



Westlake Chemical Corporation

Third Quarter 2018 Earnings Presentation

Westlake Chemical Corporation

Third Quarter 2018 Financial Highlights

(\$ in millions)	3Q18	3Q17	3Q18 vs. 3Q17	2Q18	3Q18 vs. 2Q18	YTD 18	YTD 17	YTD18 vs. YTD17
Sales	\$2,255	\$2,109	7%	\$2,235	1%	\$6,640	\$6,031	10%
Operating Income	\$396	\$364	9%	\$404	(2%)	\$1,201	\$862	39%
<i>Vinyls EBITDA</i>	<i>\$391</i>	<i>\$333</i>	<i>17%</i>	<i>\$395</i>	<i>(1%)</i>	<i>\$1,182</i>	<i>\$764</i>	<i>55%</i>
<i>Olefins EBITDA</i>	<i>\$198</i>	<i>\$201</i>	<i>(1%)</i>	<i>\$192</i>	<i>3%</i>	<i>\$589</i>	<i>\$602</i>	<i>(2%)</i>
<i>Corporate EBITDA</i>	<i>(\$9)</i>	<i>(\$12)</i>	<i>25%</i>	<i>(\$19)</i>	<i>53%</i>	<i>(\$44)</i>	<i>(\$42)</i>	<i>(5%)</i>
EBITDA¹	\$580	\$522	11%	\$568	2%	\$1,727	\$1,324	30%

Third Quarter 2018 vs. Third Quarter 2017

- Net income of \$308 million, or \$2.35 per diluted share
 - + Higher sales volumes for caustic soda, polyethylene and PVC resin
 - + Higher sales prices for caustic soda
 - + Lower purchased ethylene costs
 - + Lower effective tax rate resulting from tax reform
 - + Lower interest expense due to the repayment of debt
 - + One-time \$14 million, \$0.08 per diluted share, gain associated with the annuitizing of pension liabilities
- Quarterly record for net sales, cash flow from operations and EBITDA

Year to Date 2018 vs. Year to Date 2017

- 74% increase to Net income of \$873 million
 - + Higher sales volumes for our major products
 - + Higher sales volumes for caustic soda and PVC resin
 - + Lower purchased ethylene costs
 - + Lower effective tax rate resulting from tax reform
 - + Lower interest expense due to the repayment of debt
 - + One-time \$14 million, \$0.08 per diluted share, gain associated with the annuitizing of pension liabilities
- 30% increase to EBITDA of \$1.7 billion

Westlake Chemical Corporation

Third Quarter 2018 Business Highlights

- Quarterly net income of \$308 million, or \$2.35 per diluted share
- Record quarterly sales of \$2.3 billion; record quarterly cash flows from operations of \$606 million; and record quarterly EBITDA of \$580 million
- Announced exclusive, binding offer to acquire NAKAN, a global PVC compounding business, for \$265 million in cash; expected to close in the first quarter of 2019
- Westlake expanded stock repurchase program
- Extended \$1 billion revolving credit agreement; ratings agencies reaffirmed solid investment grade rating
- Westlake Chemical Partners LP (the “Partnership”) announced the commencement of an At-The-Market program representing the ability to sell limited partner interests in the Partnership with an aggregate offering amount of up to \$50 million

Vinyls Segment Performance

(\$ in millions)	3Q18	3Q17	3Q18 vs. 3Q17	2Q18	3Q18 vs. 2Q18	YTD 18	YTD 17	YTD18 vs. YTD17
Sales	\$1,714	\$1,607	7%	\$1,753	(2%)	\$5,114	\$4,497	14%
Operating Income	\$251	\$214	17%	\$271	(7%)	\$788	\$425	85%
EBITDA	\$391	\$333	17%	\$395	(1%)	\$1,182	\$764	55%

Third Quarter 2018 vs. Third Quarter 2017

- + Higher sales prices and volumes for caustic soda
- + Higher sales volumes for PVC resin
- + Lower ethylene costs

Q3 2018 vs. Q3 2017	
Average Sales Price	Volume
+5.9%	+0.7%

Third Quarter 2018 vs. Second Quarter 2018

- + Higher caustic soda sales volumes
- Higher purchased ethylene costs

Q3 2018 vs. Q2 2018	
Average Sales Price	Volume
-1.6%	-0.7%

Olefins Segment Performance

(\$ in millions)	3Q18	3Q17	3Q18 vs. 3Q17	2Q18	3Q18 vs. 2Q18	YTD 18	YTD 17	YTD18 vs. YTD17
Sales	\$541	\$502	8%	\$482	12%	\$1,526	\$1,534	(1%)
Operating Income	\$162	\$166	(2%)	\$158	3%	\$483	\$489	(1%)
EBITDA	\$198	\$201	(1%)	\$192	3%	\$589	\$602	(2%)

Third Quarter 2018 vs. Third Quarter 2017

- + Higher sales volumes for polyethylene
- + Higher styrene sales prices
- Higher feedstock costs

Q3 2018 vs. Q3 2017	
Average Sales Price	Volume
+1.7%	+6.1%

Third Quarter 2018 vs. Second Quarter 2018

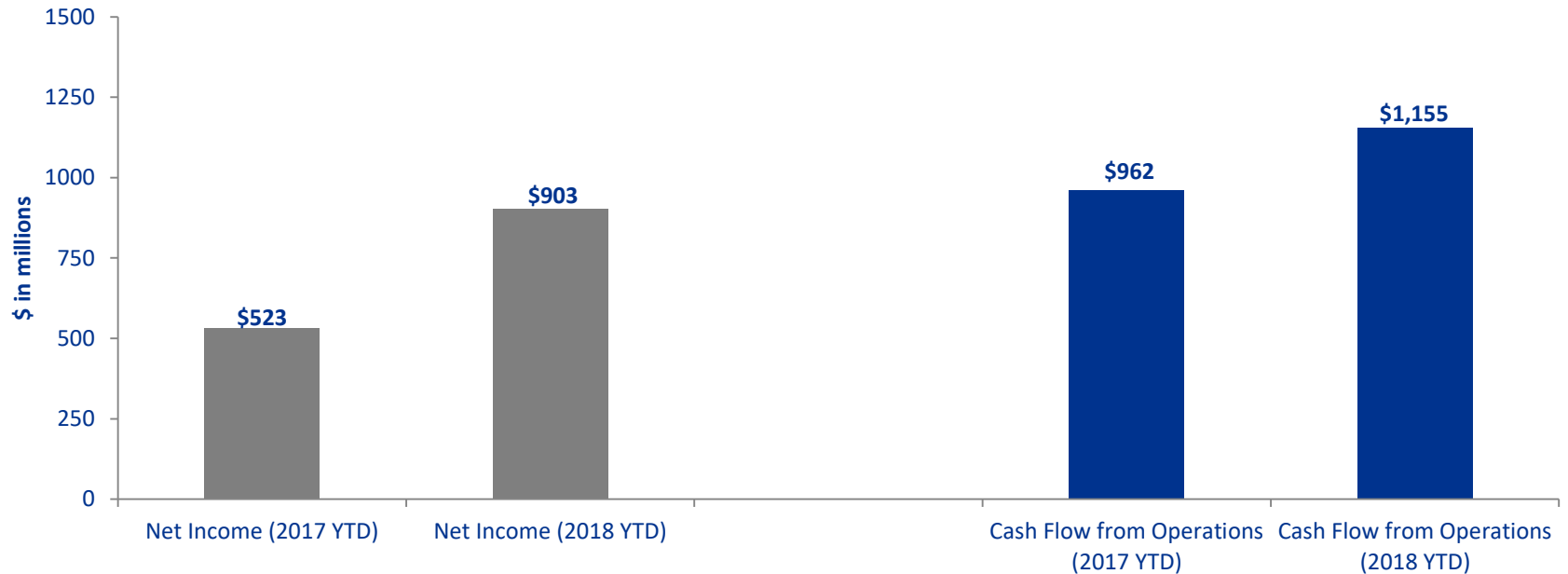
- + Higher polyethylene and styrene sales volumes
- Higher feedstock costs
- Lower polyethylene sales prices

Q3 2018 vs. Q2 2018	
Average Sales Price	Volume
-5.6%	+17.8%

Strong Growth in Net Income – Record Cash Flow from Operations

Free Cash Flow – Top Priority

Year to Date Net Income and Cash Flows from Operations



Deploying Capital to Drive Value Creation to Shareholders

- Expanding PVC and VCM
- Investing in joint venture ethylene cracker with Lotte
- Pending acquisition of NAKAN specialty compounding for \$265 million
- Increased dividend by approximately 20% in August 2018
- Expanded share buyback program
- Continuing to pursue opportunistic expansions and acquisitions



Reconciliation of Westlake EBITDA to Net Income and to Cash Flow from Operating Activities

(in \$ millions)	3Q 2018	2Q 2018	3Q 2017	YTD 3Q 2018	YTD 3Q 2017
EBITDA	580	568	522	1,727	1,324
Less:					
Depreciation and Amortization	(161)	(156)	(154)	(473)	(449)
Other Income	(23)	(8)	(4)	(53)	(13)
Operating Income (Loss)	396	404	364	1,201	862
Less:					
Income Tax (Provision) Benefit	(73)	(93)	(109)	(255)	(233)
Interest Expense	(28)	(31)	(40)	(96)	(119)
Other Income	23	8	4	53	13
Non Controlling Interest	(10)	(10)	(8)	(30)	(21)
Net Income (Loss)	308	278	211	873	502
Non Controlling Interest	10	10	8	30	21
Changes in operating assets & liabilities	259	7	255	178	416
Deferred income taxes	29	29	8	74	23
Cash flow from operating activities	606	324	482	1,155	962

Note 1 from page 2: Non-GAAP Financial Measures

This presentation includes the non-GAAP measure EBITDA. A reconciliation to net income and to cash flow from operating activities is included above.

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

(in \$ millions)	3Q 2018	2Q 2018	3Q 2017	YTD 3Q 2018	YTD 3Q 2017
Vinyls EBITDA	391	395	333	1,182	764
Less:					
Depreciation and Amortization	(124)	(120)	(118)	(362)	(332)
Other Income	(16)	(4)	(1)	(32)	(7)
Vinyls Operating Income (Loss)	251	271	214	788	425
Olefins EBITDA	198	192	201	589	602
Less:					
Depreciation and Amortization	(35)	(33)	(35)	(102)	(111)
Other Income	(1)	(1)	-	(4)	(2)
Olefins Operating Income (Loss)	162	158	166	483	489
Corporate EBITDA	(9)	(19)	(12)	(44)	(42)
Less:					
Depreciation and Amortization	(2)	(3)	(1)	(9)	(6)
Other Income	(6)	(3)	(3)	(17)	(4)
Corporate Operating Income (Loss)	(17)	(25)	(16)	(70)	(52)
Vinyls Operating Income (Loss)	251	271	214	788	425
Olefins Operating Income (Loss)	162	158	166	483	489
Corporate Operating Income (Loss)	(17)	(25)	(16)	(70)	(52)
Total Operating Income (Loss)	396	404	364	1,201	862

Safe Harbor Language

This presentation contains certain forward-looking statements, including statements with respect to the timing of the expected closing of the pending acquisition of NAKAN. 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, Ukraine 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; the results of potential negotiations between Westlake Chemical Corporation and Westlake Chemical Partners; the satisfaction of closing conditions 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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