

# Brookfield Business Partners

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**INVESTOR DAY**  
SEPTEMBER 24, 2020

**Brookfield**



# Agenda

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## Resilience Through Challenging Times

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Cyrus Madon, Chief Executive Officer

## Operational Response to the Crisis

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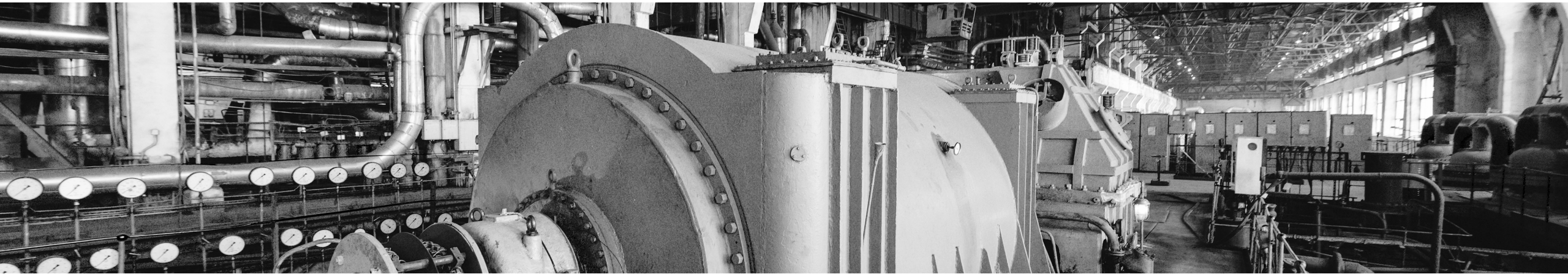
John Barkhouse, Managing Director

## Proven Financial Strength

38

Jaspreet Dehl, Chief Financial Officer





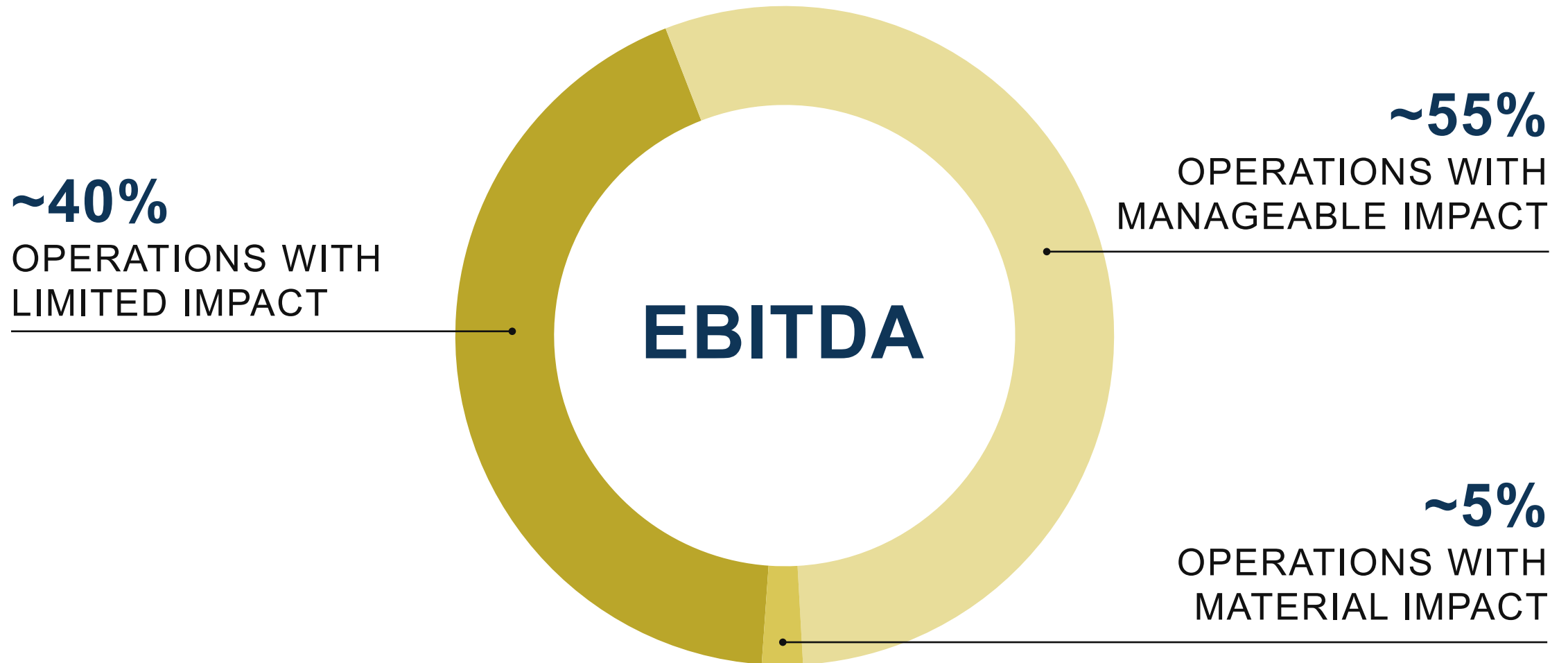
# Resilience Through Challenging Times

**CYRUS MADON**  
CHIEF EXECUTIVE OFFICER

2020 has been **a year like no other**



# Our business proved to be remarkably resilient



Based on BBU's proportionate share of annual EBITDA adjusted for acquisitions and divestures.

# Contractual revenue streams proved stable



Westinghouse



Services to nuclear industry



Clean water services



Services to offshore oil & gas industry

**<5%**

Revenue  
decline

Revenue decline for the six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019.  
BRK Ambiental revenue in local currency, adjusted for the sale of industrial assets in Q3 2019.

# Virtually all our operations have bounced back

## CLARIOS



**~110%**  
Sales  
volumes

## HEALTHSCOPE



**~90%**  
Hospital  
admissions

## GREENERGY



**~85%**  
Fuel  
volumes

## GENWORTH

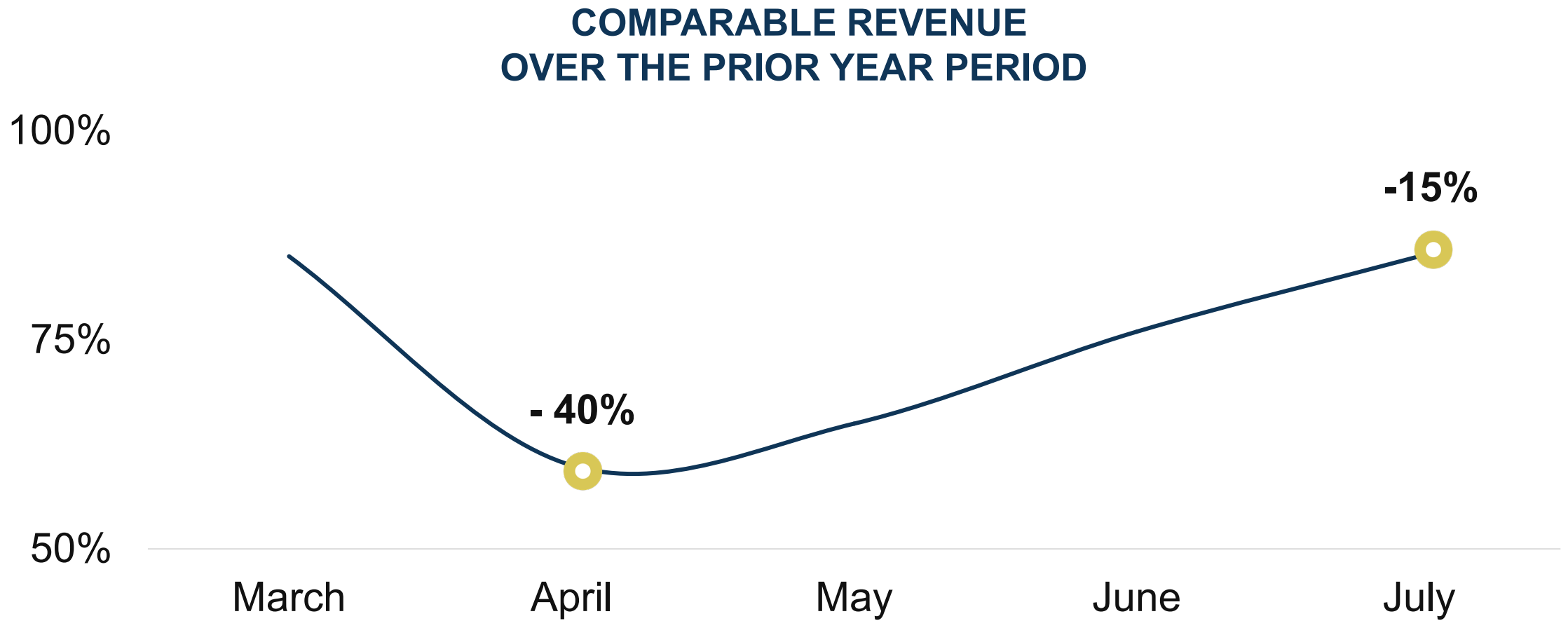


**~105%**  
New premiums  
written

Figures represent comparable year over year performance for the month of July.  
Genworth refers to new transactional insurance premiums written.

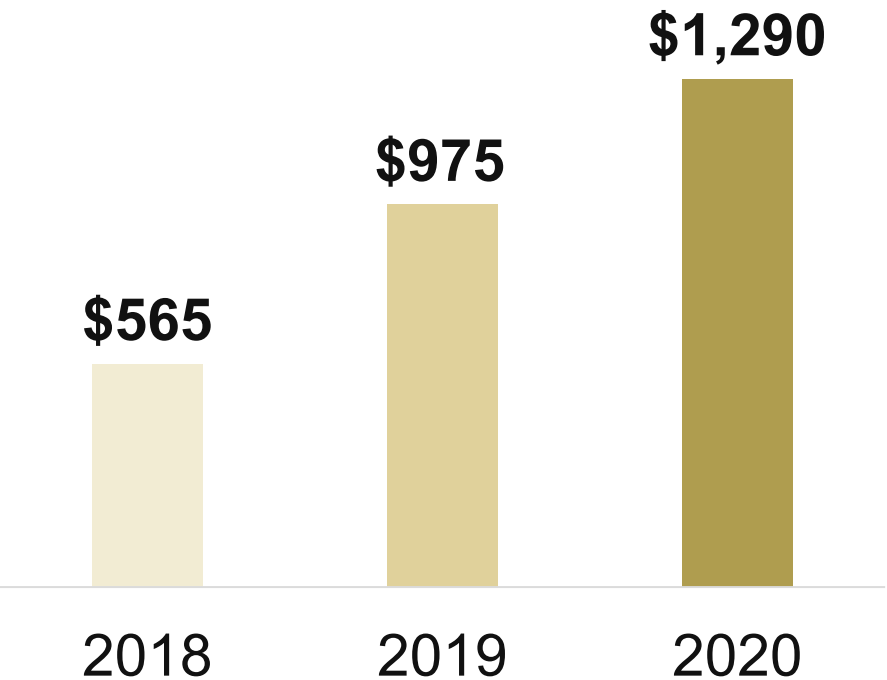


# Overall our revenues are well above trough levels

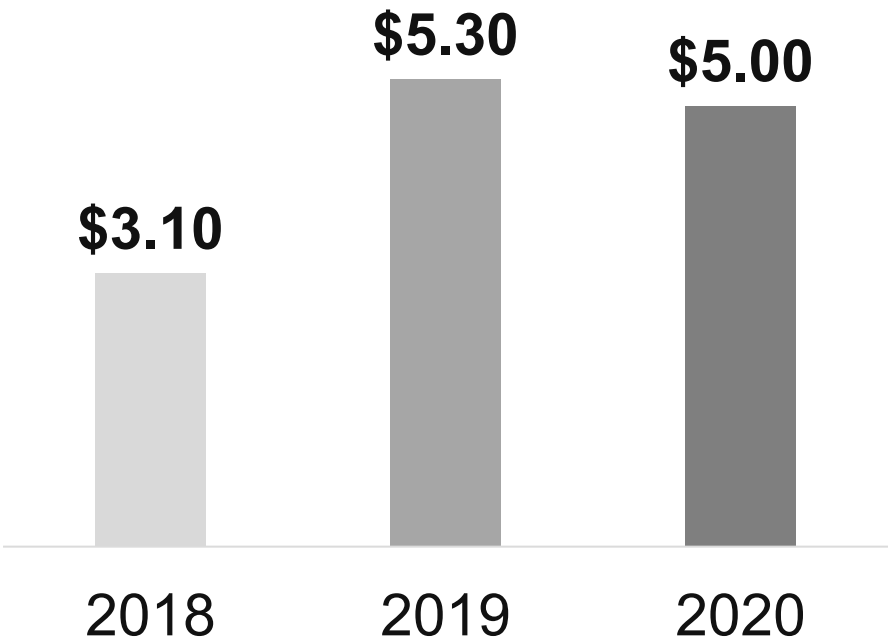


# All of which means our financial performance has been resilient

COMPANY EBITDA  
(\$M)



COMPANY FFO PER UNIT  
(\$)



Represents BBU’s proportionate share of EBITDA and FFO for the twelve-month period ended June 30 of each respective year. Figures rounded for presentation purposes. Company FFO per unit based on average number of units outstanding on a fully diluted basis, assuming the exchange of redemption exchange units held by Brookfield Asset Management. Excludes gains on acquisitions and dispositions.

# With significant liquidity to fund growth

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Corporate  
liquidity



**~\$2.3B**

Additional liquidity within  
operations



**~\$5B**



# Executing our strategy in volatile markets

# Deployed a significant amount of capital over past 12 months

## ACQUIRED HIGH QUALITY BUSINESSES



**\$3.6B**

Invested

Genworth  
Canada

**BRAND > SAFWAY™**



 **Superior Plus**

## INVESTED IN PUBLIC SECURITIES



**~\$575M**

Invested

**~\$1B**

Current market  
value

Represents total equity invested by BBU and institutional partners.  
Current market value as at September 21, 2020.

## Invested within our operations

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### ADD-ON ACQUISITIONS



Broadened product and service offering & penetrated new geographic markets



# And unlocked value through monetizations

## SALE OF PATHOLOGY BUSINESS



**~\$360M**

Proceeds

**~10%**  
Above Plan

## SALE OF NORTH AMERICAN PALLADIUM



**\$570M**

Proceeds

**3.3x**      **26%**  
MoC      IRR

## SALE OF NOVA COLD LOGISTICS



**\$175M**

Proceeds

**13x**      **56%**  
MoC      IRR

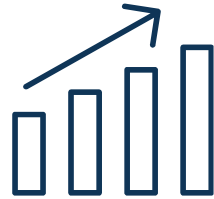
Represents total proceeds including BBU's and institutional partners' share.

# Flexible investment approach

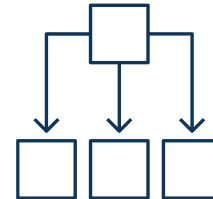
Large scale non-control opportunities



Dedicated  
team



Attractive  
return profile



Access to unique  
deal structures

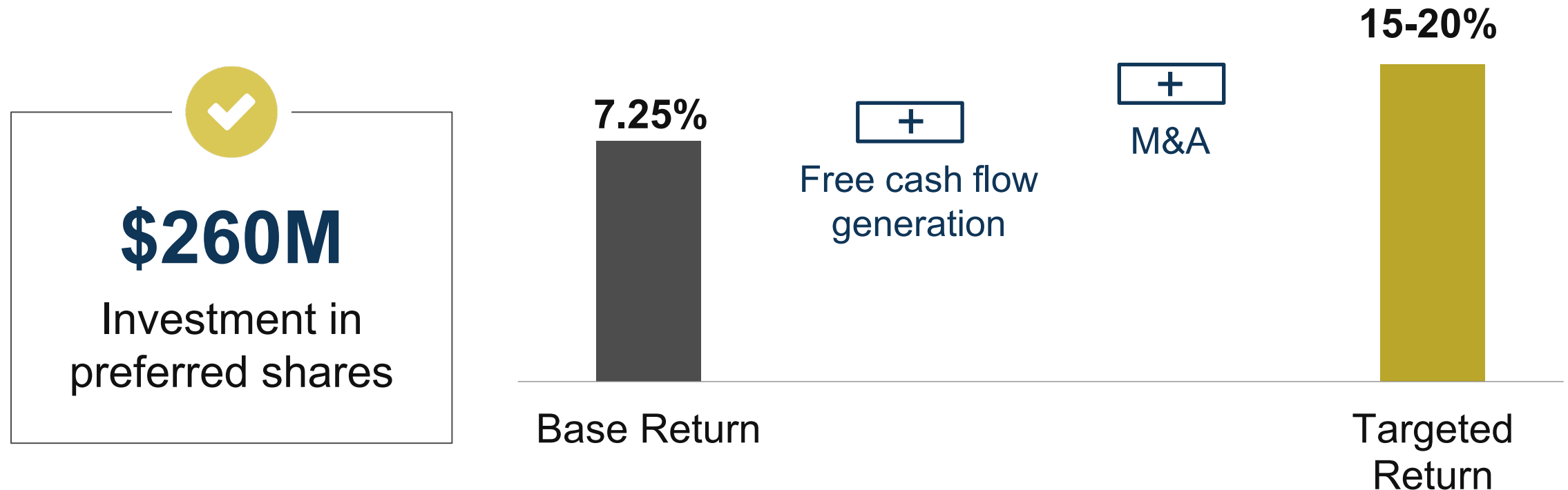


Preferred  
capital partner

Complementary to our strategy of **long-term capital appreciation**

# Leveraging our position as a preferred capital partner

## Superior Plus



Downside protection and equity linked upside potential

Represents total equity invested by BBU and institutional partners. Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in "Important Cautionary Notes" on slide 53.



# Robust pipeline of opportunities

**~\$20B**

Equity Capital

**~20**

Potential Investments

**\$12B**

North  
America

**\$1B**

South  
America



**\$5B**

Europe

**\$2B**

Asia  
Pacific

# Reviewing large scale value opportunities

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**Public to  
private**



**Corporate  
carve-outs**



**Sponsor  
exits**

# Building scale in our existing operations

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## OURO VERDE



Consolidation of  
Brazilian fleet  
management market

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**30+**

Potential add-on  
targets

## INDOSTAR



Acquire loan books  
from distressed  
NBFCs in India

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**10,000**

NBFCs

## WESTINGHOUSE



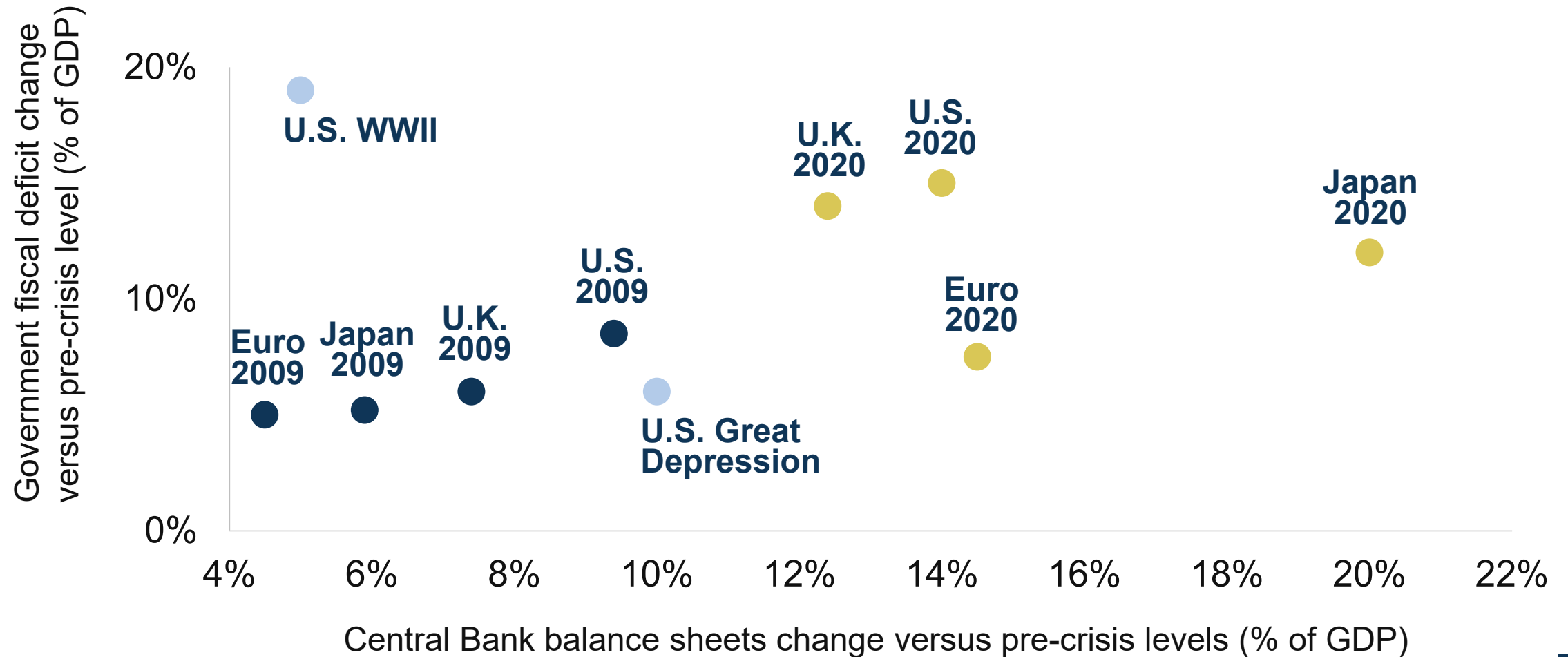
Evaluating  
several add-on  
targets

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Penetrate new  
markets and broaden  
service offerings

# Potential for a wave of distress opportunities

Significant government and central bank support during the crisis





## Operational Response to the Crisis

**JOHN BARKHOUSE**

MANAGING DIRECTOR, OPERATIONS



# Our business operations team responded rapidly

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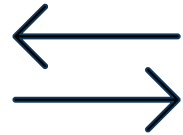


# Responded to mitigate operational and financial impacts

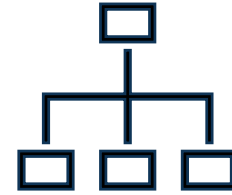
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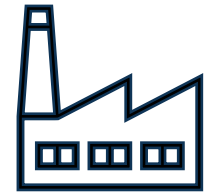
Safeguard  
employees



Repositioned  
capabilities



Workforce  
management



Protect  
right to operate

Assembled business continuity team to coordinate across regions

# The response and opportunity at **Clarios**

# World's leading producer of advanced battery technologies

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**1 in 3 cars**

Powered by a  
Clarios battery

**#1**

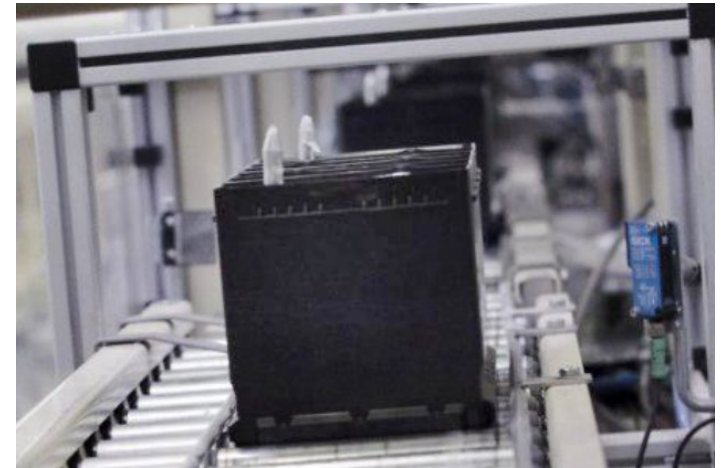
Closed-loop  
recycling program

**56**

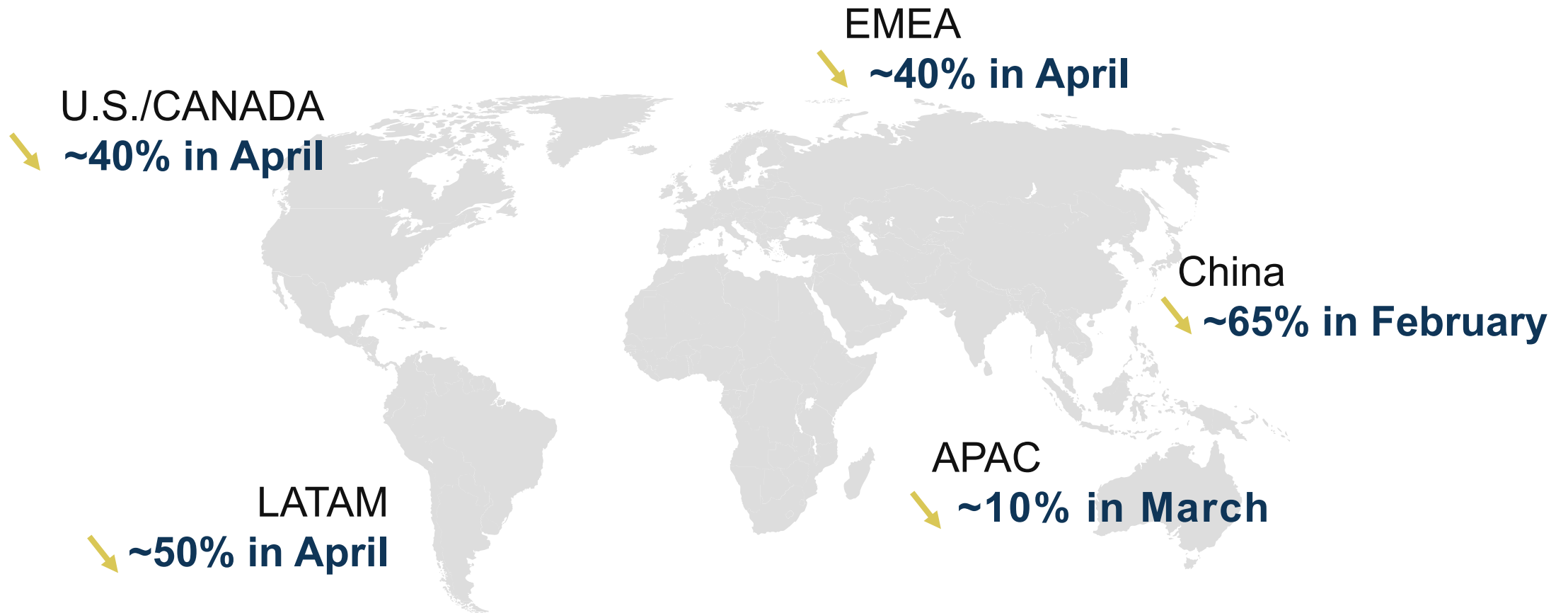
Global  
facilities

**16,000**

Operating  
employees



# Volumes significantly impacted during lockdowns



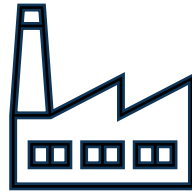
Represents year over year decrease in volumes by region for each respective month.

# Response designed to mitigate impacts

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Safeguard  
employees



Protect  
right to operate



Quickly  
reduce costs



Optimize  
liquidity

Assembled **business continuity team** to coordinate across regions

# Strong recovery since April

**75%**

AFTERMARKET

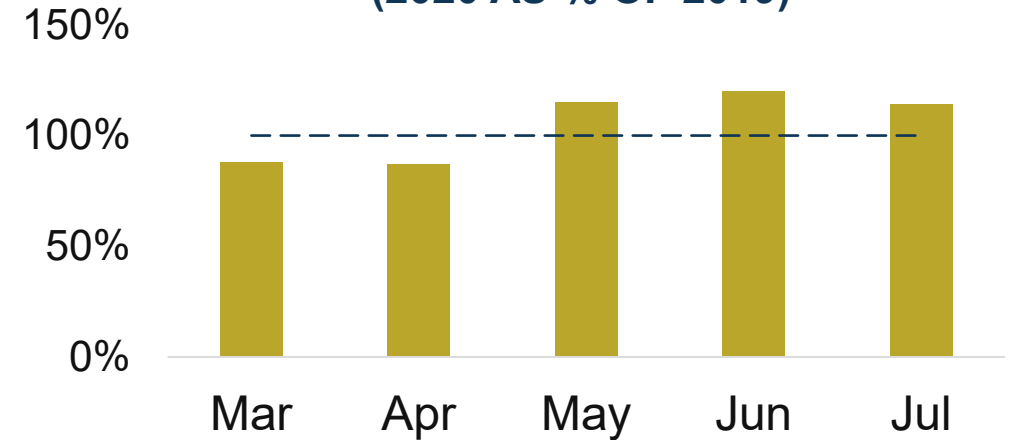


**25%**

ORIGINAL EQUIPMENT

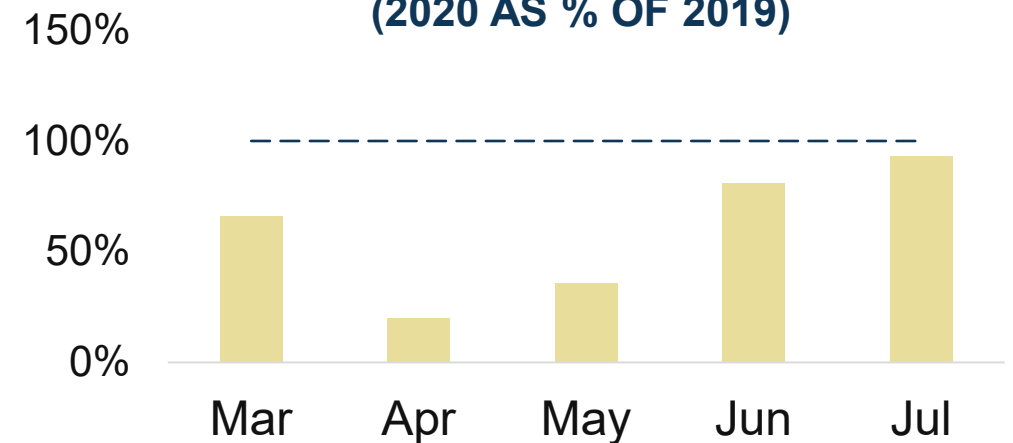
## AFTERMARKET VOLUMES

(2020 AS % OF 2019)



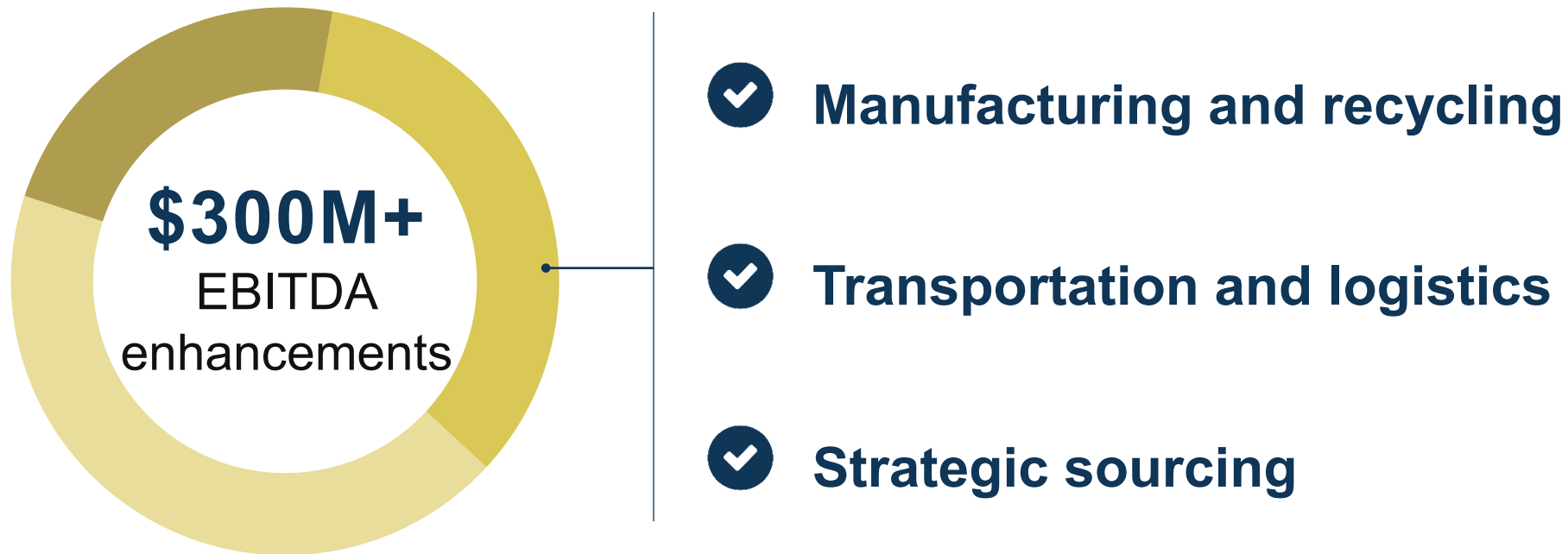
## ORIGINAL EQUIPMENT VOLUMES

(2020 AS % OF 2019)





# Our core operational improvement plan remains on track



Focused on optimizing the U.S. operations and global supply chain

Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in "Important Cautionary Notes" on slide 53.

# Realized mid-term value creation

~\$100 million annualized cost savings by year end



TOLEDO  
BATTERY PLANT

**~12%**

Increase in  
production



FLORENCE  
RECYCLING CENTER

**~30%**

Increase in  
recycling efficiency

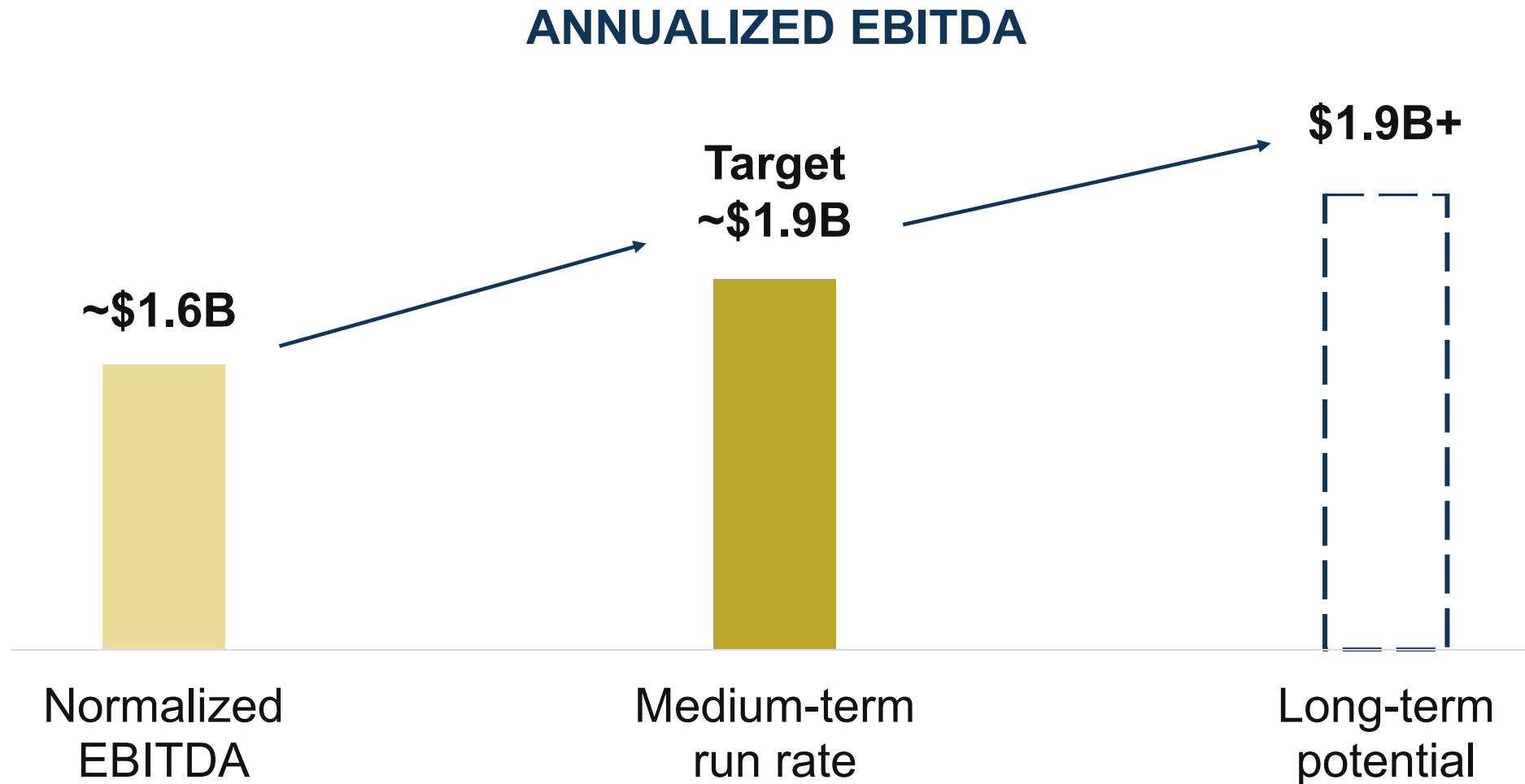


TRANSPORTATION  
NETWORK

**~30%**

Reduction in  
core freight costs

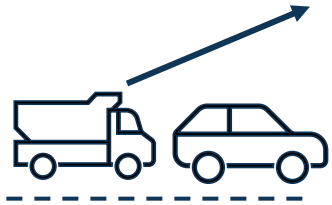
# Significant incremental value enhancement opportunities



Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in "Important Cautionary Notes" on slide 53.

# Supported by positive market trends

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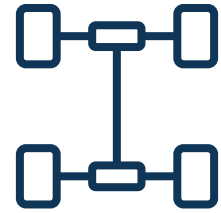
Car parc  
growth



Environmental  
regulations



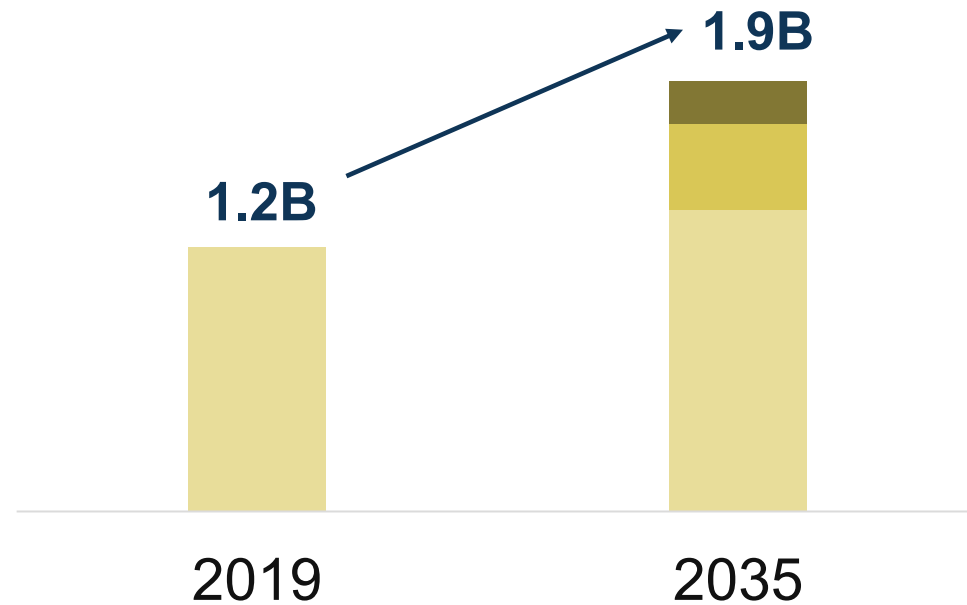
Electrification



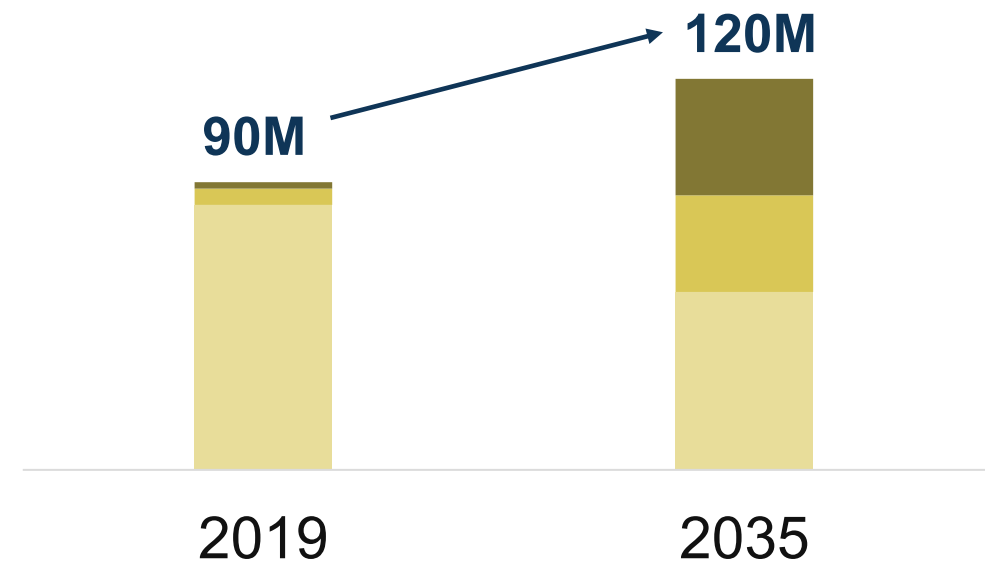
Vehicle powertrain  
evolution

# Evolution of the car parc

## GLOBAL CARS ON THE ROAD (CAR PARC)



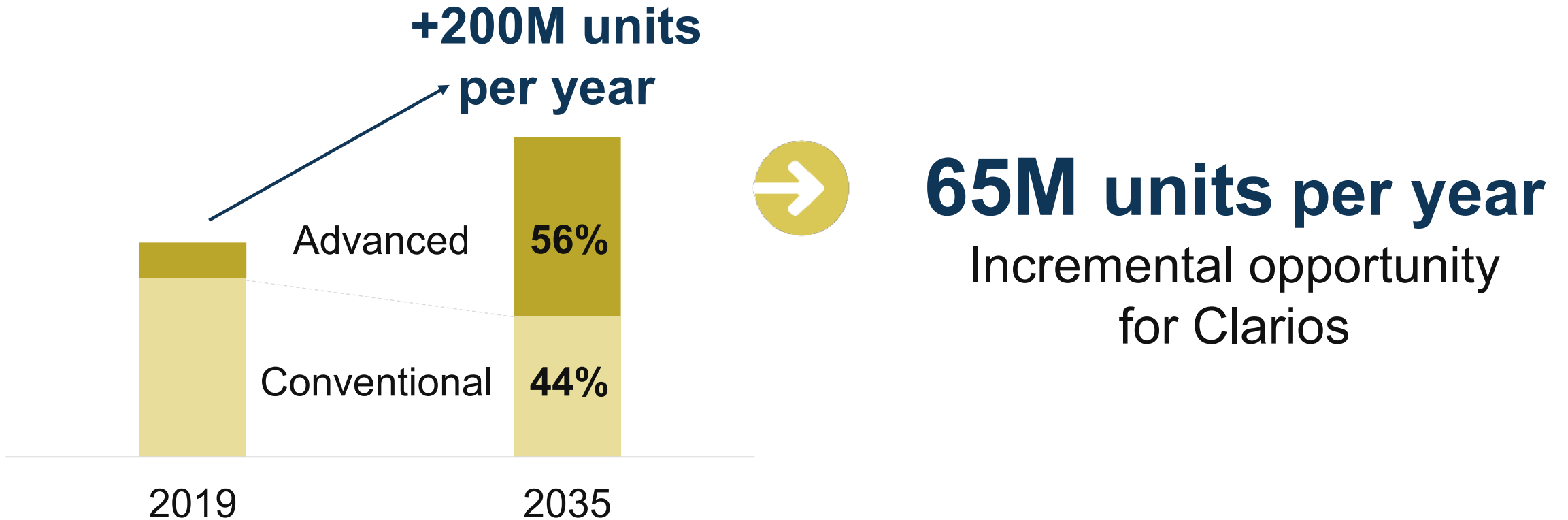
## GLOBAL NEW CAR SALES



■ Conventional/Start-stop   ■ Hybrids   ■ Electric Vehicles

# Driving increased volumes and profitability

## Incremental global battery volumes



# Powertrain evolution is an opportunity, not a threat

Every car needs a Clarios-type battery



Nissan Sentra



Audi SQ7



Toyota Prius



BMW X3



Tesla Model S

**Conventional**

**Hybrid**

**Battery Electric**



Conventional



Advanced

# And electrification is driving incremental growth

Increased features and emission reduction

**2x**

Increase of vehicle  
electrical devices by 2025

**2x**

Increase in  
power demand by 2025



● Comfort features ● Safety/regulatory features

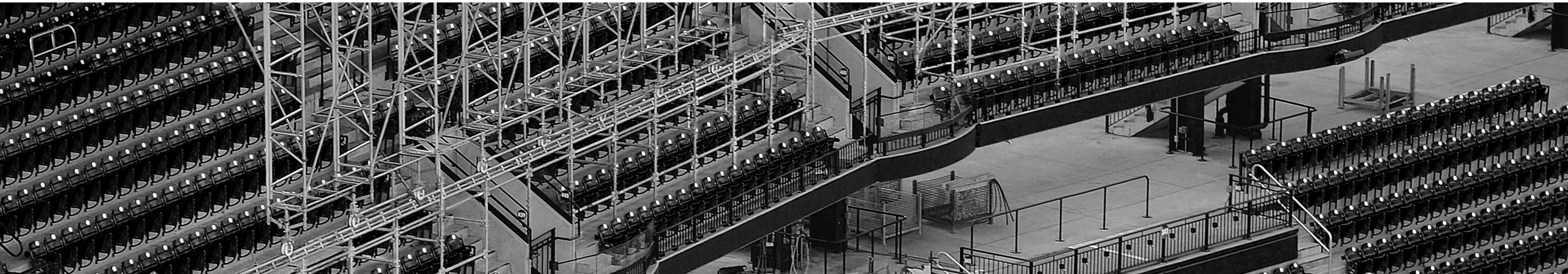


# Partner of choice on next generation vehicle platforms

Providing expertise for next generation and electric vehicles



- Collaboration on system development
- Evolution of multi-battery solutions
- Next generation new product development



## Proven Financial Strength

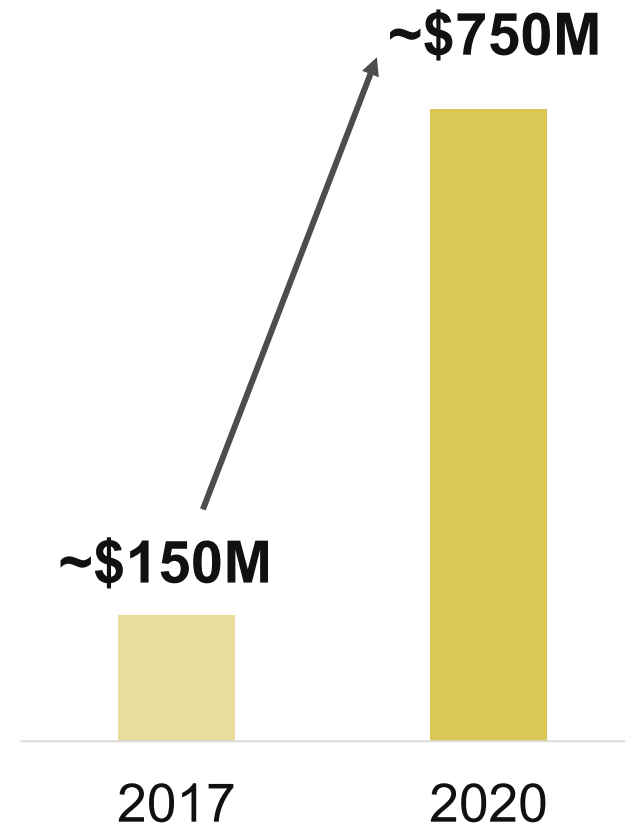
**JASPREET DEHL**  
CHIEF FINANCIAL OFFICER

# Meaningfully improved BBU's resilience over the years

**8**  
Sales  
of businesses

**~\$3B**  
Proceeds

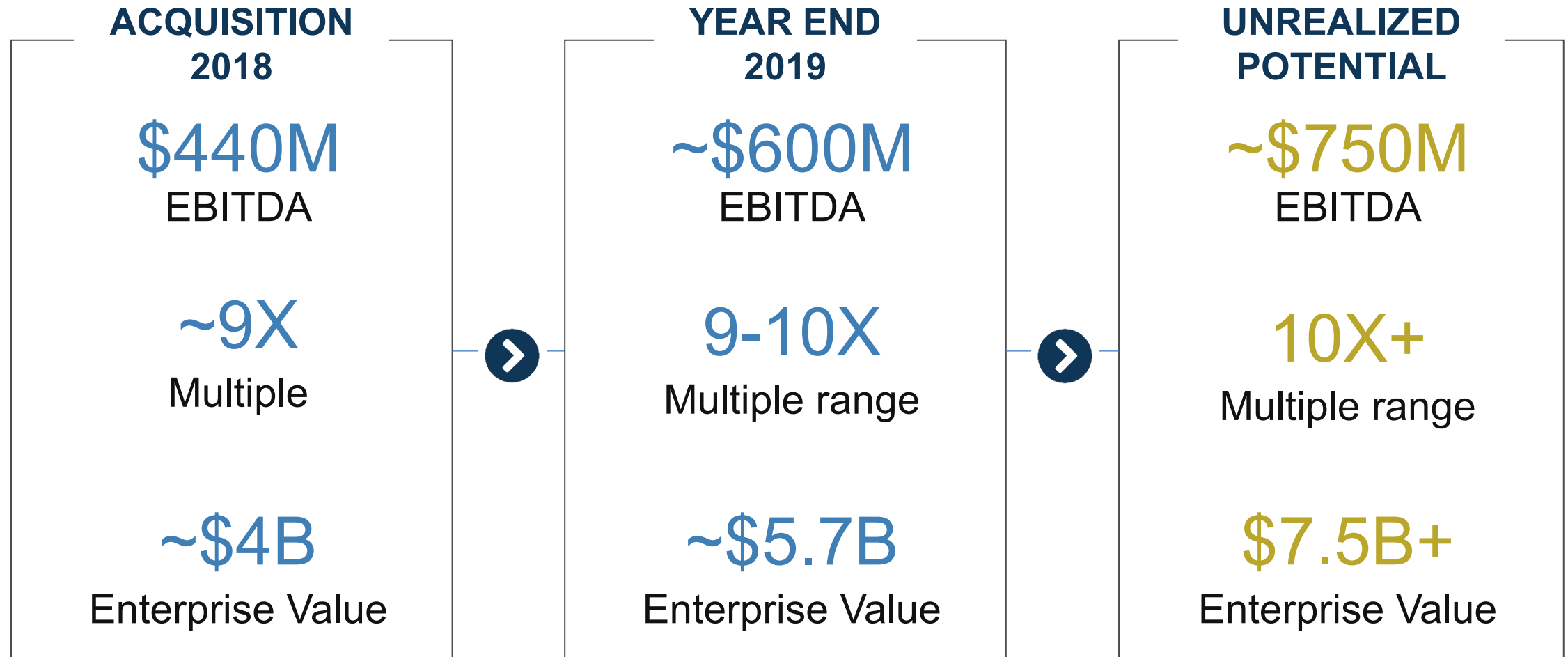
## AVERAGE EBITDA OF FIVE LARGEST BUSINESSES



2017 EBITDA for twelve-month period ended December 31, 2017. 2020 EBITDA for the twelve-month period ended June 30, 2020.  
Proceeds include BBU's and institutional partners' share. Figures rounded for presentation purposes.

# Certain businesses have increased value potential

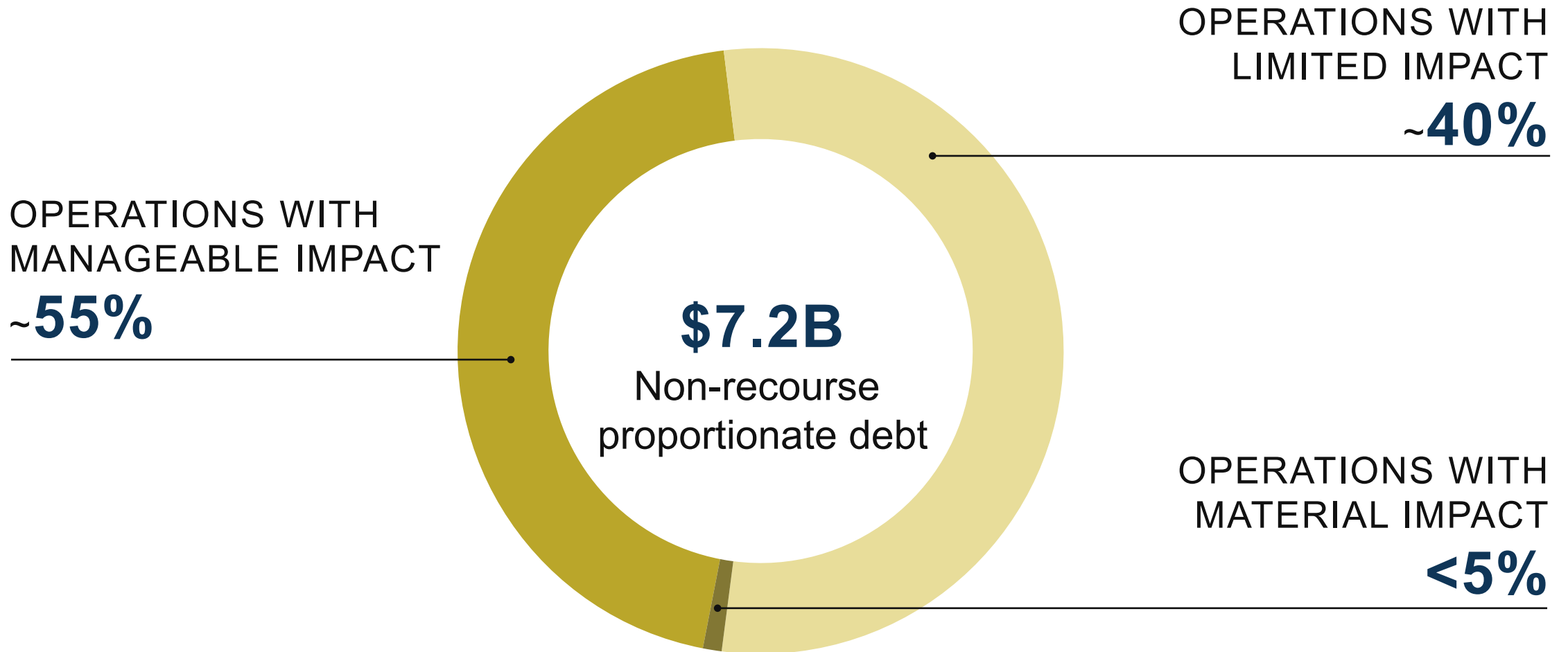
## Remarkable resilience at Westinghouse



Unrealized potential represents the midpoint of BBU's long-term annual EBITDA target for Westinghouse of \$700-800M. Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in "Important Cautionary Notes" on slide 53.

# **Resilient financing** across operations

# Appropriate levels of debt



# Favorable financing

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**2018**

**6.5%**

**~40%**

Fixed

**TODAY**

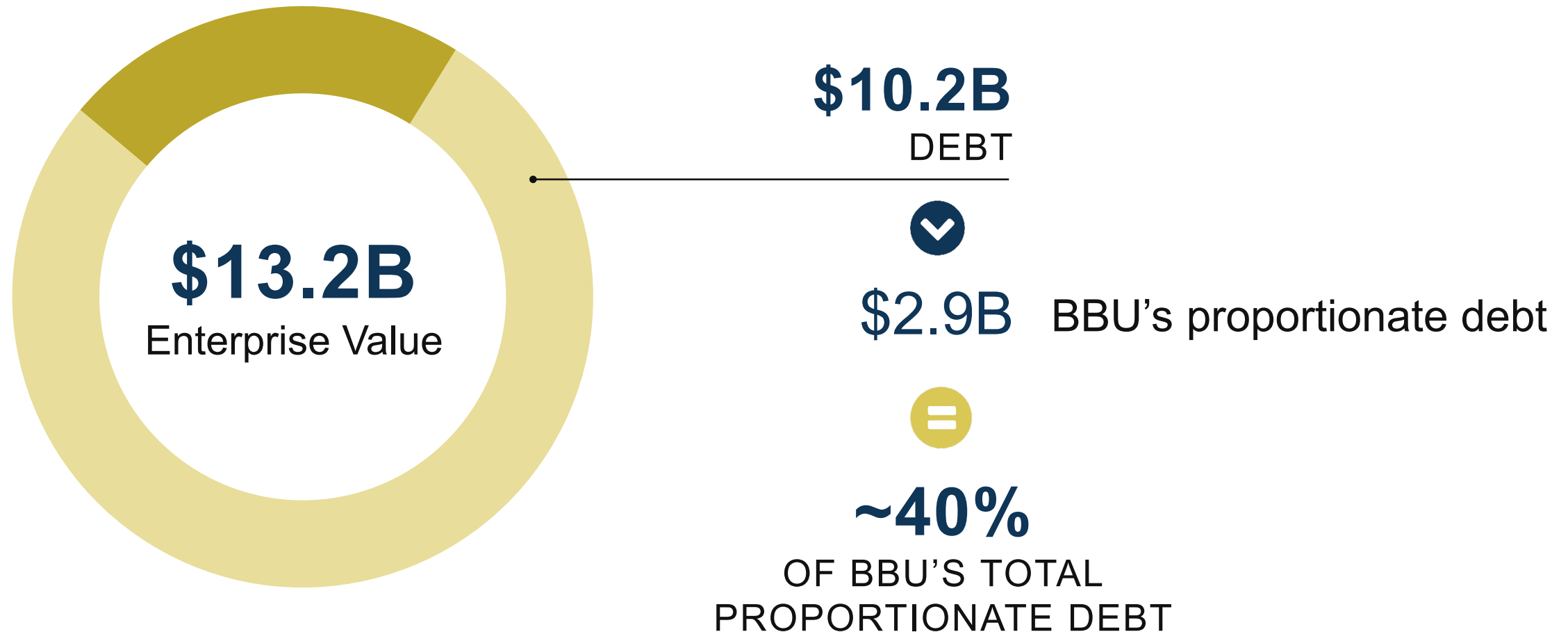
**4.8%**

**~70%**

Fixed

# Clarios as an example

Our largest acquisition to date



Clarios enterprise value and debt as at acquisition date.



# Approach to leverage

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Financed with non-recourse debt at the operating company level



**Favorable  
terms**



**Serviceability**



**Sustainability**

# Able to finance at favorable terms

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- ~7 years weighted average maturity
- No financial maintenance covenants
- ~6% weighted average cost

\_\_\_\_\_

A waterfall chart illustrating the calculation of Free Cash Flow. It starts with EBITDA of \$1.6B, then subtracts Interest (\$600M), Taxes (\$200M), and Capex (\$250M) to arrive at a final Free Cash Flow of \$550M. The chart uses blue bars for positive values and yellow bars with minus signs for negative values, connected by a light blue line.

Category	Value
EBITDA	\$1.6B
Interest	-\$600M
Taxes	-\$200M
Capex	-\$250M
Free Cash Flow	\$550M

Based on Clarios trend-line annual EBITDA. Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in “Important Cautionary Notes” on slide 53.

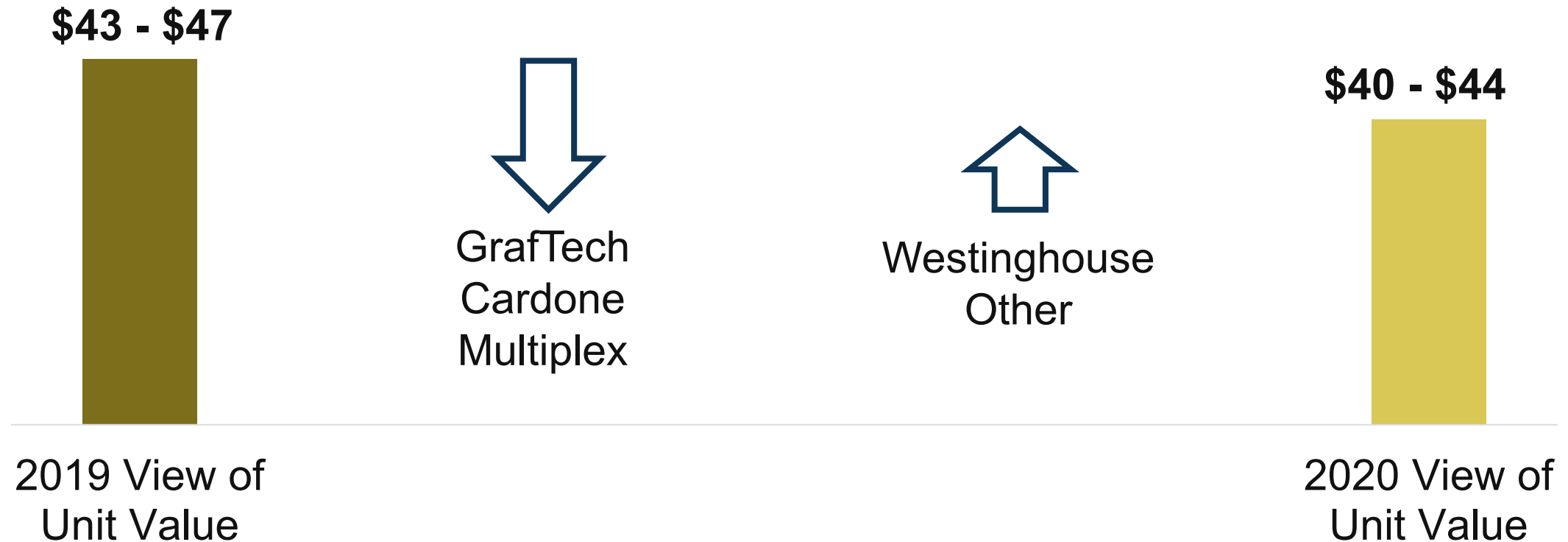
Our **view of value** today

# Our view of value

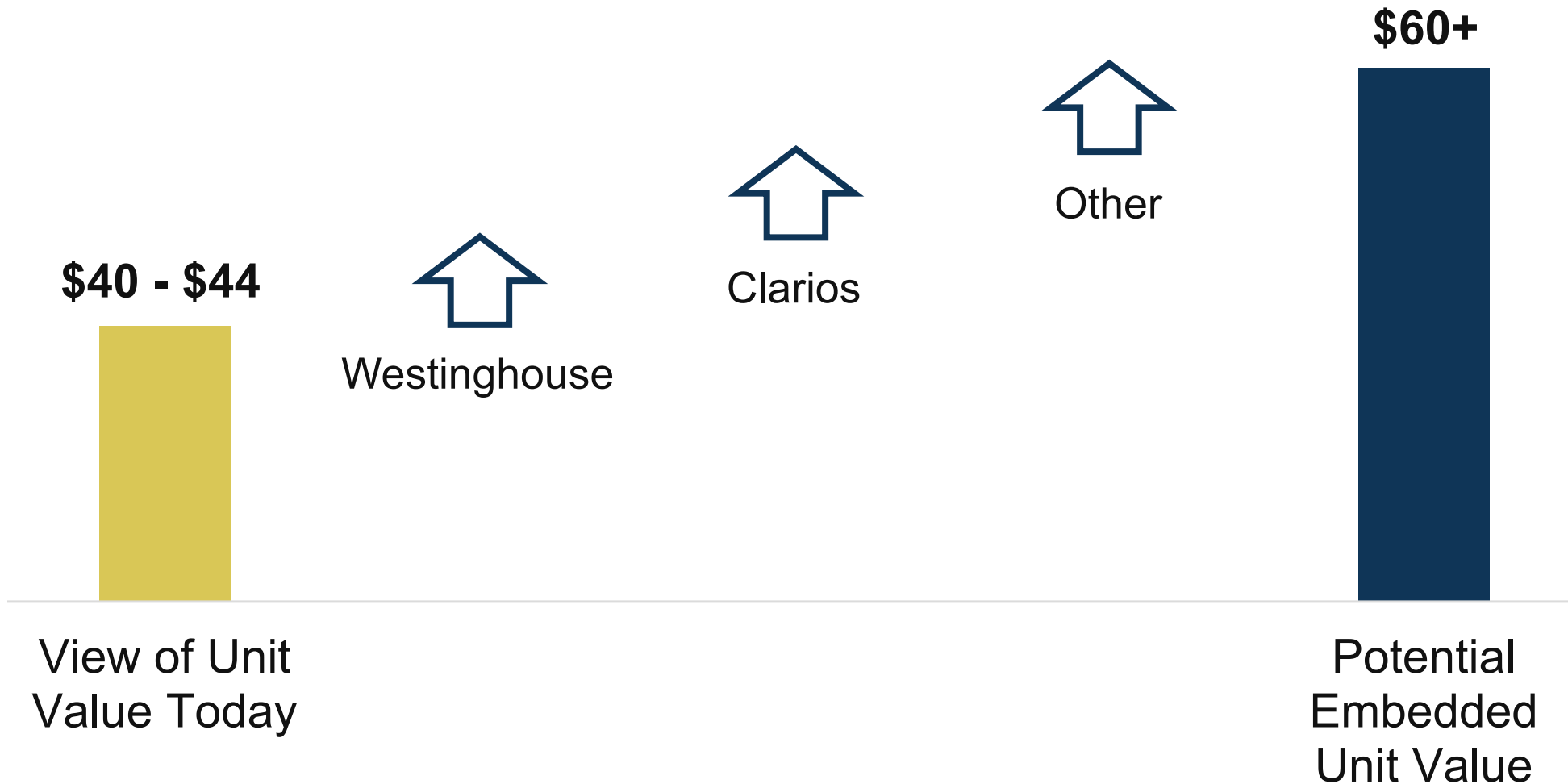
(\$M, except per unit)		EBITDA Multiple	2020 Estimate <sup>1,2</sup>
<b>Business Services</b>	• Genworth	Book Value	~\$670
	• Healthscope	9 – 10x	\$250 – \$300
	• Construction & other	7 – 8x	\$1,300 – \$1,400
<b>Infrastructure Services</b>	• Westinghouse	9 – 10x	\$1,400 – \$1,600
	• Altera Infrastructure	Privatization	~\$300
	• BrandSafway	Cost	\$445
<b>Industrials</b>	• Clarios	Cost	\$800 – \$900
	• GrafTech <sup>3</sup>	Market Price	~\$525
	• BRK Ambiental & other	9 – 10x	\$500 – \$600
<b>Corporate &amp; other</b>	• Corporate cash & financial securities <sup>4</sup>		(\$170)
<b>Total</b>			<b>\$6,000 – \$6,600</b>
<b>Per unit</b>			<b>\$40 – \$44</b>

1. Company EBITDA for the twelve-month period ended June 30, 2020 adjusted for acquisitions, divestitures and estimated impacts from the economic shutdown at Multiplex. Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other risks that are set forth in “Important Cautionary Notes” on slide 53.
2. Includes unitholders’ proportionate share of cash and cash equivalents and operating company debt, as applicable. Figures rounded for presentation purposes. IndoStar and Superior Plus recorded at cost and Cardone recorded at unitholders’ proportionate share of recapitalization equity contributions funded to date.
3. Market price as of September 21, 2020.
4. Includes Altera Infrastructure bonds at face value and unitholders’ proportionate share of gain on public securities.

# Our view of value today



# Long-term upside value remains unaffected



Information presented is illustrative only. Actual results may vary materially and are subject to market conditions and other factors and risks that are set out in the "Important Cautionary Notes" on slide 53.

# Q&A



# Important Cautionary Notes

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All amounts are in U.S. dollars unless otherwise specified. Unless otherwise indicated, the statistical and financial data in this document is presented as of June 30, 2020.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Investor Day presentation 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. 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 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 recent novel coronavirus outbreak (“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, and hurricanes and pandemics/epidemics; the possible impact of international conflicts and other developments including terrorist acts and cyber terrorism; and other risks detailed in our documents filed with securities regulators in Canada and the United States.

In addition, our future results may be impacted by economic shutdowns resulting from the 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. For further details, see “Risks Associated with the COVID-19 Pandemic” in the “Risks and Uncertainties” section included in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the second quarter ended June 30, 2020 available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

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 USE OF NON-IFRS MEASURES

This Investor Day presentation contains references to Non-IFRS Measures, including Company FFO and Company EBITDA. When determining Company FFO and Company EBITDA, we include our unitholders’ proportionate 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. For further information on Company FFO and Company EBITDA, see the “Reconciliation of Non-IFRS Measures” section in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the quarter ended June 30, 2020 available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

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 Investor Day presentation is set out in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the quarter ended June 30, 2020 available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

# Brookfield Business Partners

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**INVESTOR DAY**  
SEPTEMBER 24, 2020

**Brookfield**

