



Westlake

Earnings Presentation
3Q 2023

Third Quarter 2023 Highlights

3Q 2023 Financial Results

Record Housing and Infrastructure Products (HIP) segment earnings provide stability

\$285M

Net Income

4% decrease vs. 2Q

\$3.1B

Net Sales

4% decrease vs. 2Q

\$682M

EBITDA⁽¹⁾

1% decrease vs. 2Q

\$2.20

Net Income Per Share

\$3.1B

Cash and Equivalents

\$451M

Free Cash Flow⁽²⁾

- **Sales volume increased 4% vs. 2Q'23** due to demand growth in HIP and improved plant operations
- **EBITDA margin⁽³⁾ of 22% stable vs. 2Q'23 (21%)** as higher margin in HIP from lower material costs offset lower margin in Performance and Essential Materials (PEM) due to sales price declines
- **Raising 2023 cost savings target to \$95 - \$110 million** after achieving **\$30 million of cost savings in 3Q'23** and \$80 million year-to-date
- **Generated free cash flow of \$451 million in the quarter** and \$1.5 billion in the twelve months ended September 30, 2023
- **Raised quarterly dividend by 40%** to \$0.50/share


(1) Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities can be found on page 11


(2) Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities can be found on page 13


(3) EBITDA margin is calculated by dividing EBITDA by Net Sales


Westlake Corporation 3Q 2023


(\$ in millions)	3Q'23	2Q'23	QoQ%	3Q'22	YoY%
Sales	\$3,115	\$3,251	(4%)	\$3,956	(21%)
Operating Income	\$349	\$396	(12%)	\$516	(32%)
EBITDA⁽¹⁾					
<i>Performance and Essential Materials</i>	\$339	\$435	(22%)	\$561	(40%)
<i>Housing and Infrastructure Products</i>	\$327	\$244	34%	\$254	29%
<i>Corporate</i>	\$16	\$11	-	(\$11)	-
	\$682	\$690	(1%)	\$804	(15%)

 Record HIP segment quarterly EBITDA of \$327 million as lower material costs combined with QoQ volume growth to drive record HIP EBITDA margin of 29%

 Sequential sales volume growth in each segment, driven by demand growth for HIP and improved plant operations

 Achieved cost savings of ~\$30 million in 3Q'23 and ~\$80 million year-to-date in 2023

 PEM segment average sales price fell 10% QoQ, driven primarily by caustic soda and PVC resin, as a result of continued soft global economic conditions

 3Q'23 EBITDA was reduced by ~\$20 million due to charges incurred, including a legal reserve and inventory charges

Benefits of a Combined PEM & HIP Portfolio

✓ More Stability in Earnings & Cashflow

- PEM and HIP have different cycles and margin drivers
- HIP provides captive off-take for PEM improving operating rates and domestic sales mix
- Vertical integration lowers unit cost production and creates more reliable operations across both segments

✓ PEM's Cashflow Profile Supports Stronger Investment in HIP

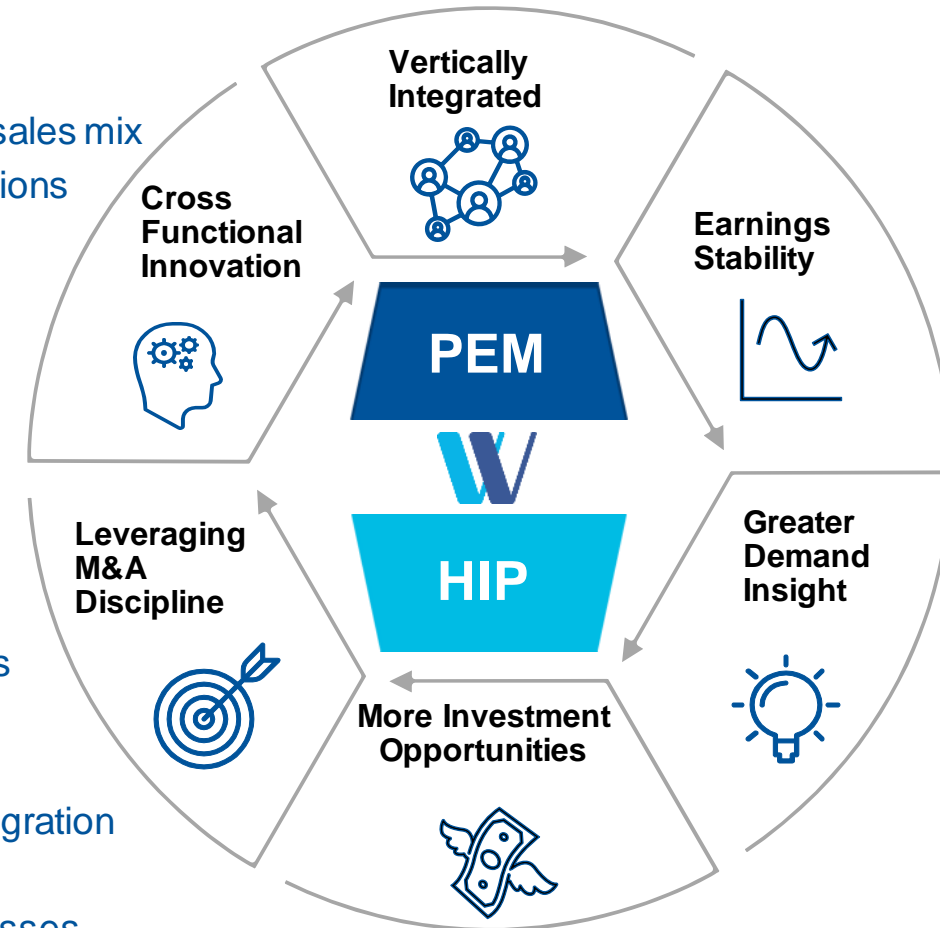
- HIP has more access to capital from Westlake vs. smaller and private equity-owned competition
- Innovation and efficiency gains due to combined economies of scale

✓ Enhances Innovation Across Both Segments

- Leveraging PEM's material science and HIP's product expertise
- Strongly supports introduction of sustainable and technically advanced products

✓ Creates New Opportunities to Apply Proven M&A Skills

- Leveraging M&A expertise in disciplined capital deployment and successful integration
- Provides bolt-on acquisition opportunities
- Allows opportunistic capital allocation to best opportunities across many businesses



Combined Segments Offer Lower Volatility and Greater Reliability to Westlake Investors and Customers

Housing and Infrastructure Products (“HIP”) Segment Performance

(\$ in millions)	3Q'23	2Q'23	QoQ%	3Q'22	YoY%
Housing Products Sales	\$963	\$918	5%	\$1,018	(5%)
Infrastructure Products Sales	\$181	\$197	(8%)	\$227	(20%)
Total HIP Sales	\$1,144	\$1,115	3%	\$1,245	(8%)
Operating Income	\$256	\$190	35%	\$186	38%
EBITDA ⁽¹⁾	\$327	\$244	34%	\$254	29%
EBITDA Margin ⁽²⁾	29%	22%	-	20%	-



Sequentially higher sales volume driven by solid demand growth for Pipe & Fittings and Siding & Trim



Material costs decreased more than average sales prices, both QoQ and YoY, driving record EBITDA margin



Infrastructure Products sales fell 8% due to lower sales volume and selling price in our Compounds business



Rising mortgage rates are decreasing homebuyer affordability, which is negatively impacting our near-term sales volume

HIP Segment

3Q 2023 vs. 2Q 2023

Average Sales Price	Volume
-4.6%	+7.1%

HIP Segment

3Q 2023 vs. 3Q 2022

Average Sales Price	Volume
-7.9%	-0.2%

Housing and Infrastructure Products Update



- 1** Strong demand growth for Pipe & Fittings and Siding & Trim products drove higher sequential sales volume despite continued challenges to residential housing demand from elevated mortgage rates
- 2** Decreases in material costs more than offset lower average sales prices leading to significant margin expansion compared to both the prior quarter and prior year
- 3** We expect sales volume to decline sequentially in the fourth quarter due to seasonal trends and recent increases in mortgage rates that are raising homebuyer affordability concerns
- 4** Longer-term fundamentals for housing strength remain intact due to decade-plus of underbuilding, increasingly favorable demographics and increasing popularity of remote work

Performance and Essential Materials (“PEM”) Segment Performance

(\$ in millions)	3Q'23	2Q'23	QoQ%	3Q'22	YoY%
Performance Materials Sales	\$1,127	\$1,140	(1%)	\$1,689	(33%)
Essential Materials Sales	\$844	\$996	(15%)	\$1,022	(17%)
Total PEM Sales	\$1,971	\$2,136	(8%)	\$2,711	(27%)
Operating Income	\$105	\$215	(51%)	\$353	(70%)
EBITDA ⁽¹⁾	\$339	\$435	(22%)	\$561	(40%)
EBITDA Margin ⁽²⁾	17%	20%	-	21%	-



Lower average sales price on both a QoQ and YoY basis, particularly for caustic soda and PVC resin, due to weak global demand resulting from soft macroeconomic conditions



Sequentially lower EBITDA margin due to lower average sales price, higher feedstock and energy costs and certain charges



Higher QoQ sales volume as a result of higher operating rates due to improved plant operations



Sales prices for North American PVC resin and polyethylene improved during the quarter with September prices at their highest levels since May 2023

PEM Segment

3Q 2023 vs. 2Q 2023

Average Sales Price

-9.5%

Volume

+1.8%

PEM Segment

3Q 2023 vs. 3Q 2022

Average Sales Price

-25.9%

Volume

-1.4%

Performance and Essential Materials Update



Westlake

- 1** Weak global demand drove lower average sales price compared to both the prior-quarter and prior-year periods, particularly for caustic soda, PVC resin and epoxy
- 2** Feedstock and energy costs were a headwind to margins compared to the second quarter, primarily due to higher ethane and natural gas costs
- 3** Operational issues experienced in the second quarter were successfully resolved, leading to improved plant operations and higher sales volume in the third quarter
- 4** During the third quarter, sales prices improved for some products, such as polyethylene and PVC resin, due to rising global feedstock costs and export prices



Financial Reconciliations

Consolidated Statements of Operations

	Three months ended September 30,		Three months ended	Nine months ended September 30,	
	2023	2022	June 30,	2023	2022
			2023		
	(In millions of dollars, except per share data)				
Performance and Essential Materials Sales	\$ 1,971	\$ 2,711	\$ 2,136	\$ 6,456	\$ 8,647
Housing and Infrastructure Products Sales	1,144	1,245	1,115	3,266	3,848
Net sales	3,115	3,956	3,251	9,722	12,495
Cost of sales	2,529	3,180	2,609	7,702	8,989
Gross profit	586	776	642	2,020	3,506
Selling, general and administrative expenses	206	215	213	641	635
Amortization of intangibles	31	39	30	92	124
Restructuring, transaction and integration-related costs	-	6	3	6	24
Income from operations	349	516	396	1,281	2,723
Interest expense	(40)	(44)	(42)	(124)	(134)
Other income, net	56	24	23	101	52
Income before income taxes	365	496	377	1,258	2,641
Provision for income taxes	70	84	70	249	592
Net income	295	412	307	1,009	2,049
Net income attributable to noncontrolling interests	10	11	10	33	34
Net income attributable to Westlake Corporation	\$ 285	\$ 401	\$ 297	\$ 976	\$ 2,015
Earnings per common share attributable to Westlake Corporation:					
Basic	\$ 2.22	\$ 3.12	\$ 2.32	\$ 7.61	\$ 15.65
Diluted	\$ 2.20	\$ 3.10	\$ 2.31	\$ 7.56	\$ 15.54

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

	Three months ended September 30,		Three months ended	Nine months ended September 30,	
	2023	2022	June 30,	2023	2022
			2023		
	(In millions of dollars)				
Net cash provided by operating activities	\$ 696	\$ 947	\$ 555	\$ 1,763	\$ 2,560
Changes in operating assets and liabilities and other	(417)	(572)	(283)	(821)	(467)
Deferred income taxes	16	37	35	67	(44)
Net income	295	412	307	1,009	2,049
Less:					
Other income, net	56	24	23	101	52
Interest expense	(40)	(44)	(42)	(124)	(134)
Provision for income taxes	(70)	(84)	(70)	(249)	(592)
Income from operations	349	516	396	1,281	2,723
Add:					
Depreciation and amortization	277	264	271	815	785
Other income, net	56	24	23	101	52
EBITDA	\$ 682	\$ 804	\$ 690	\$ 2,197	\$ 3,560

Reconciliation of PEM, HIP and Corporate EBITDA to Operating Income (Loss)

	Three months ended September 30,		Three months	Nine months ended September 30,	
	2023	2022	ended June 30,	2023	2022
			2023		
	(In millions of dollars)				
Performance and Essential Materials EBITDA	\$ 339	\$ 561	\$ 435	\$ 1,389	\$ 2,794
Less:					
Depreciation and Amortization	225	196	217	652	572
Other Income (Expenses)	9	12	3	14	25
Performance and Essential Materials Operating Income (Loss)	105	353	215	723	2,197
Housing and Infrastructure Products EBITDA	327	254	244	776	822
Less:					
Depreciation and Amortization	51	65	51	157	206
Other Income (Expenses)	20	3	3	30	9
Housing and Infrastructure Products Operating Income (Loss)	256	186	190	589	607
Corporate EBITDA	16	(11)	11	32	(56)
Less:					
Depreciation and Amortization	1	3	3	6	7
Other Income (Expenses)	27	9	17	57	18
Corporate Operating Income (Loss)	(12)	(23)	(9)	(31)	(81)
Performance and Essential Materials Operating Income (Loss)	105	353	215	723	2,197
Housing and Infrastructure Products Operating Income (Loss)	256	186	190	589	607
Corporate Operating Income (Loss)	(12)	(23)	(9)	(31)	(81)
Total Operating Income (Loss)	\$ 349	\$ 516	\$ 396	\$ 1,281	\$ 2,723

Safe Harbor Language

This presentation contains certain forward-looking statements including statements regarding creating value for our shareholders, pricing and demand for our products, industry outlook for both of our segments, our cost control and efficiency efforts, our ability to capture integrated chain margin, anticipated benefits of a combined portfolio, our expectations regarding seasonal trends, our investment criteria to drive growth and our expectations regarding secular demand for products in our Housing and Infrastructure Products segment and regarding polyethylene products. Actual results may differ materially depending on factors, including, but not limited to, the following: the effects of our recently completed acquisitions, including our future financial condition, results of operations, strategy and plans; and expected synergies and other benefits from the acquisitions and our ability to realize such synergies and other benefits; general economic and business conditions; the cyclical nature of the chemical and building products industries; the availability, cost and volatility of raw materials and energy; uncertainties associated with the United States, European and worldwide economies, including those due to political tensions and unrest in the Middle East and elsewhere including the conflict between Russia and Ukraine; current and potential governmental regulatory actions in the United States and 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, including trade policies; technological developments; information systems failures and cyber attacks; foreign currency exchange risks; 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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