



Westlake
Chemical



Second Quarter 2020 Earnings Presentation

August 6, 2020



Westlake's 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.

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 Second Quarter 2020 Highlights

<p>Net income:</p> <p>\$15 MM</p> 	<p>Net income per share:</p> <p>\$0.11</p> 	<p>Cash and equivalents:</p> <p>\$1.1 B</p> 	<p>EBITDA:</p> <p>\$236 MM</p> 
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Business Highlights

- Strategies to reduce costs and increase operational efficiencies; generated \$448 million in cash flows from operations in the second quarter of 2020
- Issued in June 2020 \$300 million of ten-year senior unsecured notes at a coupon of 3.375% per annum to fund retirement of \$254 million of GO Zone Revenue Bonds by year-end; annualized interest expense savings of \$6 million while maintaining long-dated maturity profile
- Committed to maintaining solid investment grade credit metrics and ratings

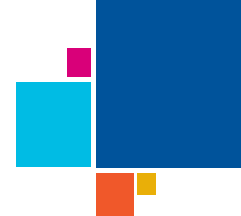
Industry Outlook

- Robust demand in flexible packaging keeping polyethylene operating rates high
- Recovery in PVC demand during the second quarter drove improved industry operating rates



Westlake Chemical Corporation

Second Quarter 2020 Financial Highlights



(\$ in millions)	2Q 2020	1Q 2020	2Q 2020 vs. 1Q 2020	2Q 2019	2Q 2020 vs. 2Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
Sales	\$1,709	\$1,932	(12%)	\$2,144	(20%)	\$3,641	\$4,169	(13%)
Operating Income	\$36	\$136	(74%)	\$194	(81%)	\$172	\$328	(48%)
<i>Vinyls EBITDA</i>	\$182	\$232	(22%)	\$269	(32%)	\$414	\$508	(19%)
<i>Olefins EBITDA</i>	\$60	\$98	(39%)	\$119	(50%)	\$158	\$193	(18%)
<i>Corporate EBITDA</i>	(\$6)	\$7	-	(\$16)	-	\$1	(\$15)	-
EBITDA¹	\$236	\$337	(30%)	\$372	(37%)	\$573	\$686	(16%)

Second Quarter 2020 vs. First Quarter 2020

- Lower sales volumes for caustic soda
- Lower sales prices and margins for polyethylene and PVC resin
- + Higher sales prices for caustic soda
- + Lower fuel and operating costs

Second Quarter 2020 vs. Second Quarter 2019

- Lower global sales prices for our major products
- Reduced sales volumes for caustic soda and downstream vinyls products
- + Lower ethane feedstock and fuel costs
- + Reduced operating and selling, general and administrative expenses



(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)	2Q 2020	1Q 2020	2Q 2020 vs. 1Q 2020	2Q 2019	2Q 2020 vs. 2Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
Sales	\$1,348	\$1,505	(10%)	\$1,667	(19%)	\$2,853	\$3,233	(12%)
Operating Income	\$20	\$73	(73%)	\$129	(84%)	\$93	\$230	(60%)
EBITDA	\$182	\$232	(22%)	\$269	(32%)	\$414	\$508	(19%)

Second Quarter 2020 vs.

First Quarter 2020

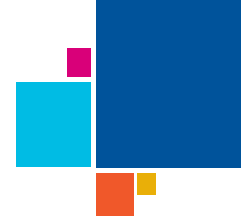
- Lower sales volumes for caustic soda
- Lower global sales prices for PVC resin
- Higher ethane feedstock
- + Lower fuel costs, operating expenses and planned turnarounds costs

Second Quarter 2020 vs.

Second Quarter 2019

- Lower global sales prices for our major products
- Lower sales volumes for caustic soda and downstream vinyl products
- + Lower ethane feedstock costs
- + Reduced operating and fuel costs as well as costs associated with planned turnarounds





Olefins Segment Performance

(\$ in millions)	2Q 2020	1Q 2020	2Q 2020 vs. 1Q 2020	2Q 2019	2Q 2020 vs. 2Q 2019	YTD 2020	YTD 2019	YTD 2020 vs. YTD 2019
Sales	\$361	\$427	(15%)	\$477	(24%)	\$788	\$936	(16%)
Operating Income	\$25	\$62	(60%)	\$82	(70%)	\$87	\$119	(27%)
EBITDA	\$60	\$98	(39%)	\$119	(50%)	\$158	\$193	(18%)

Second Quarter 2020 vs. First Quarter 2020

- Lower sales prices for polyethylene
- Higher feedstock costs
- + Increased polyethylene sales volumes
- + Lower fuel costs

Second Quarter 2020 vs. Second Quarter 2019

- Lower sales prices for polyethylene
- + Increased polyethylene sales volumes
- + Lower feedstock and fuel costs

Olefins segment
2Q 2020 vs. 1Q 2020

Average
Sales Price

-15.3%

Volume

-0.2%

Olefins segment
2Q 2020 vs. 2Q 2019

Average
Sales Price

-25.1%

Volume

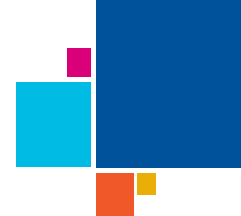
+0.7%





Financial Reconciliations

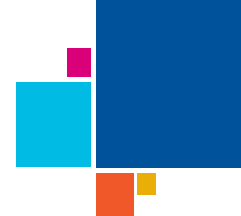




Consolidated Statements of Operations

	Three months ended March 31,	Three months ended June 30,		Six months ended June 30,	
	2020	2020	2019	2020	2019
	(In millions of dollars, except per share data)				
Net sales	\$ 1,932	\$ 1,709	\$ 2,144	\$ 3,641	\$ 4,169
Cost of sales	1,649	1,540	1,804	3,189	3,530
Gross profit	283	169	340	452	639
Selling, general and administrative expenses	120	104	117	224	233
Amortization of intangibles	27	27	27	54	54
Restructuring, transaction and integration-related costs	0	2	2	2	24
Income from operations	136	36	194	172	328
Interest expense	(31)	(40)	(28)	(71)	(58)
Other income, net	11	9	2	20	11
Income before income taxes	116	5	168	121	281
Provision for (benefit from) income taxes	(41)	(19)	39	(60)	70
Net income	157	24	129	181	211
Net income attributable to noncontrolling interests	12	9	10	21	20
Net income attributable to Westlake Chemical Corporation	\$ 145	\$ 15	\$ 119	\$ 160	\$ 191
Earnings per common share attributable to Westlake Chemical Corporation:					
Basic	\$ 1.13	\$ 0.11	\$ 0.92	\$ 1.24	\$ 1.48
Diluted	\$ 1.13	\$ 0.11	\$ 0.92	\$ 1.24	\$ 1.47

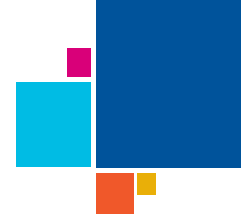




Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities

	<u>Three Months Ended March 31,</u> <u>2020</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(In millions of dollars)					
Net cash provided by operating activities	\$ 61	\$ 448	\$ 320	\$ 509	\$ 467
Changes in operating assets and liabilities and other	222	(454)	(191)	(232)	(241)
Deferred income taxes	(126)	30	—	(96)	(15)
Net income	<u>157</u>	<u>24</u>	<u>129</u>	<u>181</u>	<u>211</u>
Less:					
Other income, net	11	9	2	20	11
Interest expense	(31)	(40)	(28)	(71)	(58)
Benefit from (provision for) income taxes	41	19	(39)	60	(70)
Income from operations	<u>136</u>	<u>36</u>	<u>194</u>	<u>172</u>	<u>328</u>
Add:					
Depreciation and amortization	190	191	176	381	347
Other income, net	11	9	2	20	11
EBITDA	<u>\$ 337</u>	<u>\$ 236</u>	<u>\$ 372</u>	<u>\$ 573</u>	<u>\$ 686</u>

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



	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,					
	2020		2020	2019	2020	2019				
	(In millions of dollars)									
Vinyls EBITDA	\$	232	\$	182	\$	269	\$	414	\$	508
Less:										
Depreciation and Amortization		153		154		138		307		272
Other Income (Expenses)		6		8		2		14		6
Vinyls Operating Income (Loss)		73		20		129		93		230
Olefins EBITDA		98		60		119		158		193
Less:										
Depreciation and Amortization		35		35		36		70		71
Other Income (Expenses)		1		0		1		1		3
Olefins Operating Income (Loss)		62		25		82		87		119
Corporate EBITDA		7		(6)		(16)		1		(15)
Less:										
Depreciation and Amortization		2		2		2		4		4
Other Income (Expenses)		4		1		(1)		5		2
Corporate Operating Income (Loss)		1		(9)		(17)		(8)		(21)
Vinyls Operating Income (Loss)		73		20		129		93		230
Olefins Operating Income (Loss)		62		25		82		87		119
Corporate Operating Income (Loss)		1		(9)		(17)		(8)		(21)
Total Operating Income (Loss)	\$	136	\$	36	\$	194	\$	172	\$	328



Quarterly Industry Pricing





Average Quarterly Industry Prices ⁽¹⁾

	Quarter Ended				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
<u>Average domestic prices</u>					
Ethane (cents/lb) ⁽²⁾	7.1	5.8	6.3	4.7	6.4
Propane (cents/lb) ⁽³⁾	12.8	10.3	11.8	8.8	9.6
Ethylene (cents/lb) ⁽⁴⁾	13.7	20.7	22.8	15.8	11.0
Polyethylene (cents/lb) ⁽⁵⁾	63.0	59.0	54.0	52.3	49.0
Styrene (cents/lb) ⁽⁶⁾	80.8	79.9	77.1	62.3	48.3
Caustic soda (\$/short ton) ⁽⁷⁾	697	692	662	648	698
Chlorine (\$/short ton) ⁽⁸⁾	175	175	175	176	175
PVC (cents/lb) ⁽⁹⁾	68.2	68.8	67.8	71.8	66.5
<u>Average export prices</u>					
Polyethylene (cents/lb) ⁽¹⁰⁾	42.8	39.7	37.7	38.9	36.3
Caustic soda (\$/short ton) ⁽¹¹⁾	283	275	219	203	319
PVC (cents/lb) ⁽¹²⁾	35.0	35.1	33.6	36.9	27.5

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."

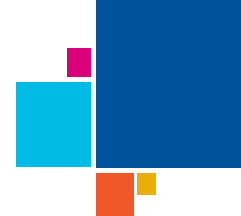
10) Average North American export price for low density polyethylene GP-Film grade over the period.

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 demand for our products and commitment to an investment grade credit rating. 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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