

BROOKFIELD BUSINESS PARTNERS L.P.

# Q3 2017 Supplemental — Information

Third Quarter September 30, 2017

**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 September 30, 2017.

## **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

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## Key Performance Metrics

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
US\$ MILLIONS, unaudited				
Net income (loss) attributable to unitholders <sup>1</sup>	\$ 9	\$ 20	\$ 69	\$ (18)
Company EBITDA <sup>1,2</sup>	85	60	132	177
Company FFO <sup>1,2</sup>	46	50	184	145
Net (loss) income per limited partnership unit <sup>3,4,5</sup>	\$ (0.15)	0.22	\$ 0.40	N/A

## Key Balance Sheet Metrics

	As at	
	September 30, 2017	December 31, 2016
US\$ MILLIONS, unaudited		
Total assets	\$ 15,930	\$ 8,193
Net debt	2,089	501
Equity attributable to unitholders <sup>1</sup>	3,181	2,501

## Units Outstanding

UNITS	As at		
	September 30, 2017	December 31, 2016	September 30, 2016
Limited partnership units	65,185,298	51,845,298	43,845,298
Redemption-exchange units	63,095,497	56,150,497	48,150,497
General partnership and special limited partnership units	8	8	8
Total units outstanding	128,280,803	107,995,803	91,995,803

- 1) Attributable to parent company prior to the spin-off on June 20, 2016 ("Spin-off"), and to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders, and special limited partnership unitholders post Spin-off.
- 2) Company FFO is a non-IFRS measure and 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. When determining Company FFO, we include our proportionate share of Company FFO of equity accounted investment. 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 and Company FFO are presented net to unitholders. For further information on Company FFO and Company EBITDA see "Use of Non-IFRS Measures" on page 5 of the 2016 20-F. These terms are consistently used throughout the Supplemental.
- 3) Comparative figures for the nine months ended September 30, 2016 are not representative of performance, as units were spun out on June 20, 2016.
- 4) 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 and nine months ended September 30, 2017 was 108.9 million and 108.3 million respectively, and for the three months ended September 30, 2016 was 92 million.
- 5) Income (loss) attributed to limited partnership unit on a fully diluted basis is reduced by incentive distributions paid to special limited partnership unitholders during the period.

## Financial Performance - Three Months Ended September 30

- For the three months ended September 30, 2017, Company EBITDA was \$85 million, compared to \$60 million for the three months ended September 30, 2016. The increase was due to:
  - a \$28 million increase in contributions from our industrial operations segment, which benefited from the acquisition of BRK Ambiental, as well as improved performance in our graphite electrode manufacturing business and our palladium mining operation;
  - partially offset by a \$5 million increase in management and corporate expenses.
- Company FFO was \$46 million for the quarter, compared to \$50 million for the three months ended September 30, 2016. The decrease in Company FFO was due to:
  - the \$16 million loss on sale, net of taxes, of an oil and gas producer in Western Canada ("Insignia Energy") in our energy segment this quarter;
  - partially offset by the increase in contributions from our industrial operations as discussed above.
- Net income attributable to unitholders for the three months ended September 30, 2017 was \$9 million, compared to net income of \$20 million for the same period in 2016.

## Financial Performance - Nine Months Ended September 30

- For the nine months ended September 30, 2017, our Company EBITDA was \$132 million, a decrease of \$45 million, compared to the same period last year. The decrease was due to:
  - lower results in our construction services and higher management and corporate expenses;
  - lower equity accounted income primarily resulting from the reorganization of the ownership group and a partial sell down of our Western Australian energy operations;
  - partially offset by an increased contribution from our industrial operations segment.
- Our Company FFO for the nine months ended September 30, 2017, was \$184 million, compared to \$145 million for the nine months ended September 30, 2016. Company FFO was positively impacted by a \$92 million net gain before taxes realized on the sale of our bath and shower products manufacturing operation in the first quarter of 2017 offset by the net loss on the sale of Insignia Energy in our energy segment during the third quarter.
- Net income for the nine months ended September 30, 2017, was \$69 million, compared to a net loss of \$18 million for the nine months ended September 30, 2016. The increase in net income, in addition to the factors noted above, was due to the prior period including a \$39 million impairment expense attributable to unitholders within our industrial operations segment.

## Financial Position

- Total assets and net debt increased by \$7,737 million and \$1,588 million, respectively, primarily due to the acquisitions completed during 2017.

## Business Development

- Completed the following transactions during the third quarter of 2017 along with institutional partners:
  - Closed the acquisition of the 213 gas stations and associated convenience kiosks in our business services segment for approximately \$423 million on July 17, 2017 ("fuel marketing business"). The share of the equity investment attributable to unitholders was approximately \$43 million for a 26% ownership interest in the business.
  - Closed the acquisition of a 60% limited partnership interest in Teekay Offshore Partners L.P. ("Teekay Offshore") on September 25, 2017 ("marine energy services business"). The share of the equity investment attributable to unitholders was \$317 million for a 25% ownership interest in the business, participation in a loan, warrants, and ownership share of the General Partner of Teekay Offshore.
- Completed the following transactions during the second quarter of 2017 along with institutional partners:
  - Acquisition of a 70% controlling stake in a Brazilian waste water and industrial water treatment business in our industrial operations segment ("BRK Ambiental").
  - Acquisition of approximately an 85% controlling stake in a road fuel storage and distribution operation in our business services segment ("Greenenergy").

## Subsequent Events

- The Board of Directors declared a quarterly distribution in the amount of \$0.0625 per unit, payable on December 29, 2017, to unitholders of record as at the close of business on November 30, 2017.
- The Board of Directors approved a \$69 million incentive distribution payment to Brookfield, payable on December 29, 2017, based on the volume weighted average price of \$29.34 (exceeding the previous incentive distribution threshold of \$26.17/unit) and the time weighted average of 108.9 million units outstanding for the quarter. Going forward the incentive distribution threshold is \$29.34/unit.

# Statement of Operating Results

US\$ MILLIONS, unaudited	Three Months Ended September 30,	
	2017	2016
Revenues	\$ 7,640	\$ 2,043
Direct operating costs	(7,295)	(1,889)
General and administrative expenses	(95)	(70)
Depreciation and amortization expense	(109)	(71)
Interest expense	(66)	(24)
Equity accounted income, net	37	28
Gain (loss) on acquisitions/dispositions, net	(14)	29
Other income (expense), net	(41)	11
Income (loss) before income tax	57	57
Income tax (expense) recovery		
Current	(19)	(8)
Deferred	6	3
Net income (loss)	\$ 44	\$ 52
<b>Attributable to:</b>		
Limited partners	\$ (8)	\$ 9
Brookfield Asset Management Inc.	—	—
Non-controlling interests attributable to:		
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(8)	11
Special Limited Partners	25	—
Interest of others	35	32
	\$ 44	\$ 52

**Revenues and Direct operating costs** – Increase of \$5,597 million and \$5,406 million, respectively, compared to the prior period, are primarily due to the acquisition of Greenergy, which contributed approximately \$4,984 million to the increase of revenues and \$4,920 million to the increase of direct costs for the three months ended September 30, 2017. Included in the revenue and direct operating costs for Greenergy are flow through duty amounts, which are recorded gross within revenues and direct costs, without impact on the margin generated by the business.

**General and administrative expenses** – Increase of \$25 million compared to the prior period due to the acquisitions during the year, which contributed \$30 million to general and administrative expenses in the current quarter slightly offset by the sale of our bath and shower products manufacturing business in January 2017.

**Depreciation and amortization expense** – Increase of \$38 million primarily due to the acquisition of BRK Ambiental and Greenergy during the second quarter of 2017, as well as the acquisition of our fuel marketing business during the third quarter of 2017.

**Interest expense** – Increase of \$42 million with the inclusion of borrowing costs related to the acquisitions in 2017.

**Equity accounted income, net** – Increase of \$9 million compared to the prior period, primarily due to our Western Australian energy operation recognizing a revaluation gain on the step up of an investment from a joint venture to a consolidated entity.

# Statement of Operating Results

US\$ MILLIONS, unaudited	Three Months Ended September 30,	
	2017	2016
Revenues	\$ 7,640	\$ 2,043
Direct operating costs	(7,295)	(1,889)
General and administrative expenses	(95)	(70)
Depreciation and amortization expense	(109)	(71)
Interest expense	(66)	(24)
Equity accounted income, net	37	28
Gain (loss) on acquisitions/dispositions, net	(14)	29
Other income (expense), net	(41)	11
Income (loss) before income tax	57	57
Income tax (expense) recovery		
Current	(19)	(8)
Deferred	6	3
Net income (loss)	\$ 44	\$ 52
<b>Attributable to:</b>		
Limited partners	\$ (8)	\$ 9
Brookfield Asset Management Inc.	—	—
Non-controlling interests attributable to:		
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(8)	11
Special Limited Partners	25	—
Interest of others	35	32
	\$ 44	\$ 52

**Gain on acquisitions/dispositions, net** – Net loss on dispositions of \$14 million for the three months ended September 30, 2017 was primarily related to a loss on the sale of Insignia Energy in our energy segment, partially offset by a realized gain on an investment security in our business services segment during the current quarter.

**Other (expense) income, net** – Other expense of \$41 million for the three months ended September 30, 2017, primarily related to unrealized fair value adjustments on financial instruments in our industrial operations, business services, and corporate segments. For the three months ended September 30, 2016, other income of \$11 million primarily related to an unrealized gain on a hedge position in our Canadian energy operations.

**Tax** – Tax expense for three months ended September 30, 2017 increased by \$8 million compared to the prior period, which was primarily attributable to higher taxable income for the three months ended September 30, 2017 attracted a higher tax expense when compared to the taxable income of the same period in the prior year.

**Incentive distribution right (IDR)** – The Special Limited Partner is entitled to an incentive distribution of 20% based on the increase in unit price of the partnership's unit over an initial threshold based on the volume-weighted average price of \$25/unit. A distribution of \$25 million was paid during the third quarter related to an increase of \$1.17/unit between April 1, 2017 and June 30, 2017. The amount is recorded as a distribution in equity once approved by the partnership's board.

# Statement of Financial Position

Brookfield

US\$ MILLIONS, unaudited	As at	
	Sep 30, 2017	Dec 31, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,573	\$ 1,050
Financial assets	680	539
Accounts and other receivable, net	4,057	1,797
Inventory and other assets	1,504	647
Assets held for sale	17	264
Property, plant and equipment	2,569	2,096
Deferred income tax assets	175	111
Intangible assets	3,202	371
Equity accounted investments	626	166
Goodwill	1,527	1,152
<b>Total assets</b>	<b>\$ 15,930</b>	<b>\$ 8,193</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Accounts payable and other	\$ 5,344	\$ 2,457
Liabilities associated with assets held for sale	13	66
Borrowings	3,662	1,551
Deferred income tax liabilities	880	81
<b>Total liabilities</b>	<b>9,899</b>	<b>4,155</b>
<b>Equity</b>		
Limited partners	1,641	1,206
Non-controlling interests attributable to: Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,540	1,295
Interest of others	2,850	1,537
<b>Total equity</b>	<b>6,031</b>	<b>4,038</b>
<b>Total liabilities and equity</b>	<b>\$ 15,930</b>	<b>\$ 8,193</b>

**Cash and cash equivalents** – Cash and cash equivalents included \$604 million of corporate cash available for general corporate purposes and to fund growth opportunities. In addition, the September 30, 2017 balance included \$226 million of cash and cash equivalents within our industrial operations, \$334 million at our construction operations, \$399 million at our business services operations, and \$10 million at our energy operations.

**Accounts and other receivable, net** – The \$2,260 million increase relative to December 31, 2016, was primarily related to the acquisition of Greenergy and BRK Ambiental during the second quarter of 2017, as well as increased activity in our construction services operation.

**Inventory and other assets** – Increase of \$857 million, primarily related to the acquisition of Greenergy, which contributed \$781 million to the balance as at September 30, 2017. The Greenergy inventory and other assets balance included fuel inventories and Renewable Transport Fuel Obligation (RTFO) certificates. RTFO's are generated on blending of biofuel into the fuel Greenergy supplies, and these certificates can be sold to other oil companies.

**Assets held for sale** – The balance decreased compared to December 31, 2016 primarily due to the disposition of our bath and shower products manufacturing operation in the first quarter of 2017. The balance as at September 30, 2017, was comprised of certain non-core operations within our graphite electrode manufacturing business.

**Property, plant and equipment** – The \$473 million increase was primarily related to the acquisitions within our business services and industrial operations segments since December 31, 2016.

# Statement of Financial Position

Brookfield

US\$ MILLIONS, unaudited	As at	
	Sep 30, 2017	Dec 31, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,573	\$ 1,050
Financial assets	680	539
Accounts and other receivable, net	4,057	1,797
Inventory and other assets	1,504	647
Assets held for sale	17	264
Property, plant and equipment	2,569	2,096
Deferred income tax assets	175	111
Intangible assets	3,202	371
Equity accounted investments	626	166
Goodwill	1,527	1,152
<b>Total assets</b>	<b>\$ 15,930</b>	<b>\$ 8,193</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Accounts payable and other	\$ 5,344	\$ 2,457
Liabilities associated with assets held for sale	13	66
Borrowings	3,662	1,551
Deferred income tax liabilities	880	81
<b>Total liabilities</b>	<b>9,899</b>	<b>4,155</b>
<b>Equity</b>		
Limited partners	1,641	1,206
Non-controlling interests attributable to: Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,540	1,295
Interest of others	2,850	1,537
<b>Total equity</b>	<b>6,031</b>	<b>4,038</b>
<b>Total liabilities and equity</b>	<b>\$ 15,930</b>	<b>\$ 8,193</b>

**Intangible assets** – Increased by \$2,831 million when compared to December 31, 2016, due to the acquisitions of BRK Ambiental, which on September 30, 2017, had \$2,472 million of intangible assets, primarily related to concession agreements; Greenergy, where intangible assets are primarily comprised of customer relationships and technology; and our fuel marketing business, where intangible assets are primarily related to a points loyalty program.

**Equity accounted investments** – The increase in the balance compared to December 31, 2016 of \$460 million, was primarily due to the acquisition of our marine energy services business during the third quarter of 2017, as well as the acquisitions within our business services and industrial operations segments during the second quarter of 2017.

**Deferred income tax assets and liabilities** – The increases of \$64 million and \$799 million in deferred income tax assets and liabilities, respectively, when compared to December 31, 2016, were primarily due to the two acquisitions within our business services and industrial operations segments during the second quarter of 2017.

**Accounts payable and other** – The increase, when compared to December 31, 2016, was primarily related to the acquisitions of BRK Ambiental, Greenergy, and our fuel marketing business, as well as increased activity in our construction services operations. The Greenergy accounts payable balance included flow through taxes and duties payable to the government.

**Borrowings** – The increase was mainly due to the two acquisitions within our business services segment as well as the acquisition within our industrial operations segment, offset by the repayment of a portion of financing in our industrial operations and energy segments with proceeds generated on the disposition of investments securities during 2017.



## Operating Segments

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

US\$ MILLIONS, unaudited	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 1,237	\$ 1,120	\$ 3,378	\$ 3,127
Direct operating costs	(1,206)	(1,089)	(3,330)	(3,027)
General and administrative expenses	(11)	(12)	(33)	(32)
Equity accounted Company EBITDA	—	1	—	1
Company EBITDA attributable to others	—	—	1	—
<b>Company EBITDA</b>	<b>20</b>	<b>20</b>	<b>16</b>	<b>69</b>
Realized disposition gain, net	—	—	2	—
Interest expense	—	—	—	(1)
Current income taxes	(3)	(4)	9	(5)
Company FFO attributable to others (net of Company EBITDA attributable to others)	—	—	(1)	—
<b>Company FFO</b>	<b>\$ 17</b>	<b>\$ 16</b>	<b>\$ 26</b>	<b>\$ 63</b>

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Total assets	\$ 2,778	\$ 2,275
Net debt	(325)	(162)
Equity attributable to unitholders	1,009	877

## Financial Results

- Revenue from our construction services segment, for the three months ended September 30, 2017, was \$1,237 million, representing an increase of \$117 million compared to the same period in 2016 primarily due to improved results in our Australian and U.K. operations, partially offset by lower activity in the Middle East.
- Company EBITDA, for the three months ended September 30, 2017, was \$20 million, which is in line with the same period in 2016.
- Company FFO increased by \$1 million from \$16 million in the prior period to \$17 million for the three months ended September 30, 2017.
- Total assets increased by \$503 million primarily due to higher receivables as a result of increased activity in Australia and the U.K.
- Net debt decreased by \$163 million and is composed of \$9 million of borrowings and \$334 million of cash as at September 30, 2017.

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

US\$ MILLIONS, unaudited	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 5,833	\$ 509	\$ 9,722	\$ 1,442
Direct operating costs	(5,703)	(457)	(9,493)	(1,304)
General and administrative expenses	(39)	(26)	(92)	(76)
Equity accounted Company EBITDA	8	8	23	18
Company EBITDA attributable to others	(72)	(11)	(112)	(31)
<b>Company EBITDA</b>	<b>27</b>	<b>23</b>	<b>48</b>	<b>49</b>
Realized disposition gain, net	11	—	17	—
Interest expense	(15)	(4)	(28)	(11)
Current income taxes	(12)	(3)	(16)	(9)
Company FFO attributable to others (net of Company EBITDA attributable to others)	12	2	23	6
<b>Company FFO</b>	<b>\$ 23</b>	<b>\$ 18</b>	<b>\$ 44</b>	<b>\$ 35</b>

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Total assets	\$ 4,881	\$ 1,690
Net debt	1,039	235
Equity attributable to unitholders	371	357

## Financial Results

- Revenue and direct operating costs from our business services segment increased by \$5,324 million and \$5,246 million, respectively, for the three months ended September 30, 2017. \$4,984 million of the increase in revenues and \$4,920 million of the increase in direct operating costs is related to the acquisition of Greenergy. Included in the revenue and direct operating costs for Greenergy are flow through duty amounts, which are recorded gross within revenues and direct costs, without impact on the margin generated by the business. In addition, the acquisition of a fuel marketing business in July 2017 also contributed to the increase in revenue and direct operating costs.
- Company EBITDA was \$4 million higher for the three months ended September 30, 2017 compared to the same period in the prior year, primarily due to contributions from the acquisition of Greenergy in the second quarter of 2017 and our fuel marketing business in the third quarter of 2017. The increase was partially offset by a lower contribution from our financial advisory service business.
- Company FFO of \$23 million for the quarter was \$5 million higher than Company FFO for the three months ended September 30, 2016, due to the aforementioned acquisitions and contributions from the sale of an investment security during the quarter, partially offset by lower contributions from our financial advisory service business.
- Total assets and net debt increased by \$3,191 million and \$804 million, respectively due to the acquisitions of Greenergy and our fuel marketing business. Net debt is composed of \$399 million of cash and \$1,438 million of borrowings at September 30, 2017.

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

US\$ MILLIONS, unaudited	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 66	\$ 68	\$ 199	\$ 197
Direct operating costs	(50)	(43)	(146)	(130)
General and administrative expenses	(4)	(4)	(12)	(12)
Equity accounted Company EBITDA	14	34	40	132
Company EBITDA attributable to others	(12)	(39)	(36)	(132)
<b>Company EBITDA</b>	<b>14</b>	<b>16</b>	<b>45</b>	<b>55</b>
Realized disposition gain, net	(48)	5	(12)	24
Interest expense	(7)	(9)	(20)	(24)
Equity accounted current taxes and interest	(2)	(4)	(4)	(15)
Current income taxes	2	—	1	(1)
Company FFO attributable to others (net of Company EBITDA attributable to others)	36	4	16	8
<b>Company FFO</b>	<b>\$ (5)</b>	<b>\$ 12</b>	<b>\$ 26</b>	<b>\$ 47</b>

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Total assets	\$ 1,723	\$ 1,596
Net debt	433	515
Equity attributable to unitholders	582	344

## Financial Results

- Revenue from our energy segment for the three months ended September 30, 2017 was \$66 million, representing a decrease of \$2 million compared to the same period in 2016.
- Company EBITDA was \$2 million lower for the three months ended September 30, 2017, compared to the prior period as higher contributions from the Western Canada natural gas operations, resulting from higher realized prices, were offset by lower equity accounted Company EBITDA. The reduction in equity accounted Company EBITDA, compared to the prior year, was due primarily to the reorganization of the ownership group of our Western Australian operations in the latter half of 2016.
- Company FFO was negative \$5 million for the three months ended September 30, 2017, compared to \$12 million in the prior period. The decrease in Company FFO is primarily due to a loss on the sale of Insignia Energy. The net loss attributable to unitholders on the sale was \$16 million, net of taxes.
- Total assets increased by \$127 million when compared to December 31, 2016, primarily due to the acquisition of interests in our marine energy services business on September 25, 2017.
- Net debt at September 30, 2017 is comprised of \$10 million of cash and \$443 million of borrowings. The decrease in net debt of \$82 million when compared to December 31, 2016, is primarily due to proceeds from the disposition of investment securities being used to pay down debt during the first half of 2017.

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

US\$ MILLIONS, unaudited	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 503	\$ 346	\$ 1,140	\$ 962
Direct operating costs	(335)	(300)	(870)	(861)
General and administrative expenses	(29)	(21)	(66)	(69)
Equity accounted Company EBITDA	—	—	1	—
Company EBITDA attributable to others	(103)	(17)	(154)	(20)
<b>Company EBITDA</b>	<b>36</b>	<b>8</b>	<b>51</b>	<b>12</b>
Realized disposition gain, net	—	24	237	33
Interest expense	(44)	(11)	(87)	(35)
Current income taxes	(7)	(1)	(20)	(3)
Company FFO attributable to others (net of Company EBITDA attributable to others)	37	(9)	(72)	1
<b>Company FFO</b>	<b>\$ 22</b>	<b>\$ 11</b>	<b>\$ 109</b>	<b>\$ 8</b>

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Total assets	\$ 5,944	\$ 2,047
Net debt	1,546	486
Equity attributable to unitholders	653	372

## Financial Results

- Revenue from our industrial operations segment for the three months ended September 30, 2017 was \$503 million, representing an increase of \$157 million, compared to the same period in 2016. The increase was due to the acquisition of BRK Ambiental in the second quarter of 2017 and increased contributions as a result of improved performance from our palladium mining and graphite electrode operations; partially offset by the sale of our bath and shower products manufacturing business.
- Company EBITDA was \$28 million higher for the three months ended September 30, 2017, compared to the prior period. The increase in Company EBITDA was primarily due to the contribution from BRK Ambiental. In addition, improved performance at our graphite electrode manufacturing operation, and increased sales volume and pricing at our palladium mining operations contributed to the higher Company EBITDA.
- Company FFO increased to \$22 million for the three months ended September 30, 2017, from \$11 million in the prior period. Interest expense increased by \$33 million, primarily due to the acquisition of BRK Ambiental.
- Total assets and net debt increased by \$3,897 million and \$1,060 million, respectively, mainly due to the acquisition of BRK Ambiental during the second quarter of 2017. Net debt as at September 30, 2017 was comprised of \$226 million of cash and \$1,772 million of borrowings.

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

US\$ MILLIONS, unaudited	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 1	\$ —	\$ 5	\$ —
Direct operating costs	(1)	—	(3)	—
General and administrative expenses	(12)	(7)	(30)	(8)
Equity accounted Company EBITDA	—	—	—	—
Company EBITDA attributable to others	—	—	—	—
<b>Company EBITDA</b>	<b>(12)</b>	<b>(7)</b>	<b>(28)</b>	<b>(8)</b>
Current income taxes	1	—	7	—
<b>Company FFO</b>	<b>\$ (11)</b>	<b>\$ (7)</b>	<b>\$ (21)</b>	<b>(8)</b>

As at

US\$ MILLIONS, unaudited	September 30, 2017	December 31, 2016
Total assets	\$ 604	\$ 585
Net debt	(604)	(573)
Equity attributable to unitholders	566	551

## Financial Results

- General and administrative expenses for the three months ended September 30, 2017, included management fees and corporate expenses, including audit and other expenses.
  - Our base management fee is equal to 0.3125% quarterly (1.25% annually) of our market value, plus third party recourse debt (debt with recourse to Brookfield Business Partners), net of cash held by corporate entities.
- Total assets primarily include cash at the corporate level. These funds will be used for general corporate purposes and to fund future growth opportunities.
- Net debt is comprised of \$604 million of cash at September 30, 2017.



# Appendix

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# Summary of Results by Quarter

Brookfield

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

US\$ MILLIONS, unaudited	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	\$ 7,640	\$ 4,870	\$ 1,934	\$ 2,232	\$ 2,043	\$ 2,008	\$ 1,677	\$ 2,087
Direct operating costs	(7,295)	(4,673)	(1,874)	(2,064)	(1,889)	(1,865)	(1,569)	(1,909)
General and administrative expenses	(95)	(76)	(62)	(72)	(70)	(64)	(62)	(68)
Depreciation and amortization expense	(109)	(88)	(65)	(67)	(71)	(76)	(72)	(70)
Interest expense	(66)	(50)	(19)	(19)	(24)	(23)	(24)	(29)
Equity accounted income, net	37	14	10	(7)	28	20	27	(35)
Impairment expense, net	—	(23)	(7)	(155)	—	(106)	—	(7)
Gain (loss) on acquisitions/dispositions, net	(14)	9	272	—	29	28	—	—
Other income (expense), net	(41)	(9)	14	9	11	(21)	(10)	21
Income (loss) before income tax	57	(26)	203	(143)	57	(99)	(33)	(10)
Income tax (expense) recovery								
Current	(19)	(4)	4	(7)	(8)	(7)	(3)	(17)
Deferred	6	4	(4)	16	3	15	7	(14)
Net (loss) income	\$ 44	\$ (26)	\$ 203	\$ (134)	\$ 52	\$ (91)	\$ (29)	\$ (41)
<b>Attributable to:</b>								
Limited Partners	\$ (8)	\$ (3)	\$ 32	\$ (5)	\$ 9	\$ (1)	\$ —	\$ —
Brookfield Asset Management Inc.	—	—	—	—	—	(30)	(5)	2
Non-controlling interests attributable to:								
Redemption-Exchange Units held by Brookfield Asset Management Inc.	(8)	(3)	34	(6)	11	(2)	—	—
Special Limited Partners	25	—	—	—	—	—	—	—
Interest of others	35	(20)	137	(123)	32	(58)	(24)	(43)
	\$ 44	\$ (26)	\$ 203	\$ (134)	\$ 52	\$ (91)	\$ (29)	\$ (41)

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. Seasonality primarily affects our construction operations and some of our business services, which typically have stronger performance in the latter half of the year. 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 Segmented Company EBITDA and Company FFO to Net Income

For the THREE MONTHS ended SEPTEMBER 30, 2017 US\$ MILLIONS, unaudited	Construction Services	Business Services	Energy	Industrial Operations	Corporate and Other	As per IFRS Financials
Revenues	\$ 1,237	\$ 5,833	\$ 66	\$ 503	\$ 1	7,640
Direct operating costs	(1,206)	(5,703)	(50)	(335)	(1)	(7,295)
General and administrative expenses	(11)	(39)	(4)	(29)	(12)	(95)
Equity accounted Company EBITDA <sup>1</sup>	—	8	14	—	—	22
Company EBITDA attributable to others <sup>2</sup>	—	(72)	(12)	(103)	—	(187)
<b>Company EBITDA</b>	<b>20</b>	<b>27</b>	<b>14</b>	<b>36</b>	<b>(12)</b>	<b>85</b>
Realized disposition gain (loss), net <sup>4</sup>	—	11	(48)	—	—	(37)
Interest expense	—	(15)	(7)	(44)	—	(66)
Equity accounted current taxes and interest <sup>1</sup>	—	—	(2)	—	—	(2)
Current income taxes	(3)	(12)	2	(7)	1	(19)
Company FFO attributable to others <sup>2</sup>	—	12	36	37	—	85
<b>Company FFO<sup>3</sup></b>	<b>17</b>	<b>23</b>	<b>(5)</b>	<b>22</b>	<b>(11)</b>	<b>46</b>
Depreciation and amortization expense						(109)
Impairment expense, net						—
Realized disposition gain (loss) recorded in prior periods <sup>4</sup>						23
Other income (expense), net						(41)
Deferred income taxes						6
Non-cash items attributable to equity accounted investments <sup>1</sup>						17
Non-cash items attributable to others <sup>2</sup>						67
<b>Net income attributable to unitholders<sup>3</sup></b>					<b>\$</b>	<b>9</b>

1) The sum of these amounts equate to equity accounted income of \$37 million as per IFRS statement of operating results

2) Total cash and non-cash items attributable to the interest of others equals a net gain of \$35 million as per IFRS statement of operating results

3) Attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders, special limited partnership unitholders and to parent company prior to the Spin-off

4) The sum of these amounts equates to realized disposition loss of \$14 million as per IFRS statement of operating results

# Reconciliation of Non-IFRS Measures to IFRS Measures

## Reconciliation of Segmented Company EBITDA and Company FFO to Net Income

For the NINE MONTHS ended SEPTEMBER 30, 2017 US\$ MILLIONS, unaudited	Construction Services	Business Services	Energy	Industrial Operations	Corporate and Other	As per IFRS Financials
Revenues	\$ 3,378	\$ 9,722	\$ 199	\$ 1,140	\$ 5	14,444
Direct operating costs	(3,330)	(9,493)	(146)	(870)	(3)	(13,842)
General and administrative expenses	(33)	(92)	(12)	(66)	(30)	(233)
Equity accounted Company EBITDA <sup>1</sup>	—	23	40	1	—	64
Company EBITDA attributable to others <sup>2</sup>	1	(112)	(36)	(154)	—	(301)
<b>Company EBITDA</b>	<b>16</b>	<b>48</b>	<b>45</b>	<b>51</b>	<b>(28)</b>	<b>132</b>
Realized disposition gain (loss), net <sup>4</sup>	2	17	(12)	237	—	244
Interest expense	—	(28)	(20)	(87)	—	(135)
Equity accounted current taxes and interest <sup>1</sup>	—	—	(4)	—	—	(4)
Current income taxes	9	(16)	1	(20)	7	(19)
Company FFO attributable to others <sup>2</sup>	(1)	23	16	(72)	—	(34)
<b>Company FFO<sup>3</sup></b>	<b>26</b>	<b>44</b>	<b>26</b>	<b>109</b>	<b>(21)</b>	<b>184</b>
Depreciation and amortization expense						(262)
Impairment expense, net						(30)
Realized disposition gain (loss) recorded in prior periods <sup>4</sup>						23
Other income (expense), net						(36)
Deferred income taxes						6
Non-cash items attributable to equity accounted investments <sup>1</sup>						1
Non-cash items attributable to others <sup>2</sup>						183
<b>Net income attributable to unitholders<sup>3</sup></b>					<b>\$</b>	<b>69</b>

1) The sum of these amounts equates to equity accounted income of \$61 million as per IFRS statement of operating results

2) Total cash and non-cash items attributable to the interest of others equals a net gain of \$152 million as per IFRS statement of operating results

3) Attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders, special limited partnership unitholders and to parent company prior to the Spin-off

4) The sum of these amounts equate to realized disposition gain of \$267 million as per IFRS statement of operating results

# Reconciliation of Non-IFRS Measures to IFRS Measures

## Reconciliation of Segmented Company EBITDA and Company FFO to Net Income

For the THREE MONTHS ended SEPTEMBER 30, 2016 US\$ MILLIONS, unaudited	Construction Services	Business Services	Energy	Industrial Operations	Corporate and Other	As per IFRS Financials
Revenues	\$ 1,120	\$ 509	\$ 68	\$ 346	\$ —	\$ 2,043
Direct operating costs	(1,089)	(457)	(43)	(300)	—	(1,889)
General and administrative expenses	(12)	(26)	(4)	(21)	(7)	(70)
Equity accounted Company EBITDA <sup>1</sup>	1	8	34	—	—	43
Company EBITDA attributable to others <sup>2</sup>	—	(11)	(39)	(17)	—	(67)
<b>Company EBITDA</b>	<b>20</b>	<b>23</b>	<b>16</b>	<b>8</b>	<b>(7)</b>	<b>60</b>
Realized disposition gain (loss), net	—	—	5	24	—	29
Interest expense	—	(4)	(9)	(11)	—	(24)
Equity accounted current taxes and interest <sup>1</sup>	—	—	(4)	—	—	(4)
Current income taxes	(4)	(3)	—	(1)	—	(8)
Company FFO attributable to others <sup>2</sup>	—	2	4	(9)	—	(3)
<b>Company FFO</b>	<b>16</b>	<b>18</b>	<b>12</b>	<b>11</b>	<b>(7)</b>	<b>50</b>
Depreciation and amortization expense						(71)
Impairment expense, net						—
Other income (expense), net						11
Deferred income taxes						3
Non-cash items attributable to equity accounted investments <sup>1</sup>						(11)
Non-cash items attributable to others <sup>2</sup>						38
<b>Net income attributable to unitholders<sup>3</sup></b>						<b>\$ 20</b>

1) The sum of these amounts equate to equity accounted income of \$28 million as per IFRS statement of operating results

2) Total cash and non-cash items attributable to the interest of others equals a net gain of \$32 million as per IFRS statement of operating results

3) Attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders, special limited partnership unitholders and to parent company prior to the Spin-off

# Reconciliation of Non-IFRS Measures to IFRS Measures

## Reconciliation of Segmented Company EBITDA and Company FFO to Net Income

For the NINE MONTHS ended SEPTEMBER 30, 2016 US\$ MILLIONS, unaudited	Construction Services	Business Services	Energy	Industrial Operations	Corporate and Other	As per IFRS Financials
Revenues	\$ 3,127	\$ 1,442	\$ 197	\$ 962	\$ —	\$ 5,728
Direct operating costs	(3,027)	(1,304)	(130)	(861)	—	(5,322)
General and administrative expenses	(32)	(76)	(12)	(69)	(8)	(197)
Equity accounted Company EBITDA <sup>1</sup>	1	18	132	—	—	151
Company EBITDA attributable to others <sup>2</sup>	—	(31)	(132)	(20)	—	(183)
<b>Company EBITDA</b>	<b>69</b>	<b>49</b>	<b>55</b>	<b>12</b>	<b>(8)</b>	<b>177</b>
Realized disposition gain (loss), net	—	—	24	33	—	57
Interest expense	(1)	(11)	(24)	(35)	—	(71)
Equity accounted current taxes and interest <sup>1</sup>	—	—	(15)	—	—	(15)
Current income taxes	(5)	(9)	(1)	(3)	—	(18)
Company FFO attributable to others <sup>2</sup>	—	6	8	1	—	15
<b>Company FFO</b>	<b>63</b>	<b>35</b>	<b>47</b>	<b>8</b>	<b>(8)</b>	<b>145</b>
Depreciation and amortization expense						(219)
Impairment expense, net						(106)
Other income (expense), net						(20)
Deferred income taxes						25
Non-cash items attributable to equity accounted investments <sup>1</sup>						(61)
Non-cash items attributable to others <sup>2</sup>						218
<b>Net income attributable to unitholders<sup>3</sup></b>						<b>\$ (18)</b>

1) The sum of these amounts equate to equity accounted income of \$75 million as per IFRS statement of operating results

2) Total cash and non-cash items attributable to the interest of others equals a net loss of \$50 million as per IFRS statement of operating results

3) Attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders, special limited partnership unitholders and to parent company prior to the Spin-off

## Reconciliation of total equity attributable to unitholders

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Total equity	\$ 6,031	\$ 4,038
Less: Interest of others in operating subsidiaries	2,850	1,537
Equity attributable to unitholders	\$ 3,181	\$ 2,501

## Equity attributable to unitholders by segment

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Construction Services	\$ 1,009	\$ 877
Business Services	371	357
Energy	582	344
Industrial Operations	653	372
Corporate and Other	566	551
Equity attributable to unitholders	\$ 3,181	\$ 2,501

## Reconciliation of net debt

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Borrowings	\$ 3,662	\$ 1,551
Less: Cash and cash equivalents	(1,573)	(1,050)
Net debt	\$ 2,089	\$ 501

## Net debt by segment

US\$ MILLIONS, unaudited	As at	
	September 30, 2017	December 31, 2016
Construction Services	\$ (325)	\$ (162)
Business Services	1,039	235
Energy	433	515
Industrial Operations	1,546	486
Corporate and Other	(604)	(573)
Net debt	\$ 2,089	\$ 501

- 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, or net to parent company. 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” on page 5 of the 2016 20-F.
- 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, or net to parent company. For further information on Company EBITDA see “Use of Non-IFRS Measures” on page 5 of the 2016 20-F.
- 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 (loss) income attributable to unitholders is exclusive of the net (loss) income attributable to others in our operating subsidiaries.
- Unitholders are defined as the parent company prior to the Spin-off on June 20, 2016 and as limited partnership unitholders, general partnership unitholders, special limited partnership unitholders, and redemption-exchange unitholders post Spin-off.
- Net debt is calculated by subtracting cash and cash equivalents from borrowings.