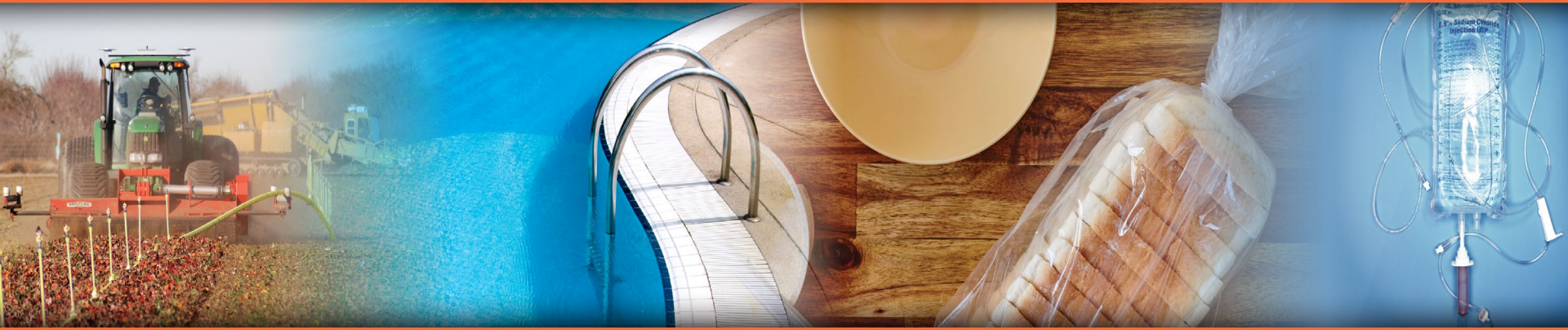




Westlake
Chemical



Westlake Chemical Corporation

Fourth Quarter and Year-End 2019
Earnings Presentation

February 18, 2020

Westlake Chemical 2019 Highlights

Business Highlights

- Net income of \$421 million; EBITDA of \$1.4 billion; Cash flows from operations of \$1.3 billion
- Record annual sales volumes
- Acquired NAKAN™, a global PVC compounding business – expanding Westlake’s international footprint and market channels
- Started up 2.2 billion pound ethylene joint venture with Lotte Chemical (“LACC”) in the second quarter of 2019; increased ownership to 47% interest in the fourth quarter of 2019
- Issued €700,000,000 of senior unsecured notes due 2029 at a coupon of 1.625% per annum in July of 2019; proceeds used to acquire a greater interest in LACC
- Completed 750 million pounds of PVC expansions in Germany and the U.S. – expansions should improve our chain integration and available chain margin
- Westlake Chemical Partners acquired an additional 4.5% ownership interest in Westlake Chemical OpCo LP in the first quarter of 2019

Westlake Chemical 2020 Outlook

Business Outlook

- Chlor Alkali and PVC remains constructive
 - Integrated facilities in North America benefit from low cost feedstocks and natural gas
 - Outlook for demand growth outpaces industry capacity additions
- LACC should provide a cost advantaged ethylene feedstock to drive vinyls integrated margins
- Continued focus on controlling our costs
- Improvement in integrated margins as current vinyls expansions near completion
- Recent trade resolutions, such as the USMCA between the U.S., Mexico and Canada, as well as the Phase One agreement with China, spurred positive signs for global demand and improved pricing
- With the outbreak of the Coronavirus, the magnitude of the impact on our products is not yet clear and will depend on the time period it takes for the Chinese and Global economy to return to normal

Westlake's Commitment to Advancing Sustainability

Westlake's commitment to corporate social responsibility 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.

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.



Westlake Chemical Corporation

Fourth Quarter 2019 Financial Highlights

(\$ in millions)	4Q 2019	3Q 2019	4Q 2019 vs. 3Q 2019	4Q 2018	4Q 2019 vs. 4Q 2018	FY 2019	FY 2018	FY 2019 vs. FY 2018
Sales	\$1,883	\$2,066	(9%)	\$1,995	(6%)	\$8,118	\$8,635	(6%)
Operating Income	\$102	\$226	(55%)	\$207	(51%)	\$656	\$1,408	(53%)
<i>Vinyls EBITDA</i>	\$218	\$306	(29%)	\$257	(15%)	\$1,032	\$1,439	(28%)
<i>Olefins EBITDA</i>	\$86	\$128	(33%)	\$126	(32%)	\$407	\$715	(43%)
<i>Corporate EBITDA</i>	(\$8)	(\$9)	11%	(\$9)	11%	(\$32)	(\$53)	40%
EBITDA¹	\$296	\$425	(30%)	\$374	(21%)	\$1,407	\$2,101	(33%)

Fourth Quarter 2019 vs. Third Quarter 2019

- Lower sales prices for our major products
- Higher feedstock and fuel costs
- Seasonally lower earnings from our downstream vinyl products businesses

Fourth Quarter 2019 vs. Fourth Quarter 2018

- Lower global sales prices for our major products
- + Lower ethane feedstock, purchased ethylene and fuel costs
- + Higher sales volumes

Vinyls Segment Performance

(\$ in millions)	4Q 2019	3Q 2019	4Q 2019 vs. 3Q 2019	4Q 2018	4Q 2019 vs. 4Q 2018	FY 2019	FY 2018	FY 2019 vs. FY 2018
Sales	\$1,485	\$1,618	(8%)	\$1,502	(1%)	\$6,336	\$6,616	(4%)
Operating Income	\$68	\$153	(56%)	\$125	(46%)	\$451	\$913	(51%)
EBITDA	\$218	\$306	(29%)	\$257	(15%)	\$1,032	\$1,439	(28%)

Fourth Quarter 2019 vs. Third Quarter 2019

- Lower global sales prices for caustic soda and PVC resin
- Higher feedstock and fuel costs
- Seasonally lower earnings from vinyls products
- + Higher sales volumes of PVC resin and higher contribution from LACC

Vinyls Segment 4Q 2019 vs. 3Q 2019	
Average Sales Price	Volume
- 3.3%	- 4.8%

Fourth Quarter 2019 vs. Fourth Quarter 2018

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

Vinyls Segment 4Q 2019 vs. 4Q 2018	
Average Sales Price	Volume
- 10.0%	+ 9.0%

Olefins Segment Performance

(\$ in millions)	4Q 2019	3Q 2019	4Q 2019 vs. 3Q 2019	4Q 2018	4Q 2019 vs. 4Q 2018	FY 2019	FY 2018	FY 2019 vs. FY 2018
Sales	\$398	\$448	(11%)	\$493	(19%)	\$1,782	\$2,019	(12%)
Operating Income	\$49	\$92	(47%)	\$90	(46%)	\$260	\$573	(55%)
EBITDA	\$86	\$128	(33%)	\$126	(32%)	\$407	\$715	(43%)

Fourth Quarter 2019 vs. Third Quarter 2019

- Lower polyethylene sales prices
- Higher feedstock and fuel costs
- Impact from turnaround activity

Fourth Quarter 2019 vs. Fourth Quarter 2018

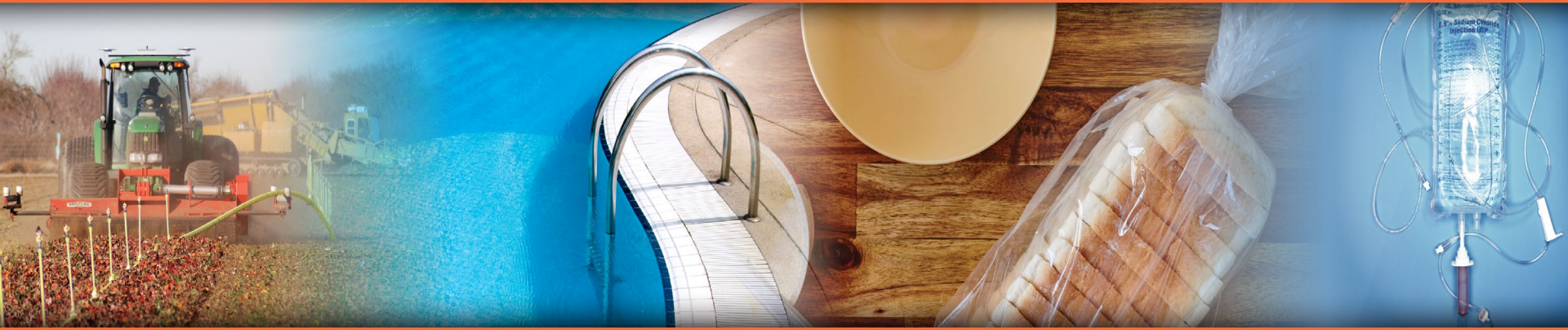
- Lower sales prices for our major products
- Impact from turnaround activity
- + Lower feedstock and fuel costs
- + Higher polyethylene sales volumes

Olefins Segment 4Q 2019 vs. 3Q 2019	
Average Sales Price	Volume
- 4.5%	- 6.9%

Olefins Segment 4Q 2019 vs. 4Q 2018	
Average Sales Price	Volume
- 18.7%	- 0.7%



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Financial Reconciliations

Consolidated Statements of Operations

	Three Months Ended September 30,	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2019	2018	2019	2018
(In millions of dollars, except per share data)					
Net sales	\$ 2,066	\$ 1,883	\$ 1,995	\$ 8,118	\$ 8,635
Cost of sales	1,695	1,633	1,641	6,858	6,648
Gross profit	371	250	354	1,260	1,987
Selling, general and administrative expenses	110	115	108	458	445
Amortization of intangibles	27	28	26	109	101
Restructuring, transaction and integration-related costs	8	5	13	37	33
Income from operations	226	102	207	656	1,408
Interest expense	(31)	(35)	(30)	(124)	(126)
Other income (expense), net	21	6	(1)	38	52
Income before income taxes	216	73	176	570	1,334
Provision for (benefit from) income taxes	50	(12)	45	108	300
Net income	166	85	131	462	1,034
Net income attributable to noncontrolling interests	8	13	8	41	38
Net income attributable to Westlake Chemical Corporation	\$ 158	\$ 72	\$ 123	\$ 421	\$ 996
Earnings per common share attributable to Westlake Chemical Corporation:					
Basic	\$ 1.22	\$ 0.56	\$ 0.95	\$ 3.26	\$ 7.66
Diluted	\$ 1.22	\$ 0.56	\$ 0.95	\$ 3.25	\$ 7.62

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

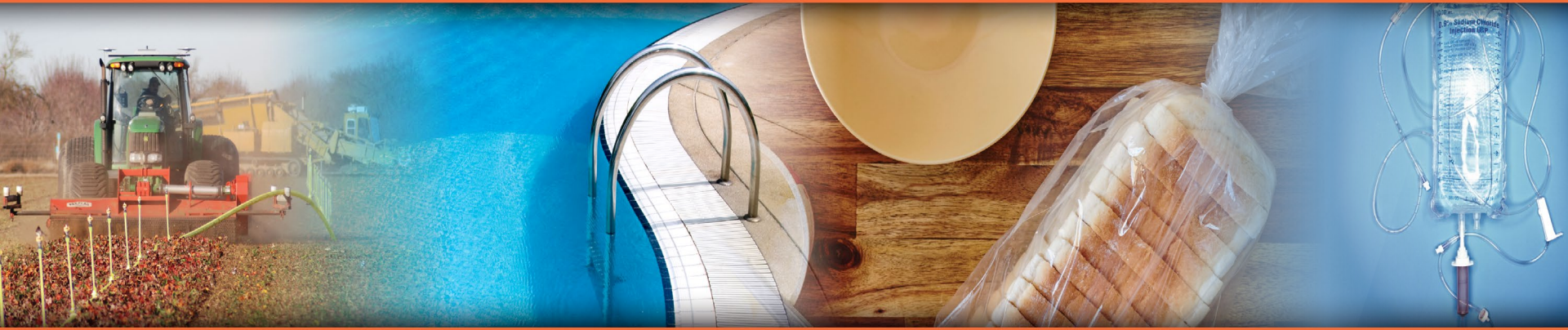
	Three Months Ended September 30, <u>2019</u>	Three Months Ended December 31, <u>2019</u> <u>2018</u>		Twelve Months Ended December 31, <u>2019</u> <u>2018</u>	
	(In millions of dollars)				
Net cash provided by operating activities	\$ 501	\$ 333	\$ 254	\$ 1,301	\$ 1,409
Changes in operating assets and liabilities and other	(316)	(228)	(135)	(785)	(313)
Deferred income taxes	(19)	(20)	12	(54)	(62)
Net income	<u>166</u>	<u>85</u>	<u>131</u>	<u>462</u>	<u>1,034</u>
Less:					
Other income (expense), net	21	6	(1)	38	52
Interest expense	(31)	(35)	(30)	(124)	(126)
(Provision for) benefit from income taxes	(50)	12	(45)	(108)	(300)
Income from operations	<u>226</u>	<u>102</u>	<u>207</u>	<u>656</u>	<u>1,408</u>
Add:					
Depreciation and amortization	178	188	168	713	641
Other income (expense), net	21	6	(1)	38	52
EBITDA	<u>\$ 425</u>	<u>\$ 296</u>	<u>\$ 374</u>	<u>\$ 1,407</u>	<u>\$ 2,101</u>

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

(in \$ millions)	Three months ended September 30,	Three months ended December 31,		Twelve months ended December 31,	
	2019	2019	2018	2019	2018
Vinyls EBITDA	\$306	\$218	\$257	\$1,032	\$1,439
Less:					
Depreciation and Amortization	141	150	129	563	491
Other Income	12	-	3	18	35
Vinyls Operating Income	153	68	125	451	913
Olefins EBITDA	128	86	126	407	715
Less:					
Depreciation and Amortization	35	36	36	142	138
Other Income	1	1	-	5	4
Olefins Operating Income	92	49	90	260	573
Corporate EBITDA	(9)	(8)	(9)	(32)	(53)
Less:					
Depreciation and Amortization	2	2	3	8	12
Other Income	8	5	(4)	15	13
Corporate Operating Loss	(19)	(15)	(8)	(55)	(78)
Vinyls Operating Income	153	68	125	451	913
Olefins Operating Income	92	49	90	260	573
Corporate Operating Loss	(19)	(15)	(8)	(55)	(78)
Total Operating Income	\$226	\$102	\$207	\$656	\$1,408



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Quarterly Industry Pricing

Average Quarterly Industry Prices ⁽¹⁾

	Quarter Ended				
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
<u>Average domestic prices</u>					
Ethane (cents/lb) ⁽²⁾	11.6	10.0	7.1	5.8	6.3
Propane (cents/lb) ⁽³⁾	18.7	15.7	12.8	10.3	11.8
Ethylene (cents/lb) ⁽⁴⁾	20.2	17.0	13.7	20.7	22.8
Polyethylene (cents/lb) ⁽⁵⁾	68.0	60.0	63.0	59.0	54.0
Styrene (cents/lb) ⁽⁶⁾	84.3	78.8	80.8	79.9	77.1
Caustic soda (\$/short ton) ⁽⁷⁾	748	717	697	692	662
Chlorine (\$/short ton) ⁽⁸⁾	175	175	175	175	175
PVC (cents/lb) ⁽⁹⁾	67.5	68.8	68.2	68.8	67.8
<u>Average export prices</u>					
Polyethylene (cents/lb) ⁽¹⁰⁾	49.0	44.0	42.8	39.7	37.7
Caustic soda (\$/short ton) ⁽¹¹⁾	349	314	283	275	219
PVC (cents/lb) ⁽¹²⁾	34.3	36.0	35.0	35.1	33.6

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. Effective January 1, 2019, IHS made a non-market average downward adjustment of \$172.50 per short ton to chlorine prices. For comparability, we adjusted the prior period's chlorine price downward by \$172.50 per short ton consistent with the IHS non-market adjustment.

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 the results of projects, demand growth outpacing industry capacity additions, improvement in integrated margins and LACC providing a cost advantaged ethylene feedstock to drive strong vinyls chain margins. 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.

Investor Relations Contacts

Steve Bender
Executive Vice President &
Chief Financial Officer

Jeff Holy
Vice President &
Treasurer

Westlake Chemical
2801 Post Oak Boulevard, Suite 600
Houston, Texas 77056
713-960-9111