the consolidation of borrowing costs related to the businesses acquired in 2017. In addition, interest expense increased due to a \$1,150 million increase in borrowings at GrafTech, with the senior secured term loan put in place in February 2018
- **Equity accounted income, net** increased by \$7 million, primarily due to the inclusion of operating results from Teekay Offshore and our gaming facilities, which were acquired in Q3-2017 and Q1-2018, respectively
- **Gain on acquisitions/dispositions, net** decreased by \$256 million. The gain in Q1-2018 consisted primarily of the gain recognized on the sale of a business unit in our infrastructure support products manufacturing operations. The gain in Q1-2017 was primarily from the disposition of our bath and shower products manufacturing business (\$82 million, net gain to partnership)
- **Other expense, net** of \$14 million primarily related to fair value movements on hedges in our corporate segment and Canadian energy operations. In Q1-2017, other income of \$14 million primarily related to net unrealized gains on hedges in our Canadian energy operations
- **Total tax expense** increased by \$38 million, primarily due to the businesses acquired during 2017, combined with higher taxable income

# Statement of Financial Position

Brookfield

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 1,439	\$ 1,106
Financial assets	870	784
Accounts and other receivable, net	4,455	4,362
Inventory and other assets	1,641	1,577
Assets held for sale	188	14
Property, plant and equipment	2,460	2,530
Deferred income tax assets	207	174
Intangible assets	3,059	3,094
Equity accounted investments	530	609
Goodwill	1,545	1,554
<b>Total assets</b>	<b>\$ 16,394</b>	<b>\$ 15,804</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Accounts payable and other	\$ 6,027	\$ 5,638
Liabilities associated with assets held for sale	21	—
Borrowings	4,385	3,265
Deferred income tax liabilities	836	837
<b>Total liabilities</b>	<b>\$ 11,269</b>	<b>\$ 9,740</b>
<b>Equity</b>		
Limited partners	1,406	1,585
Non-controlling interests attributable to: Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,280	1,453
Interest of others	2,439	3,026
<b>Total equity</b>	<b>\$ 5,125</b>	<b>\$ 6,064</b>
<b>Total liabilities and equity</b>	<b>\$ 16,394</b>	<b>\$ 15,804</b>

## Financial Position as at March 31, 2018

- **Cash and cash equivalents** included \$643 million of corporate cash, \$354 million of cash and cash equivalents within our industrial operations, \$222 million at our business services operations, \$200 million at our construction operations, and \$20 million at our energy operations
- **Financial assets** increased by \$86 million primarily due to higher restricted cash from a payment in our construction business and a fair value adjustment on an investment security within our energy segment
- **Accounts and other receivable, net** increased by \$93 million primarily due to higher trades receivables at GrafTech with the increased pricing in this business
- **Assets held for sale** increased by \$174 million, primarily due to the reclassification of our interest in HomeServices and certain assets in our infrastructure support products manufacturing operations to held for sale

# Statement of Financial Position

Brookfield

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 1,439	\$ 1,106
Financial assets	870	784
Accounts and other receivable, net	4,455	4,362
Inventory and other assets	1,641	1,577
Assets held for sale	188	14
Property, plant and equipment	2,460	2,530
Deferred income tax assets	207	174
Intangible assets	3,059	3,094
Equity accounted investments	530	609
Goodwill	1,545	1,554
<b>Total assets</b>	<b>\$ 16,394</b>	<b>\$ 15,804</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Accounts payable and other	\$ 6,027	\$ 5,638
Liabilities associated with assets held for sale	21	—
Borrowings	4,385	3,265
Deferred income tax liabilities	836	837
<b>Total liabilities</b>	<b>\$ 11,269</b>	<b>\$ 9,740</b>
<b>Equity</b>		
Limited partners	1,406	1,585
Non-controlling interests attributable to: Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,280	1,453
Interest of others	2,439	3,026
<b>Total equity</b>	<b>\$ 5,125</b>	<b>\$ 6,064</b>
<b>Total liabilities and equity</b>	<b>\$ 16,394</b>	<b>\$ 15,804</b>

## Financial Position as at March 31, 2018

- **Property, plant and equipment** decreased by \$70 million primarily due to the reclassification of assets in our infrastructure support products manufacturing operations to assets held for sale
- **Deferred income tax assets** increased by \$33 million, primarily due to a transition adjustment recorded during the quarter on the adoption of IFRS 15, primarily related to our construction business
- **Intangible assets** decreased by \$35 million, primarily due to amortization and foreign exchange changes
- **Equity accounted investments** decreased by \$79 million, primarily due to the reclassification of our HomeServices interest to assets held for sale
- **Accounts payable and other** increased by \$389 million, primarily due to higher work in progress liabilities in our construction business
- **Borrowings** increased by \$1,120 million primarily due to the senior secured term loan put in place in February 2018 at GrafTech, partially offset by debt paydowns in other operations

## Units Outstanding

UNITS, unaudited	As at		
	March 31, 2018	December 31, 2017	March 31, 2017
Limited partnership units	66,185,798	66,185,798	51,845,298
Redemption-exchange units	63,095,497	63,095,497	56,150,497
General partnership and special limited partnership units	8	8	8
<b>Total units outstanding</b>	<b>129,281,303</b>	129,281,303	107,995,803

## Reconciliation of Net Income per Unit

US\$, unaudited	Three Months Ended March 31,	
	2018	2017
Net income (loss) per unitholder excluding incentive distribution <sup>1</sup>	\$ 0.57	\$ 0.61
Incentive distribution per unit <sup>1</sup>	(1.10)	—
<b>Net income (loss) attributable to limited partnership unit<sup>1,2</sup></b>	<b>\$ (0.53)</b>	<b>\$ 0.61</b>

## Total Equity

US\$, unaudited	As at	
	March 31, 2018	December 31, 2017
Business Services	\$ 1,006	\$ 1,010
Construction Services	751	959
Industrial Operations	1,713	2,650
Energy	1,194	1,135
Corporate and Other	461	310
<b>Total Equity</b>	<b>\$ 5,125</b>	<b>\$ 6,064</b>

## Incentive Distribution Right ("IDR")

- The Special Limited Partner is entitled to an incentive distribution of 20% based on the volume-weighted average increase in unit price of the partnership's unit over an incentive distribution threshold. The IDR is recorded as a distribution in equity once approved by the partnership's board
- During the first quarter, the volume weighted average price per unit was \$36.72 (exceeding the previous incentive distribution threshold of \$31.19/unit) and the units outstanding at quarter-end were 129 million units, resulting in a \$143 million incentive distribution payable
- Going forward the incentive distribution threshold is \$36.72/unit

1) Average number of partnership units outstanding on a fully diluted time weighted average basis, assuming the exchange of redemption exchange units held by Brookfield Asset Management for limited partnership units, for the three months ended March 31, 2018 was 129.3 million (2017: 108.0 million).

2) Income (loss) attributed to limited partnership units on a fully diluted basis is reduced by incentive distributions declared to special limited partnership unitholders during the three months ended March 31, 2018.



# Operating Segments

---

- Our strategy is to acquire and manage high-quality businesses that benefit from barriers to entry and/or low production costs
- We target long-term growth, either organic growth of our current operations or through acquisitions where our expertise can surface and enhance value
- Our business is principally focused on operations where the broader Brookfield platform provides us with a competitive advantage, and where we are able to leverage the history and pedigree of Brookfield as an owner and operator of real assets

Segment	Description	Notable Subsidiaries	Economic Interest
<b>Business Services</b>	Service businesses in commercial and residential real estate, fuel distribution and marketing and financial advisory	• BGRS	• 100%
		• Real Estate Services	• 33-100% <sup>1</sup>
		• Greenergy	• 14%
		• Fuel Marketing Business	• 26%
		• BGIS	• 26%
		• GTA Gaming Operations	• 13%
<b>Construction Services</b>	Provide construction and related services globally, including design, program management and procurement	• Multiplex	• 100%
<b>Industrial Operations</b>	Industrials including manufacturing, metals and mining and water supply and treatment	• GrafTech International	• 34% <sup>2</sup>
		• BRK Ambiental	• 26%
		• North American Palladium	• 23%
<b>Energy</b>	Oil and gas production, marine energy services, and related businesses	• Ember Resources	• 41%
		• Quadrant Energy	• 9%
		• Teekay Offshore	• 25%

1) 33% ownership interest in Berkshire Hathaway HomeServices was disposed subsequent to March 31, 2018.

2) Diluted subsequent to March 31, 2018 to an approximately 30% economic interest.

# Segmented Financial Information

The following tables present the financial results by operating segment for the three months ended March 31, 2018 and 2017:

For the THREE MONTHS ended MARCH 31, US\$ MILLIONS, unaudited	Business Services		Construction Services		Industrial Operations		Energy		Corporate and Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	\$ 6,304	\$ 616	\$ 1,043	\$ 1,016	\$ 747	\$ 231	\$ 97	\$ 69	\$ 3	\$ 2	\$ 8,194	\$ 1,934
Direct operating costs	(6,214)	(583)	(1,020)	(1,020)	(353)	(219)	(60)	(51)	(2)	(1)	(7,649)	(1,874)
General and administrative expenses	(57)	(23)	(10)	(11)	(30)	(15)	(5)	(4)	(16)	(9)	(118)	(62)
Equity accounted Company EBITDA	8	4	—	—	5	—	46	14	—	—	59	18
Company EBITDA attributable to others	(25)	(14)	—	1	(250)	2	(20)	(12)	—	—	(295)	(23)
<b>Company EBITDA</b>	<b>\$ 16</b>	<b>\$ —</b>	<b>\$ 13</b>	<b>\$ (14)</b>	<b>\$ 119</b>	<b>\$ (1)</b>	<b>\$ 58</b>	<b>\$ 16</b>	<b>\$ (15)</b>	<b>\$ (8)</b>	<b>\$ 191</b>	<b>\$ (7)</b>
Realized disposition gain, net	—	5	—	2	16	229	—	36	—	—	16	272
Interest expense	(19)	(4)	—	—	(59)	(9)	(8)	(6)	—	—	(86)	(19)
Equity accounted current taxes and interest	—	—	—	—	(1)	—	(18)	(1)	—	—	(19)	(1)
Current income taxes	(4)	—	(4)	10	(20)	(8)	—	(1)	—	3	(28)	4
Company FFO attributable to others (net of Company EBITDA attributable to others)	15	3	—	(1)	43	(132)	6	(24)	—	—	64	(154)
<b>Company FFO</b>	<b>\$ 8</b>	<b>\$ 4</b>	<b>\$ 9</b>	<b>\$ (3)</b>	<b>\$ 98</b>	<b>\$ 79</b>	<b>\$ 38</b>	<b>\$ 20</b>	<b>\$ (15)</b>	<b>\$ (5)</b>	<b>\$ 138</b>	<b>\$ 95</b>

The following table presents our proportionate share of our Business Services segment's financial results:

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 1,117	\$ 255
Direct operating costs	(1,082)	(243)
General and administrative expenses	(27)	(16)
Equity accounted Company EBITDA	8	4
<b>Company EBITDA</b>	<b>\$ 16</b>	<b>\$ —</b>
Realized disposition gain, net	—	5
Interest expense	(6)	(2)
Equity accounted current taxes and interest	—	—
Current income taxes	(2)	1
<b>Company FFO</b>	<b>\$ 8</b>	<b>\$ 4</b>

The following table presents select balance sheet information of our Business Services segment on a proportionate basis:

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Cash	\$ 112	\$ 145
Borrowings	443	472
Net debt (cash)	331	327
Equity attributable to unitholders	442	448

## Financial Results - Three Months Ended March 31, 2018

- Revenue and direct operating costs increased by \$862 million and \$839 million, respectively, primarily due to the incremental revenues and direct operating costs related to Greenergy. Included within Greenergy's revenue and direct operating costs are flow through duty amounts, which are recorded gross in both accounts, without impact on business margin. In addition, the acquisition of our fuel marketing business in Q3-2017 contributed to the increase relative to the prior period
- Company EBITDA increased by \$16 million, with the contribution from our fuel marketing business and gaming operations, which were acquired in Q3-2017 and Q1-2018, respectively
- Company FFO increased by \$4 million, due to the same factors mentioned above, partially offset by an increase in interest expense from the inclusion of incremental borrowing costs at Greenergy and our fuel marketing business. Q1-2017 included a one-time gain recorded in our relocation services business from the strategic sale of a portfolio of contracts

The following table presents our proportionate share of our Construction Services segment's financial results:

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 1,043	\$ 1,017
Direct operating costs	(1,020)	(1,020)
General and administrative expenses	(10)	(11)
Equity accounted Company EBITDA	—	—
<b>Company EBITDA</b>	<b>\$ 13</b>	<b>\$ (14)</b>
Realized disposition gain, net	—	—
Interest expense	—	—
Equity accounted current taxes and interest	—	—
Current income taxes	(4)	11
<b>Company FFO</b>	<b>\$ 9</b>	<b>\$ (3)</b>

The following table presents select balance sheet information of our Construction Services segment on a proportionate basis:

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Cash	\$ 200	\$ 246
Borrowings	12	12
Net debt (cash)	(188)	(234)
Equity attributable to unitholders	751	959

## Financial Results - Three Months Ended March 31, 2018

- Revenue increased by \$26 million, while direct operating costs were consistent with prior period, as a result of higher turnover in our Australian operations compared to the prior period, partially offset by lower activity in the Middle East
- Company EBITDA increased by \$27 million primarily due to margin contributions from projects in Australia and Europe. Q1-2017 Company EBITDA was negatively impacted by margin downgrades on three Australian projects
- Company FFO increased by \$12 million due to the same factors mentioned above, partially offset by higher tax expense
- At the end of Q1-2018, our backlog was approximately \$9 billion and during the quarter we secured over \$1 billion of new work
- On January 1, 2018, our construction business adopted IFRS 15 and recorded a transition adjustment of \$253 million, which consisted of a deferral of previously recognized margin, partially offset by taxes

The following table presents our proportionate share of our Industrial Operations segment's financial results:

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 224	\$ 73
Direct operating costs	(98)	(69)
General and administrative expenses	(8)	(5)
Equity accounted Company EBITDA	1	—
<b>Company EBITDA</b>	<b>\$ 119</b>	<b>\$ (1)</b>
Realized disposition gain, net	4	91
Interest expense	(19)	(3)
Equity accounted current taxes and interest	—	—
Current income taxes	(6)	(8)
<b>Company FFO</b>	<b>\$ 98</b>	<b>\$ 79</b>

The following table presents select balance sheet information of our Industrial Operations segment on a proportionate basis:

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Cash	\$ 105	\$ 46
Borrowings	872	407
Net debt (cash)	767	361
Equity attributable to unitholders	342	661

## Financial Results - Three Months Ended March 31, 2018

- Revenue increased by \$151 million, primarily due to increased contributions from GrafTech as a result of stronger pricing and higher volume. Direct operating costs increased by \$29 million, primarily due to the acquisition of BRK Ambiental in April 2017
- Company EBITDA increased by \$120 million, primarily due to stronger pricing and higher volumes at GrafTech and contribution from BRK Ambiental
- Company FFO increased by \$19 million, primarily due to the factors described above, partially offset by lower realized disposition gains. Q1-2017 results included a net gain of \$82 million from the sale of our bath and shower manufacturing business

The following table presents our proportionate share of our Energy segment's financial results:

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 48	\$ 30
Direct operating costs	(29)	(21)
General and administrative expenses	(3)	(2)
Equity accounted Company EBITDA	42	9
<b>Company EBITDA</b>	<b>\$ 58</b>	<b>\$ 16</b>
Realized disposition gain, net	—	8
Interest expense	(3)	(2)
Equity accounted current taxes and interest	(17)	(1)
Current income taxes	—	(1)
<b>Company FFO</b>	<b>\$ 38</b>	<b>\$ 20</b>

The following table presents select balance sheet information of our Energy segment on a proportionate basis:

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Cash	\$ 11	\$ 2
Borrowings	130	153
Net debt (cash)	119	151
Equity attributable to unitholders	690	660

## Financial Results - Three Months Ended March 31, 2018

- Revenue increased by \$18 million, primarily due to the higher activity in our Canadian well-servicing operations as a result of a tuck-in acquisition in 2017 and our increase in ownership in this business. Direct operating costs increased by \$8 million primarily due to increased activity in our Canadian well-servicing operations
- Company EBITDA increased by \$42 million primarily due to the contribution of equity accounted income from the acquisition of Teekay Offshore in September 2017
- Company FFO increased by \$18 million, primarily due to the aforementioned acquisition of Teekay Offshore

The following table presents our proportionate share of our Corporate and Other segment's financial results:

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 3	\$ 2
Direct operating costs	(2)	(1)
General and administrative expenses	(16)	(9)
Equity accounted Company EBITDA	—	—
<b>Company EBITDA</b>	<b>\$ (15)</b>	<b>\$ (8)</b>
Realized disposition gain, net	—	—
Interest expense	—	—
Equity accounted current taxes and interest	—	—
Current income taxes	—	3
<b>Company FFO</b>	<b>\$ (15)</b>	<b>\$ (5)</b>

The following table presents select balance sheet information of our Corporate and Other segment on a proportionate basis:

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Cash	\$ 643	\$ 392
Borrowings	—	—
Net debt (cash)	(643)	(392)
Equity attributable to unitholders	461	310

## Financial Results - Three Months Ended March 31, 2018

- General and administrative expenses are comprised of management fees and corporate expenses, including audit and other expenses. The 2018 management fee was \$13 million compared to \$6 million in the prior year. The increase was due to growth in the partnership's total capitalization relative to the same period in 2016
  - Our base management fee is equal to 0.3125% quarterly (1.25% annually) of the total capitalization, plus recourse debt, net of cash held by corporate entities

# Selected Segmented Financial Information

The following tables present selected income statement and balance sheet information by operating segment on a proportionate basis:

## Statements of Operating Results

US\$ MILLIONS, unaudited	Three Months Ended March 31,	
	2018	2017
Company EBITDA by segment		
Business Services	\$ 16	\$ —
Construction Services	13	(14)
Industrial Operations	119	(1)
Energy	58	16
Corporate and Other	(15)	(8)
<b>Company EBITDA</b>	<b>\$ 191</b>	<b>\$ (7)</b>
Company FFO by segment		
Business Services	\$ 8	\$ 4
Construction Services	9	(3)
Industrial Operations	98	79
Energy	38	20
Corporate and Other	(15)	(5)
<b>Company FFO</b>	<b>\$ 138</b>	<b>\$ 95</b>

## Statements of Financial Position

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Net debt (cash) by segment		
Business Services	\$ 331	\$ 327
Construction Services	(188)	(234)
Industrial Operations	767	361
Energy	119	151
Corporate and Other	(643)	(392)
<b>Net debt (cash)</b>	<b>\$ 386</b>	<b>\$ 213</b>
Equity attributable to unitholders by segment		
Business Services	\$ 442	\$ 448
Construction Services	751	959
Industrial Operations	342	661
Energy	690	660
Corporate and Other	461	310
<b>Equity attributable to unitholders</b>	<b>\$ 2,686</b>	<b>\$ 3,038</b>



# Appendix

---

# Summary of Results by Quarter

Brookfield

The following table presents our results from operations for the eight most recent quarters

US\$ MILLIONS, unaudited	2018		2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenues	\$ 8,194	\$ 8,379	\$ 7,640	\$ 4,870	\$ 1,934	\$ 2,232	\$ 2,043	\$ 2,008	
Direct operating costs	(7,649)	(8,034)	(7,295)	(4,673)	(1,874)	(2,064)	(1,889)	(1,865)	
General and administrative expenses	(118)	(107)	(95)	(76)	(62)	(72)	(70)	(64)	
Depreciation and amortization expense	(106)	(109)	(109)	(88)	(65)	(67)	(71)	(76)	
Interest expense	(86)	(67)	(66)	(50)	(19)	(19)	(24)	(23)	
Equity accounted income, net	17	8	37	14	10	(7)	28	20	
Impairment expense, net	—	(9)	—	(23)	(7)	(155)	—	(106)	
Gain (loss) on acquisitions/dispositions, net	16	—	(14)	9	272	—	29	28	
Other income (expense), net	(14)	(72)	(41)	(9)	14	9	11	(21)	
Income (loss) before income tax	254	(11)	57	(26)	203	(143)	57	(99)	
Income tax (expense) recovery									
Current	(28)	(11)	(19)	(4)	4	(7)	(8)	(7)	
Deferred	(10)	16	6	4	(4)	16	3	15	
Net income (loss)	\$ 216	\$ (6)	\$ 44	\$ (26)	\$ 203	\$ (134)	\$ 52	\$ (91)	
<b>Attributable to:</b>									
Limited Partners	\$ (35)	\$ (79)	\$ (8)	\$ (3)	\$ 32	\$ (5)	\$ 9	\$ (1)	
Brookfield Asset Management Inc.	—	—	—	—	—	—	—	(30)	
Non-controlling interests attributable to:									
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(34)	(83)	(8)	(3)	34	(6)	11	(2)	
Special Limited Partners	143	117	25	—	—	—	—	—	
Interest of others	142	39	35	(20)	137	(123)	32	(58)	
Net income (loss)	\$ 216	\$ (6)	\$ 44	\$ (26)	\$ 203	\$ (134)	\$ 52	\$ (91)	

Revenue and operating costs vary from quarter to quarter primarily due to acquisitions of businesses, fluctuations in foreign exchange rates, business and economic cycles, and weather and seasonality in underlying operations. Broader economic factors and commodity market volatility, in particular, can have a significant impact on a number of our operations, specifically within our energy and industrial operations segment. Our energy operations are also impacted by seasonality, usually generating stronger results in the first and fourth quarters. Net income is impacted by periodic gains and losses on acquisitions, monetization and impairments.

# Reconciliation of Non-IFRS Measures to IFRS Measures

Brookfield

## Reconciliation of Proportionate Operating Results to Consolidated Operating Results

For the THREE MONTHS ended MARCH 31, 2018 US\$ MILLIONS, unaudited	Attributable to unitholders						Total	Attributable to Others	As per IFRS Financials
	Business Services	Construction Services	Industrial Operations	Energy	Corporate and Other				
Revenues	\$ 1,117	\$ 1,043	\$ 224	\$ 48	\$ 3	\$ 2,435	\$ 5,759	\$ 8,194	
Direct operating costs	(1,082)	(1,020)	(98)	(29)	(2)	(2,231)	(5,418)	(7,649)	
General and administrative expenses	(27)	(10)	(8)	(3)	(16)	(64)	(54)	(118)	
Equity accounted Company EBITDA <sup>1</sup>	8	—	1	42	—	51	8	59	
<b>Company EBITDA</b>	<b>\$ 16</b>	<b>\$ 13</b>	<b>\$ 119</b>	<b>\$ 58</b>	<b>\$ (15)</b>	<b>191</b>			
Realized disposition gain (loss), net <sup>2</sup>	—	—	4	—	—	4	12	16	
Interest expense	(6)	—	(19)	(3)	—	(28)	(58)	(86)	
Equity accounted current taxes and interest <sup>1</sup>	—	—	—	(17)	—	(17)	(2)	(19)	
Current income taxes	(2)	(4)	(6)	—	—	(12)	(16)	(28)	
<b>Company FFO</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 98</b>	<b>\$ 38</b>	<b>\$ (15)</b>	<b>138</b>			
Depreciation and amortization expense						(35)	(71)	(106)	
Impairment expense, net						—	—	—	
Other income (expense), net						(6)	(8)	(14)	
Deferred income taxes						(4)	(6)	(10)	
Non-cash items attributable to equity accounted investments <sup>1</sup>						(19)	(4)	(23)	
<b>Net income</b>						<b>\$ 74</b>	<b>\$ 142</b>	<b>216</b>	

1) The sum of these amounts equates to equity accounted income of \$17 million as per IFRS statement of operating results.

2) The sum of these amounts equates to realized disposition gain of \$16 million as per IFRS statement of operating results.

# Reconciliation of Non-IFRS Measures to IFRS Measures

Brookfield

## Reconciliation of Proportionate Operating Results to Consolidated Operating Results

For the THREE MONTHS ended MARCH 31, 2017 US\$ MILLIONS, unaudited	Attributable to unitholders						Total	Attributable to Others	As per IFRS Financials
	Business Services	Construction Services	Industrial Operations	Energy	Corporate and Other				
Revenues	\$ 255	\$ 1,017	\$ 73	\$ 30	\$ 2	\$ 1,377	\$ 557	\$ 1,934	
Direct operating costs	(243)	(1,020)	(69)	(21)	(1)	(1,354)	(520)	(1,874)	
General and administrative expenses	(16)	(11)	(5)	(2)	(9)	(43)	(19)	(62)	
Equity accounted Company EBITDA <sup>1</sup>	4	—	—	9	—	13	5	18	
<b>Company EBITDA</b>	\$ —	\$ (14)	\$ (1)	\$ 16	\$ (8)	\$ (7)			
Realized disposition gain (loss), net <sup>2</sup>	5	—	91	8	—	104	168	272	
Interest expense	(2)	—	(3)	(2)	—	(7)	(12)	(19)	
Equity accounted current taxes and interest <sup>1</sup>	—	—	—	(1)	—	(1)	—	(1)	
Current income taxes	1	11	(8)	(1)	3	6	(2)	4	
<b>Company FFO</b>	\$ 4	\$ (3)	\$ 79	\$ 20	\$ (5)	\$ 95			
Depreciation and amortization expense						(29)	(36)	(65)	
Impairment expense, net						(2)	(5)	(7)	
Realized disposition gain (loss) recorded in prior periods <sup>2</sup>						—	—	—	
Other income (expense), net						11	3	14	
Deferred income taxes						(5)	1	(4)	
Non-cash items attributable to equity accounted investments <sup>1</sup>						(4)	(3)	(7)	
<b>Net income</b>						\$ 66	\$ 137	\$ 203	

1) The sum of these amounts equate to equity accounted loss of \$10 million as per IFRS statement of operating results.

2) The sum of these amounts equate to realized disposition gain of \$272 million as per IFRS statement of operating results.

# Reconciliation of Non-IFRS Measures to IFRS Measures

Brookfield

## Total Equity to Equity Attributable to Unitholders

US\$ MILLIONS, unaudited	As at	
	March 31, 2018	December 31, 2017
Total equity	\$ 5,125	\$ 6,064
Less: Interest of others in operating subsidiaries	2,439	3,026
<b>Equity attributable to unitholders</b>	<b>\$ 2,686</b>	<b>\$ 3,038</b>

## Proportionate Borrowings to Proportionate Net Debt

US\$ MILLIONS, unaudited	As at		As at		As at	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	<b>Borrowings</b>		<b>Cash</b>		<b>Net debt (cash)</b>	
Business Services	\$ 443	\$ 472	\$ 112	\$ 145	\$ 331	\$ 327
Construction Services	12	12	200	246	(188)	(234)
Industrial Operations	872	407	105	46	767	361
Energy	130	153	11	2	119	151
Corporate and Other	—	—	643	392	(643)	(392)
<b>Total</b>	<b>\$ 1,457</b>	<b>\$ 1,044</b>	<b>\$ 1,071</b>	<b>\$ 831</b>	<b>\$ 386</b>	<b>\$ 213</b>

## Proportionate Balance Sheet Items to Consolidated Balance Sheet Items

US\$ MILLIONS, unaudited	Attributable to unitholders							Attributable to Others	As per IFRS Financials
	Business Services	Construction Services	Industrial Operations	Energy	Corporate and Other	Total			
<b>Borrowings</b>									
March 31, 2018	\$ 443	\$ 12	\$ 872	\$ 130	\$ —	\$ 1,457	\$ 2,928	\$ 4,385	
December 31, 2017	472	12	407	153	—	1,044	2,221	3,265	
<b>Cash</b>									
March 31, 2018	\$ 112	\$ 200	\$ 105	\$ 11	\$ 643	\$ 1,071	\$ 368	\$ 1,439	
December 31, 2017	145	246	46	2	392	831	275	1,106	

- Company Funds From Operations (Company FFO), where applicable, is a key measure of our financial performance and we use Company FFO to assess operating results and our business performance. Company FFO is a non-IFRS measure which does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Company FFO is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, non-cash gains or losses and other items. Company FFO is presented net to unitholders. When determining Company FFO, we include our proportionate share of Company FFO of equity accounted investments. For further information on Company FFO see “Use of Non IFRS Measures” of the 2018 6-K
- Company EBITDA, where applicable, is a key measure of our financial performance and we use Company EBITDA to assess operating results and our business performance. Company EBITDA is non-IFRS measure which does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Company FFO is further adjusted as Company EBITDA to exclude the impact of realized disposition gains (losses), interest expense, current income taxes, and realized disposition gain, current income taxes and interest expenses related to equity accounted investments. Company EBITDA is presented net to unitholders. For further information on Company EBITDA see “Use of Non-IFRS Measures” of the 2018 6-K
- Equity accounted Company EBITDA is exclusive of non-cash items, realized disposition gains, current income taxes and interest expenses included within equity accounted income
- Equity attributable to unitholders is exclusive of the equity interest of others in our operating subsidiaries
- Net income (loss) attributable to unitholders is exclusive of the net income (loss) attributable to others in our operating subsidiaries
- Unitholders are defined as limited partnership unitholders, general partnership unitholders, special limited partnership unitholders, and redemption-exchange unitholders
- Net debt is calculated by subtracting cash and cash equivalents from borrowings
- Proportionate share is our economic interest in the financial position and operating results at our subsidiaries, excluding our equity accounted investments