Letter to Unitholders

During the quarter we generated Company EBITDA of $381 million and Company FFO of $356 million. Our results reflect continued strong performance and positive momentum across our operations. We made good progress on a number of strategic initiatives, including announcing our intention to split off a paired corporate entity and reaching agreements to acquire three businesses that strengthen our global operations.

The outlook for the second half of the year is strong, and we are well positioned to generate long-term sustainable growth for our unitholders.

Expanding our Investor Base

In order to expand our universe of owners, we are launching Brookfield Business Corporation ("BBUC") to provide investors with an alternative vehicle to invest in our business through a more traditional corporate structure. BBUC will be a paired entity with our partnership but will be a publicly listed Canadian corporation. The initial market capitalization will be approximately $2.5 billion which will give it scale.

The launch of BBUC will support our efforts to broaden our investor appeal and garner a stronger capital markets following. The structure should appeal to investors who want to invest in our business but prefer not to own limited partnership units and provide a tax reporting framework that may be preferable to some. As a corporation, BBUC should be eligible for inclusion in global indices not available to us today as a limited partnership. These indices will support growth of our ownership base, including with passive index investors.

BBUC will be created by way of a special distribution to unitholders that is analogous to a unit split. Existing unitholders will receive one share of the newly created corporation for every two partnership units. The distribution will be structured on a tax-free basis to Canadian unitholders and we anticipate no incremental tax consequences for our business.

BBUC shares will be structured to be economically equivalent to BBU units and have identical distributions. The shares of the newly created corporation will be exchangeable into BBU units anytime at the option of the shareholder, and this exchangeable feature mirrors the structure of the recent corporate spin outs of Brookfield Infrastructure Corporation (BIPC) and Brookfield Renewable Corporation (BEPC). These securities trade well and have been widely accepted by the market. Following the spin-off, we intend to pay a quarterly dividend of $0.25 annually per unit and per share which equates to a 50% increase in dividends.

We are working to obtain the necessary regulatory approvals and expect to complete the special distribution before the end of this year.

Acquisitions

Over the last few months we reached agreements to acquire three businesses, for which our BBU share of the combined equity funding is approximately $1 billion. Each of these are high-quality and have the characteristics we are attracted to: leading industry positions, essential product and service providers, strong returns on capital, and cash generative.

In June we agreed to acquire Modulaire Group, a leading provider of modular building leasing services in Europe and Asia. Modular workspaces are ubiquitous and have a wide range of applications across industrial, infrastructure, and public sectors. We are acquiring a large-scale operation with an established branch network which provides a defensible competitive advantage in a fragmented market. The structural shift in customers' preference for more flexible and sustainable space solutions is driving increased demand for modular units, and the company is well positioned to benefit from increased public sector and infrastructure investment. Our construction operation is a long-time customer of Modulaire so we have first-hand knowledge of the excellent value proposition provided by the company.

We are acquiring this business for approximately 9.5x normalized EBITDA which we believe to be reasonable considering its financial profile, industry outlook and leading market position. Our operational expertise and commercial relationships in the infrastructure, real estate and industrials markets should help support the execution of value creation initiatives and growth.

We expect to invest approximately $500 million for a 30% ownership interest, with the balance funded by our institutional partners. The transaction is expected to close before the end of this year, subject to regulatory approval.

In July we reached an agreement to acquire DexKo Global, a leading manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. The company holds leading market positions across North America, Europe and Australia, offering one of the industry's widest breadth of products and custom configurations. Its integrated manufacturing and distribution model has earned it a reputation as a high value solutions provider for its customers.

DexKo is a business we have followed for several years given its track record as a long-term compounder of earnings and cash flows through a combination of organic growth and add-on acquisitions. DexKo's business has durable cash flows due to a strong competitive position and flexible cost structure. We plan to support opportunities to enhance margins and accelerate growth in partnership with DexKo's management team.

We are acquiring DexKo for approximately 10x normalized EBITDA and believe there are meaningful opportunities to create long-term value within this business. We expect to invest approximately $400 million for a 35% ownership interest, with the balance funded by our institutional partners. The transaction should close by the end of the year subject to customary approvals.

We also reached an agreement to acquire Aldo, a leading distributor of solar power generators in Brazil. The company sells solar power kits to small businesses and households which generate power at or near the point of use, which is commonly referred to as distributed residential generation. The Brazilian solar distributed generation market is experiencing rapid growth driven by increasing reliability needs, a supportive regulatory framework and an underpenetrated market. Aldo is the industry leader in Brazil benefiting from a cost-efficient e-commerce platform supporting a national network of more than 11,000 independent resellers. We expect to fund approximately $115 million of the $320 million equity investment for a 35% ownership, with the balance from our institutional partners.

Overview of Operational Performance

Our Industrials segment contributed strong performance, generating Company EBITDA of $145 million for the second quarter of 2021. Our operations are benefiting from solid demand for our products and services as global economies normalize.

In advanced energy storage operations, volumes increased 18% over the second quarter last year driven by a more normalized demand environment in both aftermarket and original equipment manufacturer channels. We are also benefiting from increasing demand for higher margin advanced batteries, where we are a clear leader with 50% of global production capacity. As part of a broader initiative to consolidate our business, we sold down part of our interest in an Indian battery manufacturer and plan to continue serving the Indian market through our own operations. Proceeds of the sale were used to reduce operating level debt.

To date we generated $175 million earnings improvement in our U.S.-based battery manufacturing operations on an annualized basis by de-bottlenecking assembly plants, optimizing the transportation network, reducing costs and improving the efficiency of our closed-loop recycling system. We also increased our total profit improvement target by $100 million, to $400 million annually.

We were exploring a potential public offering of our advanced energy storage operations and decided that, given market conditions, we would not move forward with an offering at this time. Our view on value for this business remains unchanged. We have an exceptional business with stable aftermarket profitability, exposure to high growth automotive electrification trends and a business plan to continue to unlock additional value. We will revisit an offering for this business in the future and continue to focus on advancing our business plan and positioning the business to maximize long-term value.

Performance of our water and wastewater operations in Brazil remains stable. We are progressing our capital expenditure programs and during the quarter added over 40,000 new customer connections as we continue to build out our service network. In July we began providing water services to the city of Maceió and its surrounding municipalities. As we previously discussed, we acquired this concession last year to provide water and wastewater services to 1.5 million residents and are developing plans to build approximately 3,000 kilometers of pipeline and install 400,000 new customer connections, funded through our ongoing operating cashflows.

Our Infrastructure Services segment generated Company EBITDA of $125 million for the second quarter of 2021. Our nuclear technology services operations performed well and in line with the timing of customer outage activity and planned fuel assembly shipments. We recently completed two add-on acquisitions to broaden our nuclear technology offering and strengthen the presence of our operations in the Canadian market. Our outlook for nuclear technology services remains strong amidst growing support for nuclear technology to play an increasing role in achieving global emission-reduction targets.

Performance in work access services improved over the prior year driven by increasing activity levels and the benefit of improvements to our commercial strategy, and we expect project activity to continue improving through the remainder of the year. We are actively pursuing several smaller add-on acquisitions within this operation to expand our competitive advantages and sustain our industry leadership position.

We reported weaker results in offshore oil services due to reduced utilization levels. In July we announced steps to strengthen the capital position of these operations, including an exchange offer for debtholders which will extend maturities and reduce cash interest payments. These steps will enhance liquidity as we reposition our offshore oil services operations for the recovery which should come as prices have recovered.

Our Business Services segment generated Company EBITDA of $145 million for the second quarter of 2021. Our residential mortgage insurer is benefiting from continued strength in the Canadian housing market. Underwriting activity remains robust and loss ratios are well below normal due to strong home price appreciation. Regulatory measures intended to maintain reasonable risk levels across the Canadian mortgage industry have contributed to a recent leveling off of home sales volumes in Canada.

In healthcare services, our Australian hospitals are performing well despite impacts of short-notice government mandated lockdowns in certain states, including Victoria and New South Wales, during the quarter. Demand for elective surgeries remains strong with increased surgical volumes offsetting higher than normal operating costs.

We are investing to expand our mental health capacity by 50% over the next few years to meet the growing need of an underserved area of the market, and we are investing in several of our flagship hospitals to strengthen our position as a leading acute healthcare provider in Australia.

In construction services, we are benefiting from strong project execution and normalized productivity levels. We secured six new projects during the quarter, including the greenfield Western Sydney Airport, resulting in an increase in backlog to $7.8 billion from $6.8 billion in the prior quarter.

Liquidity and Capital Position

At the corporate level, our balance sheet is in excellent shape with $1.5 billion of available liquidity after accounting for our recent funding commitments.

Over the last three years we realized approximately $1.8 billion from the monetization of our graphite electrode operations, including $131 million from the sale of shares during the quarter. We used these proceeds to help fund the acquisition of 12 new businesses over the same period. Given the low interest rates, global government stimulus programs and the substantial availability of capital we are exploring the monetization of some of our mature businesses and hope to complete one or two of these by the end of the year.

In addition, we have spent the last year refinancing borrowings in our investee businesses, capitalizing on favorable credit markets to drive down our interest costs and extend debt maturities across our operations.

Outlook

We expect strong economic growth to be sustained through the second half of the year as global vaccine rates continue to improve and fiscal and monetary policies fuel demand. Like many businesses, we are experiencing inflationary pressure in certain parts of our operations but given the essential nature and market leading positions of our operations, we are well equipped to pass through the majority of these higher costs.

Our focus is to complete the strategic initiatives underway between now and the end of year, while continuing to improve our existing operations.

On behalf of the management team, we would like to thank all our employees for their continued hard work and dedication, and our unitholders for their ongoing interest and support. As always, we welcome your suggestions and ideas as our partners in the business.

Sincerely,

Cyrus Madon
Chief Executive Officer

August 6, 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 Factors” 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.

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 news release will be available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 6-K for the second quarter ended June 30, 2021.