



Westlake
Chemical



Westlake Chemical Corporation

First Quarter 2020 Earnings Presentation

May 4, 2020

Westlake Chemical COVID–19 Review

Health and Safety

- The government has designated our sector as "critical infrastructure" during this time permitting Westlake to continue to produce essential materials for life-enhancing products that protect and benefit lives every day
- Our first priority is to ensure the health and safety of our employees around the world. We have developed a variety of initiatives to protect our employees in response to COVID-19:
 - Providing personal spacing and personal protective equipment
 - Conducting temperature screenings at entrances to our plants
 - Postponing or cancelling all non-business critical activities
 - Increased cleaning and disinfecting of all facilities
 - Having as many employees who can work remotely do so
- Our employees are keeping our plants operating safely and reliably, ensuring that we continue delivering the vital products that drive the industries supporting healthcare, hygiene, medicine and packaging

Westlake Chemical First Quarter 2020 Highlights

Business Highlights

- Net income of \$145 million or \$1.13 per diluted share
- EBITDA of \$337 million
- Maintains Strong balance sheet with over \$1.54 billion in cash and cash equivalents
- Increased sales volumes 4.7% and 4.3% in the first quarter of 2020 versus first quarter 2019 and fourth quarter 2019, respectively

Business Outlook

With the uncertain economic outlook brought on by the COVID-19 pandemic and reduced demand we are focusing on:

- Managing working capital, lowering operating costs and reducing capital expenditures
- Curtail capital expenditures spending for 2020 to \$500 – \$550 million from our previously disclosed guidance of \$650 - \$700 million
- Turnaround of Petro 2 rescheduled for the first half of 2021
- Focus on sustained liquidity to weather the current environment

Westlake's Commitment to Social Responsibility and Advancing Sustainability

Westlake's commitment to social responsibility and advancing sustainability form by the company's longstanding core values:

- Health, Safety & Environmental - The vigilant stewardship of the environment and sustainability are of utmost importance and at the forefront of everything we do.
- Our People - Support, develop and inspire our people to achieve their personal best and treat them with dignity and respect.
- Quality & Continuous Improvement – An intensive practice of “never-ending process of improvement.”
- Competitiveness - Providing innovative and useful products, maintaining high standards of customer service and operational excellence with a constant focus on managing costs.
- Citizenship - Recognizing the importance of supporting the communities in which we work and live and make it a priority to take an active role in making these communities better.

Protecting the Environment

Westlake has numerous programs designed to promote safe, ethical, environmentally and socially responsible practices including: a worldwide recycling program, operating in an energy efficient manner that stabilizes the power grids and reducing water usage and emissions. Over the past five years, Westlake has reduced Sulphur Dioxide emissions to almost zero, reduced energy usage per ton of global production and achieved a nearly 30% reduction on CO₂ emissions.

Participating in Multi-Industry Associations for Environmental Protection

Westlake is a proud partner with the following organizations to drive sustainable action to eliminate plastic waste, capture more flexible food packaging waste for recycling and support vinyls' sustainable impact in the world, along with many other initiatives.



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First Quarter 2020 Financial Highlights

(\$ in millions)	1Q2020	4Q2019	1Q2020 vs. 4Q2019	1Q2019	1Q2020 vs. 1Q2019
Sales	\$1,932	\$1,883	3%	\$2,025	(5%)
Operating Income	\$136	\$102	33%	\$134	1%
<i>Vinyls EBITDA</i>	\$232	\$218	6%	\$239	(3%)
<i>Olefins EBITDA</i>	\$98	\$86	14%	\$74	32%
<i>Corporate EBITDA</i>	\$7	(\$8)	N/A	\$1	N/A
EBITDA¹	\$337	\$296	14%	\$314	7%

First Quarter 2020 vs. Fourth Quarter 2019

- + Higher sales volumes
- + Lower feedstock and fuel costs
- Lower sales prices for caustic soda

First Quarter 2020 vs. First Quarter 2019

- + Higher sales volumes
- + Lower ethane feedstock and fuel costs
- Lower global sales prices for some of our major products

Vinyls Segment Performance

(\$ in millions)	1Q2020	4Q2019	1Q2020 vs. 4Q2019	1Q2019	1Q2020 vs. 1Q2019
Sales	\$1,505	\$1,485	1%	\$1,566	(4%)
Operating Income	\$73	\$68	7%	\$101	(28%)
EBITDA	\$232	\$218	6%	\$239	(3%)

First Quarter 2020 vs. Fourth Quarter 2019

- + Higher sales volumes and prices for PVC resin
- + Lower feedstock and fuel costs
- Lower global sales prices for caustic soda

First Quarter 2020 vs. First Quarter 2019

- Lower sales prices for caustic soda
- + Higher sales volumes
- + Lower feedstock and fuel costs
- + Contribution from LACC joint venture

Vinyls Segment 1Q 2020 vs. 4Q 2019	
Average Sales Price	Volume
- 1.4%	+ 2.8%

Vinyls Segment 1Q 2020 vs. 1Q 2019	
Average Sales Price	Volume
- 8.8%	+ 4.9%

Olefins Segment Performance

(\$ in millions)	1Q2020	4Q2019	1Q2020 vs. 4Q2019	1Q2019	1Q2020 vs. 1Q2019
Sales	\$427	\$398	7%	\$459	(7%)
Operating Income	\$62	\$49	27%	\$37	68%
EBITDA	\$98	\$86	14%	\$74	32%

First Quarter 2020 vs. Fourth Quarter 2019

- + Higher polyethylene sales volumes
- + Lower feedstock and fuel costs

First Quarter 2020 vs. First Quarter 2019

- + Higher polyethylene sales volumes
- + Lower feedstock and fuel costs
- Lower polyethylene sales prices

Olefins Segment 1Q 2020 vs. 4Q 2019	
Average Sales Price	Volume
- 2.6%	+ 10.0 %

Olefins Segment 1Q 2020 vs. 1Q 2019	
Average Sales Price	Volume
- 10.8%	+ 3.9%



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Financial Reconciliations

Consolidated Statements of Operations

	Three months ended December 31,	Three months ended March 31,	
	2019	2020	2019
	(In millions of dollars, except per share data)		
Net sales	\$ 1,883	\$ 1,932	\$ 2,025
Cost of sales	1,633	1,649	1,726
Gross profit	250	283	299
Selling, general and administrative expenses	115	120	116
Amortization of intangibles	28	27	27
Restructuring, transaction and integration-related costs	5	0	22
Income from operations	102	136	134
Interest expense	(35)	(31)	(30)
Other income, net	6	11	9
Income before income taxes	73	116	113
Provision for income taxes	(12)	(41)	31
Net income	85	157	82
Net income attributable to noncontrolling interests	13	12	10
Net income attributable to Westlake Chemical Corporation	\$ 72	\$ 145	\$ 72
Earnings per common share attributable to Westlake Chemical Corporation:			
Basic	\$ 0.56	\$ 1.13	\$ 0.56
Diluted	\$ 0.56	\$ 1.13	\$ 0.55

Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities

	Three Months		Three Months Ended March 31,	
	Ended December 31,	2020		2019
	2019			
	(In millions of dollars)			
Net cash provided by operating activities	\$ 333	\$ 61	\$	147
Changes in operating assets and liabilities and other	(228)	222		(50)
Deferred income taxes	(20)	(126)		(15)
Net income	85	157		82
Less:				
Other income, net	6	11		9
Interest expense	(35)	(31)		(30)
Benefit from (provision for) income taxes	12	41		(31)
Income from operations	102	136		134
Add:				
Depreciation and amortization	188	190		171
Other income, net	6	11		9
EBITDA	\$ 296	\$ 337	\$	314

Reconciliation of Vinyls, Olefins and Corporate EBITDA to Applicable Operating Income (Loss)

(in \$ millions)	Three months ended		Three months ended March 31,	
	December 31,		2020	2019
	2019			
Vinyls EBITDA	\$218		\$232	\$239
Less:				
Depreciation and Amortization	150		153	134
Other Income (Expenses)	0		6	4
Vinyls Operating Income (Loss)	68		73	101
Olefins EBITDA	86		98	74
Less:				
Depreciation and Amortization	36		35	35
Other Income (Expenses)	1		1	2
Olefins Operating Income (Loss)	49		62	37
Corporate EBITDA	(8)		7	1
Less:				
Depreciation and Amortization	2		2	2
Other Income (Expenses)	5		4	3
Corporate Operating Income (Loss)	(15)		1	(4)
Vinyls Operating Income (Loss)	68		73	101
Olefins Operating Income (Loss)	49		62	37
Corporate Operating Income (Loss)	(15)		1	(4)
Total Operating Income (Loss)	\$102		\$136	\$134



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Quarterly Industry Pricing

Average Quarterly Industry Prices ⁽¹⁾

	Quarter Ended				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
<u>Average domestic prices</u>					
Ethane (cents/lb) ⁽²⁾	10.0	7.1	5.8	6.3	4.7
Propane (cents/lb) ⁽³⁾	15.7	12.8	10.3	11.8	8.8
Ethylene (cents/lb) ⁽⁴⁾	17.0	13.7	20.7	22.8	15.8
Polyethylene (cents/lb) ⁽⁵⁾	60.0	63.0	59.0	54.0	52.3
Styrene (cents/lb) ⁽⁶⁾	78.8	80.8	79.9	77.1	62.3
Caustic soda (\$/short ton) ⁽⁷⁾	717	697	692	662	648
Chlorine (\$/short ton) ⁽⁸⁾	175	175	175	175	176
PVC (cents/lb) ⁽⁹⁾	68.8	68.2	68.8	67.8	71.8
<u>Average export prices</u>					
Polyethylene (cents/lb) ⁽¹⁰⁾	44.0	42.8	39.7	37.7	38.9
Caustic soda (\$/short ton) ⁽¹¹⁾	314	283	275	219	203
PVC (cents/lb) ⁽¹²⁾	36.0	35.0	35.1	33.6	36.9

1) Industry pricing data was obtained through IHS Markit ("IHS"). We have not independently verified the data.

2) Average Mont Belvieu spot prices of purity ethane over the period.

3) Average Mont Belvieu spot prices of non-TET propane over the period.

4) Average North American spot prices of ethylene over the period.

5) Average North American Net Transaction prices of polyethylene low density GP-Film grade over the period.

6) Average North American contract prices of styrene over the period.

7) Average USGC-CSLi index values for caustic soda over the period. As stated by IHS, "the caustic soda price listing represents the USGC-CSLi values. USGC-CSLi does not reflect contract price discounts, implementation lags, caps or other adjustments factors. Additionally, it is not intended to represent a simple arithmetic average of all market transactions occurring during the month. Rather, the USGC-CSLi is most representative of the month-to-month caustic soda price movement for contract volumes of liquid 50% caustic soda rather than the absolute value of contract prices at a particular point in time. It is intended to serve only as a benchmark."

8) Average North American contract prices of chlorine over the period.

9) Average North American contract prices of pipe grade polyvinyl chloride ("PVC") over the period. As stated by IHS, "the contract resin prices posted reflect an "index" or "market" for prices before discounts, rebates, incentives, etc."

10) Average North American export price for low density polyethylene GP-Film grade over the period.

11) Average North American low spot export prices of caustic soda over the period.

12) Average North American spot export prices of PVC over the period.

Safe Harbor Language

This presentation contains certain forward-looking statements including statements regarding managing working capital, lowering operating costs and reducing capital expenditures and the timing of the Petro 2 turnaround. Actual results may differ materially depending on factors such as general economic and business conditions; the cyclical nature of the chemical industry; the availability, cost and volatility of raw materials and energy; uncertainties associated with the United States, Europe and worldwide economies, including those due to political tensions in the Middle East and elsewhere; current and potential governmental regulatory actions in the United States and Europe and regulatory actions and political unrest in other countries; industry production capacity and operating rates; the supply/ demand balance for our products; competitive products and pricing pressures; instability in the credit and financial markets; access to capital markets; the COVID-19 pandemic and the response thereto; terrorist acts; operating interruptions including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks; changes in laws or regulations; technological developments; our ability to implement our business strategies; creditworthiness of our customers; and other factors described in our reports filed with the Securities and Exchange Commission. Many of these factors are beyond our ability to control or predict. Any of these factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially from those projected in the forward-looking statements. Management cautions against putting undue reliance on forward-looking statements. Every forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

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