

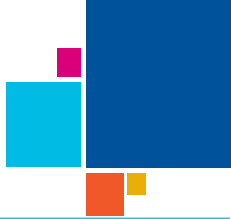


Westlake  
Chemical



# Third Quarter 2020 Earnings Presentation

November 3, 2020



# Commitment to Social Responsibility and Advancing Sustainability

**Westlake's commitment to social responsibility and advancing sustainability is formed 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.
- Westlake's sustainability report can be found at <https://www.westlake.com/sustainability>

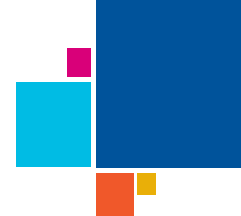
## Protecting the Environment

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 CO<sub>2</sub> 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.





# Westlake Chemical Third Quarter 2020 Highlights

Net income:

**\$57 MM**



Net income per share:

**\$0.45**



Cash and equivalents:

**\$1.2 B**



EBITDA:

**\$287 MM**



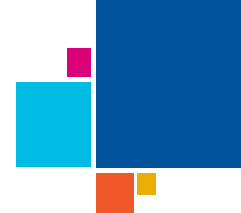
## Business Highlights

- In August 2020, Hurricane Laura, a category 4 hurricane, struck Lake Charles, Louisiana causing wide spread power and utility infrastructure damage. As a result, many of Westlake's olefins and vinyls facilities in the area were shutdown through September resulting in lost sales and lower production, higher maintenance expense as well as other costs attributable to lower production
- In September 2020, Westlake announced its Schkopau, Germany PVC plant would be closing, resulting in a restructuring charge of approximately \$34 million. Customers will continue to be supplied from our larger, integrated sites at Burghausen, Gendorf and Cologne, Germany
- In August and November 2020, Westlake retired \$254 million of GO Zone and Ike Zone revenue bonds as part of a refinancing that delivers annualized interest expense savings of \$6 million while maintaining a long dated debt maturity profile

## Industry Outlook

- Strong PVC demand anchored by robust construction activity
- Polyethylene's strong demand continues into the fourth quarter





# Westlake Chemical Corporation

## Third Quarter 2020 Financial Highlights

(\$ in millions)	3Q 2020	2Q 2020	3Q 2020 vs. 2Q 2020	3Q 2019	3Q 2020 vs. 3Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
<b>Sales</b>	<b>\$1,898</b>	<b>\$1,709</b>	<b>11%</b>	<b>\$2,066</b>	<b>(8%)</b>	<b>\$5,539</b>	<b>\$6,235</b>	<b>(11%)</b>
<b>Operating Income</b>	<b>\$79</b>	<b>\$36</b>	<b>119%</b>	<b>\$226</b>	<b>(65%)</b>	<b>\$251</b>	<b>\$554</b>	<b>(55%)</b>
<i>Vinyls EBITDA</i>	<i>\$209</i>	<i>\$182</i>	<i>15%</i>	<i>\$306</i>	<i>(32%)</i>	<i>\$623</i>	<i>\$814</i>	<i>(23%)</i>
<i>Olefins EBITDA</i>	<i>\$86</i>	<i>\$60</i>	<i>43%</i>	<i>\$128</i>	<i>(33%)</i>	<i>\$244</i>	<i>\$321</i>	<i>(24%)</i>
<i>Corporate EBITDA</i>	<i>(\$8)</i>	<i>(\$6)</i>	<i>—</i>	<i>(\$9)</i>	<i>—</i>	<i>(\$7)</i>	<i>(\$24)</i>	<i>—</i>
<b>EBITDA<sup>1</sup></b>	<b>\$287</b>	<b>\$236</b>	<b>22%</b>	<b>\$425</b>	<b>(32%)</b>	<b>\$860</b>	<b>\$1,111</b>	<b>(23%)</b>

### Third Quarter 2020 vs. Second Quarter 2020

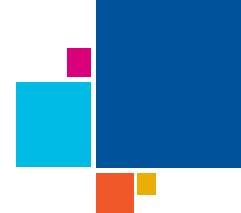
- + Higher sales prices for our major products: PVC, caustic soda and polyethylene
- + Increased earnings in our downstream vinyls products business
- Impacts from Hurricane Laura
- Restructuring charges of \$34 million in our European vinyls business
- Higher feedstock and fuel costs

### Third Quarter 2020 vs. Third Quarter 2019

- Impacts from Hurricane Laura
- Restructuring costs in vinyls business
- Higher feedstock costs
- + Increased earnings in our downstream vinyls products businesses
- + Lower fuel costs



(1) Reconciliations of EBITDA, Vinyls EBITDA, Olefins EBITDA and Other EBITDA to the applicable GAAP measures can be found on pages 8, 9 and 10



# Vinyls Segment Performance

(\$ in millions)	3Q 2020	2Q 2020	3Q 2020 vs. 2Q 2020	3Q 2019	3Q 2020 vs. 3Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
Sales	\$1,529	\$1,348	13%	\$1,618	(6%)	\$4,382	\$4,851	(10%)
Operating Income	\$42	\$20	110%	\$153	(73%)	\$135	\$383	(65%)
EBITDA	\$209	\$182	15%	\$306	(32%)	\$623	\$814	(23%)

## Third Quarter 2020 vs. Second Quarter 2020

- + Increased earnings in our downstream vinyls products business
- + Higher sales prices for our major products
- Impacts from Hurricane Laura
- Restructuring charges of \$34 million
- Higher feedstock and fuel costs

## Third Quarter 2020 vs. Third Quarter 2019

- Impacts from Hurricane Laura
- Lower global sales prices for our major products
- Higher restructuring costs
- + Increased earnings in our downstream vinyls products business
- + Lower fuel costs

Vinyls segment  
3Q 2020 vs. 2Q 2020

Average  
Sales Price

**+7.0%**

Volume

**+6.5%**

Vinyls segment  
3Q 2020 vs. 3Q 2019

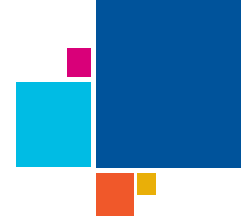
Average  
Sales Price

**-3.5%**

Volume

**-1.9%**





# Olefins Segment Performance

(\$ in millions)	3Q 2020	2Q 2020	3Q 2020 vs. 2Q 2020	3Q 2019	3Q 2020 vs. 3Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
Sales	\$369	\$361	2%	\$448	(18%)	\$1,157	\$1,384	(16%)
Operating Income	\$51	\$25	104%	\$92	(45%)	\$138	\$211	(35%)
EBITDA	\$86	\$60	43%	\$128	(33%)	\$244	\$321	(24%)

## Third Quarter 2020 vs. Second Quarter 2020

- + Higher sales prices for polyethylene
- Impacts from Hurricane Laura

## Third Quarter 2020 vs. Third Quarter 2019

- Impacts from Hurricane Laura
- Higher feedstock costs

Olefins segment  
3Q 2020 vs. 2Q 2020

Average  
Sales Price

**+13.5%**

Volume

**-11.3%**

Olefins segment  
3Q 2020 vs. 3Q 2019

Average  
Sales Price

**+0.4%**

Volume

**-18.2%**

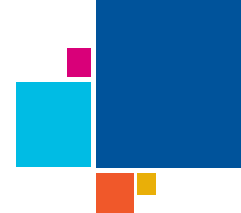






# Financial Reconciliations



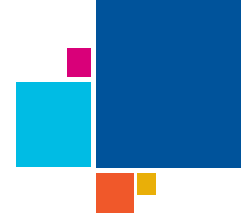


# Consolidated Statements of Operations

	Three months ended June 30,	Three months ended September 30,		Nine months ended September 30,	
	2020	2020	2019	2020	2019
(In millions of dollars, except per share data)					
Net sales	\$ 1,709	\$ 1,898	\$ 2,066	\$ 5,539	\$ 6,235
Cost of sales	1,540	1,650	1,695	4,839	5,225
Gross profit	169	248	371	700	1,010
Selling, general and administrative expenses	104	108	110	332	343
Amortization of intangibles	27	27	27	81	81
Restructuring, transaction and integration-related costs	2	34	8	36	32
Income from operations	36	79	226	251	554
Interest expense	(40)	(37)	(31)	(108)	(89)
Other income, net	9	12	21	32	32
Income before income taxes	5	54	216	175	497
Provision for (benefit from) income taxes	(19)	(15)	50	(75)	120
Net income	24	69	166	250	377
Net income attributable to noncontrolling interests	9	12	8	33	28
<b>Net income attributable to Westlake Chemical Corporation</b>	<b>\$ 15</b>	<b>\$ 57</b>	<b>\$ 158</b>	<b>\$ 217</b>	<b>\$ 349</b>
Earnings per common share attributable to Westlake Chemical Corporation:					
Basic	\$ 0.11	\$ 0.45	\$ 1.22	\$ 1.69	\$ 2.70
Diluted	\$ 0.11	\$ 0.45	\$ 1.22	\$ 1.69	\$ 2.69

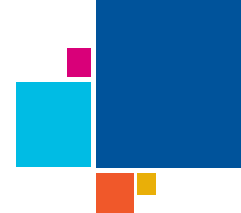






# Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities

	Three Months Ended June 30,	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2020	2019	2020	2019
(In millions of dollars)					
<b>Net cash provided by operating activities</b>	\$ 448	\$ 357	\$ 501	\$ 866	\$ 968
Changes in operating assets and liabilities and other	(454)	(230)	(316)	(462)	(557)
Deferred income taxes	30	(58)	(19)	(154)	(34)
<b>Net income</b>	<b>24</b>	<b>69</b>	<b>166</b>	<b>250</b>	<b>377</b>
Less:					
Other income, net	9	12	21	32	32
Interest expense	(40)	(37)	(31)	(108)	(89)
Benefit from (provision for) income taxes	19	15	(50)	75	(120)
<b>Income from operations</b>	<b>36</b>	<b>79</b>	<b>226</b>	<b>251</b>	<b>554</b>
Add:					
Depreciation and amortization	191	196	178	577	525
Other income, net	9	12	21	32	32
<b>EBITDA</b>	<b>\$ 236</b>	<b>\$ 287</b>	<b>\$ 425</b>	<b>\$ 860</b>	<b>\$ 1,111</b>



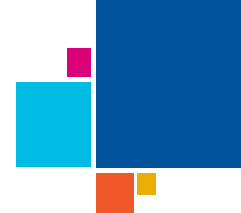
# Reconciliation of Vinyls, Olefins and Corporate EBITDA to Applicable Operating Income (Loss)

	Three months ended June 30,	Three months ended September 30,		Nine months ended September 30,	
	2020	2020	2019	2020	2019
(In millions of dollars)					
<b>Vinyls EBITDA</b>	<b>\$ 182</b>	<b>\$ 209</b>	<b>\$ 306</b>	<b>\$ 623</b>	<b>\$ 814</b>
Less:					
Depreciation and Amortization	154	160	141	467	413
Other Income (Expenses)	8	7	12	21	18
Vinyls Operating Income (Loss)	20	42	153	135	383
<b>Olefins EBITDA</b>	<b>60</b>	<b>86</b>	<b>128</b>	<b>244</b>	<b>321</b>
Less:					
Depreciation and Amortization	35	34	35	104	106
Other Income (Expenses)	0	1	1	2	4
Olefins Operating Income (Loss)	25	51	92	138	211
<b>Corporate EBITDA</b>	<b>(6)</b>	<b>(8)</b>	<b>(9)</b>	<b>(7)</b>	<b>(24)</b>
Less:					
Depreciation and Amortization	2	2	2	6	6
Other Income (Expenses)	1	4	8	9	10
Corporate Operating Income (Loss)	(9)	(14)	(19)	(22)	(40)
Vinyls Operating Income (Loss)	20	42	153	135	383
Olefins Operating Income (Loss)	25	51	92	138	211
Corporate Operating Income (Loss)	(9)	(14)	(19)	(22)	(40)
<b>Total Operating Income (Loss)</b>	<b>\$ 36</b>	<b>\$ 79</b>	<b>\$ 226</b>	<b>\$ 251</b>	<b>\$ 554</b>



## Quarterly Industry Pricing





# Average Quarterly Industry Prices <sup>(1)</sup>

	Quarter Ended				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
<b><u>Average domestic prices</u></b>					
Ethane (cents/lb) <sup>(2)</sup>	5.8	6.3	4.7	6.4	7.4
Propane (cents/lb) <sup>(3)</sup>	10.3	11.8	8.8	9.6	11.9
Ethylene (cents/lb) <sup>(4)</sup>	20.7	22.8	15.8	11.0	19.3
Polyethylene (cents/lb) <sup>(5)</sup>	59.0	54.0	52.3	49.0	61.0
Styrene (cents/lb) <sup>(6)</sup>	79.9	77.1	62.3	48.3	53.8
Caustic soda (\$/short ton) <sup>(7)</sup>	692	662	648	698	697
Chlorine (\$/short ton) <sup>(8)</sup>	175	175	176	175	176
PVC (cents/lb) <sup>(9)</sup>	68.8	67.8	71.8	66.5	72.5
<b><u>Average export prices</u></b>					
Polyethylene (cents/lb) <sup>(10)</sup>	39.7	37.7	39.4	38.5	45.7
Caustic soda (\$/short ton) <sup>(11)</sup>	275	219	203	319	260
PVC (cents/lb) <sup>(12)</sup>	35.1	33.6	36.9	27.5	38.5

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."

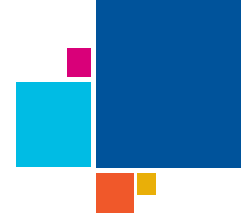
10) Average North American export price for low density polyethylene GP-Film grade over the period.

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 PVC and polyethylene pricing and demand. 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; 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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