

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2020**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File No. 001-36567

Westlake Chemical Partners LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

32-0436529
(I.R.S. Employer
Identification No.)

2801 Post Oak Boulevard, Suite 600
Houston, Texas 77056
(Address of principal executive offices, including zip code)

(713) 585-2900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units representing limited partnership interests	WLKP	The New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) **Yes** **No**

The registrant had 35,194,545 common units outstanding as of April 29, 2020.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
(in thousands of dollars, except unit amounts)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 24,081	\$ 19,923
Receivable under the Investment Management Agreement—Westlake Chemical Corporation ("Westlake")	161,759	162,773
Accounts receivable, net—Westlake	40,560	42,847
Accounts receivable, net—third parties	13,535	9,914
Inventories	2,000	2,484
Prepaid expenses and other current assets	204	470
Total current assets	<u>242,139</u>	<u>238,411</u>
Property, plant and equipment, net	1,092,120	1,102,995
Goodwill	5,814	5,814
Deferred charges and other assets, net	42,954	46,236
Total assets	<u>\$ 1,383,027</u>	<u>\$ 1,393,456</u>
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 4,333	\$ 15,201
Accounts payable—third parties	8,301	6,141
Accrued and other liabilities	18,032	17,507
Total current liabilities	<u>30,666</u>	<u>38,849</u>
Long-term debt payable to Westlake	399,674	399,674
Deferred income taxes	1,649	1,649
Other liabilities	947	1,149
Total liabilities	<u>432,936</u>	<u>441,321</u>
Commitments and contingencies (Note 13)		
EQUITY		
Common unitholders—publicly and privately held (21,072,315 and 21,072,315 units issued and outstanding at March 31, 2020 and December 31, 2019, respectively)	472,428	471,736
Common unitholder—Westlake (14,122,230 and 14,122,230 units issued and outstanding at March 31, 2020 and December 31, 2019, respectively)	48,814	48,350
General partner—Westlake	(242,572)	(242,572)
Total Westlake Chemical Partners LP partners' capital	<u>278,670</u>	<u>277,514</u>
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	671,421	674,621
Total equity	<u>950,091</u>	<u>952,135</u>
Total liabilities and equity	<u>\$ 1,383,027</u>	<u>\$ 1,393,456</u>

The accompanying notes are an integral part of the consolidated financial statements.

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(in thousands of dollars, except unit amounts and per unit data)	
Revenue		
Net sales—Westlake	\$ 214,828	\$ 257,040
Net co-product, ethylene and other sales—third parties	35,721	42,046
Total net sales	250,549	299,086
Cost of sales	147,001	208,432
Gross profit	103,548	90,654
Selling, general and administrative expenses	6,196	6,973
Income from operations	97,352	83,681
Other income (expense)		
Interest expense—Westlake	(3,950)	(5,900)
Other income, net	585	815
Income before income taxes	93,987	78,596
Income tax provision	217	200
Net income	93,770	78,396
Less: Net income attributable to noncontrolling interest in OpCo	76,023	63,441
Net income attributable to Westlake Chemical Partners LP and limited partners' interest in net income	\$ 17,747	\$ 14,955
Net income per limited partner unit attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)		
Common units	\$ 0.50	\$ 0.46
Weighted average limited partner units outstanding (basic and diluted)		
Common units—publicly and privately held	21,072,315	18,223,168
Common units—Westlake	14,122,230	14,122,230

The accompanying notes are an integral part of the consolidated financial statements.

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	<i>Partnership</i>				Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Noncontrolling Interests in OpCo	
	(in thousands of dollars)				
Balance at December 31, 2019	\$ 471,736	\$ 48,350	\$ (242,572)	\$ 674,621	\$ 952,135
Net income	10,626	7,121	—	76,023	93,770
Quarterly distribution to unitholders	(9,934)	(6,657)	—	—	(16,591)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(79,223)	(79,223)
Balance at March 31, 2020	\$ 472,428	\$ 48,814	\$ (242,572)	\$ 671,421	\$ 950,091

	<i>Partnership</i>				Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Noncontrolling Interests in OpCo	
	(in thousands of dollars)				
Balance at December 31, 2018	\$ 409,608	\$ 48,774	\$ (242,572)	\$ 718,271	\$ 934,081
Net income	8,422	6,533	—	63,441	78,396
Net proceeds from private placement of common units	62,934	—	—	—	62,934
Quarterly distribution to unitholders	(7,845)	(6,112)	—	—	(13,957)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(81,507)	(81,507)
Balance at March 31, 2019	\$ 473,119	\$ 49,195	\$ (242,572)	\$ 700,205	\$ 979,947

The accompanying notes are an integral part of the consolidated financial statements.

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	\$ 93,770	\$ 78,396
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	26,031	26,844
Loss from disposition of property, plant and equipment	97	458
Other losses (gains), net	119	(180)
Changes in operating assets and liabilities		
Accounts receivable—third parties	(3,740)	1,102
Net accounts receivable—Westlake	(8,573)	1,479
Inventories	484	(587)
Prepaid expenses and other current assets	266	119
Accounts payable	1,463	2,497
Accrued and other liabilities	1,252	3,472
Other, net	(208)	(101)
Net cash provided by operating activities	<u>110,961</u>	<u>113,499</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(11,989)	(12,144)
Maturities of investments with Westlake under the Investment Management Agreement	79,000	80,000
Investments with Westlake under the Investment Management Agreement	(78,000)	(207,512)
Other	—	46
Net cash used for investing activities	<u>(10,989)</u>	<u>(139,610)</u>
Cash flows from financing activities		
Net proceeds from private placement of common units	—	62,934
Proceeds from debt payable to Westlake	—	123,512
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(79,223)	(81,507)
Quarterly distributions to unitholders	(16,591)	(13,957)
Net cash provided by (used for) financing activities	<u>(95,814)</u>	<u>90,982</u>
Net increase in cash and cash equivalents	4,158	64,871
Cash and cash equivalents at beginning of period	19,923	19,744
Cash and cash equivalents at end of period	<u>\$ 24,081</u>	<u>\$ 84,615</u>

The accompanying notes are an integral part of the consolidated financial statements.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

1. Description of Business and Basis of Presentation

Description of Business

Westlake Chemical Partners LP (the "Partnership") is a Delaware limited partnership formed in March 2014 to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, the Partnership completed its initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests.

In connection with the IPO, the Partnership acquired a 10.6% interest in Westlake Chemical OpCo LP ("OpCo") and a 100% interest in Westlake Chemical OpCo GP LLC ("OpCo GP"), which is the general partner of OpCo. OpCo owns three ethylene production facilities and one common carrier ethylene pipeline. On March 29, 2019, the Partnership purchased an additional 4.5% newly-issued limited partner interest in OpCo for approximately \$201,445, resulting in an aggregate 22.8% limited partner interest in OpCo, effective January 1, 2019. The remaining 77.2% limited partner interest in OpCo is owned by Westlake Chemical Corporation.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim periods. Accordingly, certain information and footnotes required for complete financial statements under generally accepted accounting principles in the United States ("U.S. GAAP") have not been included. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto of the Partnership included in the annual report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Form 10-K"), filed with the SEC on February 28, 2020. These financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the notes to the consolidated financial statements of the Partnership for the fiscal year ended December 31, 2019 with the exceptions of those accounting standards adopted in 2020 as discussed in Note 1.

References to "Westlake" refer collectively to Westlake Chemical Corporation and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

The Partnership holds a 22.8% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 77.2% limited partner interest in OpCo is owned directly by Westlake, which has no rights to direct the activities that most significantly impact the economic performance of OpCo. As a result of the fact that substantially all of OpCo's activities are conducted on behalf of Westlake, and the fact that OpCo exhibits disproportionality of voting rights to economic interest, OpCo was deemed to be a variable interest entity. The Partnership, through its ownership of OpCo's general partner, has the power to direct the activities that most significantly impact the economic performance of OpCo, and it also has the obligation or right to absorb losses or receive benefits from OpCo that could potentially be significant to OpCo. As such, the Partnership was determined to be OpCo's primary beneficiary and therefore consolidates OpCo's results of operations and financial position. Westlake's retained interest of 77.2% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

In the opinion of the Partnership's management, the accompanying unaudited consolidated interim financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Partnership's financial position as of March 31, 2020, its results of operations for the three months ended March 31, 2020 and 2019 and the changes in its cash position for the three months ended March 31, 2020 and 2019.

Results of operations and changes in cash position for the interim periods presented are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2020 or any other interim period. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Recent Accounting Pronouncements*Reference Rate Reform (ASU No. 2020-04)*

In March 2020, the FASB issued an accounting standards update to provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022. The Partnership is in the process of evaluating the impact that the new accounting guidance will have on the Partnership's consolidated financial position, results of operations and cash flows.

Recently Adopted Accounting Standards*Credit Losses (ASU No. 2016-13)*

In June 2016, the FASB issued an accounting standards update providing new guidance for the accounting for credit losses on loans and other financial instruments. The new guidance introduces an approach based on expected losses to estimate credit losses on trade receivables and certain types of financial instruments. The standard also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The accounting standard became effective for reporting periods beginning after December 15, 2019 and did not have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

Fair Value Measurement (ASU No. 2018-13)

In August 2018, the FASB issued an accounting standards update to modify the disclosure requirements on fair value measurements. The amendments became effective for reporting periods beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until the effective date. Most amendments should be applied retrospectively but certain amendments should be applied prospectively. The Partnership adopted this accounting standard effective January 1, 2020 and the adoption did not have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

2. Accounts Receivable—Third Parties

Accounts receivable—third parties consist of the following:

	March 31, 2020	December 31, 2019
Trade customers	\$ 11,013	\$ 9,730
Allowance for credit losses	(596)	(476)
	10,417	9,254
Other receivables	3,118	660
Accounts receivable, net—third parties	<u>\$ 13,535</u>	<u>\$ 9,914</u>

3. Inventories

Inventories consist of the following:

	March 31, 2020	December 31, 2019
Finished products	\$ 1,532	\$ 2,154
Feedstock, additives and chemicals	468	330
Inventories	<u>\$ 2,000</u>	<u>\$ 2,484</u>

4. Property, Plant and Equipment

Depreciation expense on property, plant and equipment of \$22,753 and \$22,214 is included in cost of sales in the consolidated statements of operations for the three months ended March 31, 2020 and 2019, respectively.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

5. Deferred Charges and Other Assets

Amortization expense on other assets of \$3,278 and \$4,630 is included in costs of sales in the consolidated statements of operations for the three months ended March 31, 2020 and 2019, respectively.

6. Distributions and Net Income Per Limited Partner Unit

On April 30, 2020, the board of directors of Westlake Chemical Partners GP LLC ("Westlake GP"), the Partnership's general partner, declared a quarterly cash distribution for the three months ended March 31, 2020 of \$0.4714 per unit. This distribution is payable on May 26, 2020 to the unitholders of record as of May 11, 2020.

Distributions are declared subsequent to quarter end; therefore, the table below represents total cash distributions declared from earnings of the related periods pertaining to such distributions.

	Three Months Ended March 31,	
	2020	2019
Net income attributable to the Partnership	\$ 17,747	\$ 14,955
Less:		
Limited partners' distribution declared on common units	16,591	15,666
Net income in excess of distribution (distribution in excess of net income)	\$ 1,156	\$ (711)

Net income per unit applicable to common limited partner units is computed by dividing the respective limited partners' interest in net income by the weighted-average number of common units outstanding for the period. Because the Partnership has more than one class of participating securities, it uses the two-class method when calculating the net income per unit applicable to limited partners. The classes of participating securities include common units and incentive distribution rights. Net income attributable to the Partnership is allocated to the unitholders in accordance with their respective ownership percentages in preparation of the consolidated statements of changes in equity. However, when distributions related to the incentive distribution rights are made, net income equal to the amount of those distributions is first allocated to the general partner before the remaining net income is allocated to the unitholders based on their respective ownership percentages. Basic and diluted net income per unit is the same because the Partnership does not have any potentially dilutive units outstanding for the periods presented.

	Three Months Ended March 31, 2020		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 16,591	\$ —	\$ 16,591
Net income in excess of distribution	1,156	—	1,156
Net income	\$ 17,747	\$ —	\$ 17,747
Weighted average units outstanding:			
Basic and diluted	35,194,545		35,194,545
Net income per limited partner unit:			
Basic and diluted	\$ 0.50		

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

	Three Months Ended March 31, 2019		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 15,666	\$ —	\$ 15,666
Distribution in excess of net income	(711)	—	(711)
Net income	\$ 14,955	\$ —	\$ 14,955
Weighted average units outstanding:			
Basic and diluted	32,345,398		32,345,398
Net income per limited partner unit:			
Basic and diluted	\$ 0.46		

The amended Partnership Agreement provides that the Partnership will distribute cash each quarter to all the unitholders, pro rata, until each unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per common unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
	Unitholders	IDR Holders
Above \$1.2938 up to \$1.4063	85.0%	15.0%
Above \$1.4063 up to \$1.6875	75.0%	25.0%
Above \$1.6875	50.0%	50.0%

The Partnership's distribution for the three months ended March 31, 2020 did not exceed the \$1.2938 per unit threshold, and, as a result, no distribution was made with respect to the Partnership's incentive distribution rights to Westlake, as the holder of the Partnership's incentive distribution rights.

Distribution Per Common Unit

Distributions per common unit for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31,	
	2020	2019
Distributions per common unit	\$ 0.4714	\$ 0.4328

7. Partners' Equity

On October 4, 2018, the Partnership and Westlake Chemical Partners GP LLC, the general partner of the Partnership, entered into an Equity Distribution Agreement with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC to offer and sell the Partnership's common units, from time to time, up to an aggregate offering amount of \$50,000. The Equity Distribution Agreement was amended on February 28, 2020 to reference a new shelf registration for utilization under this agreement. No common units were issued under this program as of March 31, 2020.

On March 29, 2019, the Partnership completed the issuance and sale of 2,940,818 common units at a price of \$21.40 per unit through a private placement. Net proceeds to the Partnership from the sale of the units were approximately \$62,934. TTWF LP, Westlake's principal stockholder and a related party, acquired 1,401,869 common units out of 2,940,818 common units issued in the private placement.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

8. Related Party Transactions

The Partnership and OpCo regularly enter into related party transactions with Westlake. See below for a description of transactions with related parties.

Sales to Related Parties

OpCo sells ethylene to Westlake under the Ethylene Sales Agreement. Additionally, the Partnership and OpCo from time to time provide other services or products for which it charges Westlake a fee.

Sales to related parties were as follows:

	Three Months Ended March 31,	
	2020	2019
Net sales—Westlake	\$ 214,828	\$ 257,040

Cost of Sales from Related Parties

Charges for goods and services purchased by the Partnership and OpCo from Westlake and included in cost of sales relate primarily to feedstock purchased under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement.

Charges from related parties in cost of sales were as follows:

	Three Months Ended March 31,	
	2020	2019
Feedstock purchased from Westlake and included in cost of sales	\$ 59,638	\$ 122,155
Other charges from Westlake and included in cost of sales	24,100	27,572
Total	\$ 83,738	\$ 149,727

Services from Related Parties Included in Selling, General and Administrative Expenses

Charges for services purchased by the Partnership from Westlake and included in selling, general and administrative expenses primarily relate to services Westlake performs on behalf of the Partnership under the Omnibus Agreement, including the Partnership's finance, legal, information technology, human resources, communication, ethics and compliance and other administrative functions.

Charges from related parties included within selling, general and administrative expenses were as follows:

	Three Months Ended March 31,	
	2020	2019
Services received from Westlake and included in selling, general and administrative expenses	\$ 5,115	\$ 6,603

Goods and Services from Related Parties Capitalized as Assets

Charges for goods and services purchased by the Partnership and OpCo from Westlake which were capitalized as assets relate primarily to the services of Westlake employees under the Services and Secondment Agreement.

Charges from related parties for goods and services capitalized as assets were as follows:

	Three Months Ended March 31,	
	2020	2019
Goods and services purchased from Westlake and capitalized as assets	\$ 480	\$ 643

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Receivable under the Investment Management Agreement

On August 1, 2017, the Partnership, OpCo and Westlake executed an investment management agreement (the "Investment Management Agreement") that authorized Westlake to invest the Partnership and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. Accrued interest of \$587 and \$601 was included in the receivable under the Investment Management Agreement balance at March 31, 2020 and December 31, 2019, respectively. Total interest earned related to the Investment Management Agreement was \$587 and \$818 for the three months ended March 31, 2020 and 2019, respectively.

The Partnership's receivable under the Investment Management Agreement was as follows:

	March 31, 2020	December 31, 2019
Receivable under the Investment Management Agreement	\$ 161,759	\$ 162,773

Accounts Receivables

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake under the Ethylene Sales Agreement.

The Partnership's accounts receivable from Westlake were as follows:

	March 31, 2020	December 31, 2019
Accounts receivable—Westlake	\$ 40,560	\$ 42,847

Accounts Payable to Related Parties

The Partnership's accounts payable to Westlake result primarily from feedstock purchases under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement and the Omnibus Agreement.

The related party accounts payable balances were as follows:

	March 31, 2020	December 31, 2019
Accounts payable—Westlake	\$ 4,333	\$ 15,201

Related Party Leases

OpCo is obligated to Westlake under various long-term and short-term noncancelable operating leases, primarily related to rail car leases and land. Operating lease rentals paid to Westlake for such leases were \$670 and \$514 for the three months ended March 31, 2020 and 2019, respectively, and reflected in other charges from Westlake that are included in cost of sales.

OpCo has two site lease agreements with Westlake, each of which has a term of 50 years. Pursuant to the site lease agreements, OpCo pays Westlake one dollar per site per year.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Debt Payable to Related Parties

See Note 9 for a description of related party debt payable balances.

Interest on related party debt payable balances for the three months ended March 31, 2020 and 2019 was \$3,950 and \$5,900, respectively. Interest on related party debt payable is presented as interest expense—Westlake in the consolidated statements of operations. Interest capitalized as a component of property, plant and equipment on related party debt was \$0 for the three months ended March 31, 2020 and 2019. At March 31, 2020 and December 31, 2019, accrued interest on related party debt was \$3,950 and \$4,187, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheets.

Debt payable to related parties was as follows:

	March 31, 2020	December 31, 2019
Long-term debt payable to Westlake	\$ 399,674	\$ 399,674

Major Customer and Concentration of Credit Risk

During the three months ended March 31, 2020 and 2019, Westlake accounted for approximately 85.7% and 85.9%, respectively, of the Partnership's net sales.

Other

See Note 7 above for an additional related party transaction.

9. Long-term Debt Payable to Westlake

Long-term debt payable to Westlake consists of the following:

	March 31, 2020	December 31, 2019
OpCo Revolver (variable interest rate of London Interbank Offered Rate ("LIBOR") plus 2.0%, scheduled maturity of September 25, 2023)	\$ 22,619	\$ 22,619
MLP Revolver (variable interest rate of LIBOR plus 2.0%, scheduled maturity of March 19, 2023)	377,055	377,055
	\$ 399,674	\$ 399,674

On April 30, 2019, the Partnership repaid \$201,445 of borrowings under the OpCo Revolver.

On March 29, 2019, the Partnership borrowed \$123,512 under the MLP Revolver to partially fund the purchase of the additional 4.5% interest in OpCo. On March 19, 2020, the Partnership entered into an amendment to the MLP Revolver, to extend the maturity date to March 19, 2023 and add a phase-out provision for LIBOR, which is to be replaced by an alternate benchmark rate. The amended Credit Agreement bears interest at a variable rate of either (a) LIBOR plus 2.0% or, if LIBOR is no longer available, (b) Alternate Base Rate plus 1.0%.

The weighted average interest rate on all long-term debt was 3.9% and 4.1%, respectively, at March 31, 2020 and December 31, 2019.

As of March 31, 2020, the Partnership was in compliance with all of the covenants under the OpCo Revolver and the MLP Revolver.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

10. Derivative Commodity Instruments

From time to time, the Partnership uses derivative instruments to reduce price volatility risk on commodities, primarily ethane and ethylene. The Partnership does not use derivative instruments to engage in speculative activities.

The Partnership had no derivatives that were designated as fair value hedges during the three months ended March 31, 2020 and 2019.

Gains and losses from changes in the fair value of derivative instruments that are not designated as hedging instruments were included in net sales and cost of sales in the consolidated statements of operations for the three months ended March 31, 2020 and 2019.

The exposure on commodity derivatives used for price risk management includes the risk that the counterparty will not pay if the market price declines below the established fixed price. In such case, the Partnership would lose the benefit of the derivative differential on the volume of the commodities covered. In any event, the Partnership would continue to receive the market price on the actual volume hedge. The Partnership also bears the risk that it could lose the benefit of market improvements over the fixed derivative price for the term and volume of the derivative instruments (as such improvements would accrue to the benefit of the counterparty). The Partnership had non-hedge designated derivatives covering approximately 22.7 million gallons and 54.0 million pounds of commodities as of March 31, 2020 and 39.1 million gallons and 93.0 million pounds of commodities as of December 31, 2019.

At March 31, 2020, the fair values of these derivative instruments recorded as accrued liabilities and accounts receivable, net were \$1,708 and \$2,838, respectively. At December 31, 2019, the fair values of these derivative instruments recorded as accrued liabilities and accounts receivable, net were \$1,959 and \$597, respectively. The gains recognized in net sales and losses recognized in cost of sales related to derivatives were \$3,354 and \$1,448, respectively, for the three months ended March 31, 2020 and \$2,211 and \$880, respectively, for the three months ended March 31, 2019.

The Partnership's commodity contracts are measured using forward curves supplied by industry recognized sources and unrelated third-party services and classified as Level 2 under the fair value measurement guidance.

11. Fair Value Measurements

The Partnership reports certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Under the accounting guidance for fair value measurements, inputs used to measure fair value are classified in one of three levels:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Partnership has financial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, net, accounts payable and long-term debt payable to Westlake, all of which are recorded at carrying value. The amounts reported in the consolidated balance sheets for accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments. The carrying and fair values of the Partnership's long-term debt at March 31, 2020 and December 31, 2019 are summarized in the table below. The Partnership's long-term debt includes the OpCo Revolver and the MLP Revolver at March 31, 2020. The fair value of debt is determined based on the present value of expected future cash flows using a discounted cash flow methodology. Because the Partnership's valuation methodology used for long-term debt requires the use of significant unobservable inputs, the inputs used to measure the fair value of the Partnership's long-term debt are classified as Level 3 within the fair value hierarchy. Inputs used to estimate the fair values of the Partnership's long-term debt include the selection of an appropriate discount rate.

	March 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
OpCo Revolver	\$ 22,619	\$ 20,864	\$ 22,619	\$ 23,364
MLP Revolver	377,055	380,737	377,055	379,452

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

12. Supplemental Information

Accrued Liabilities

Accrued liabilities were \$18,032 and \$17,507 at March 31, 2020 and December 31, 2019, respectively. Accrued interest, accrued taxes, accrued maintenance, commodity derivative related accrual, and accrued capital expenditures, which are components of accrued liabilities, were \$3,950, \$3,536, \$3,769, \$1,708 and \$1,630, respectively, at March 31, 2020 and \$4,187, \$2,611, \$3,225, \$1,959 and \$2,375, respectively, at December 31, 2019. No other component of accrued liabilities was more than five percent of total current liabilities.

Non-cash Investing Activity

The non-cash investing activities related to accruals for capital expenditures were \$20 and \$52 for the three months ended March 31, 2020 and 2019, respectively.

13. Commitments and Contingencies

The Partnership is subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require the Partnership to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. These laws include the federal Clean Air Act, the federal Water Pollution Control Act, the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Toxic Substances Control Act and various other federal, state and local laws and regulations. Under CERCLA, an owner or operator of property may be held strictly liable for remediating contamination without regard to whether that person caused the contamination, and without regard to whether the practices that resulted in the contamination were legal at the time they occurred. Because the Partnership's production sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on the Partnership. Westlake will indemnify the Partnership for liabilities that occurred or existed prior to August 4, 2014.

The Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

14. Subsequent Events

On March 11, 2020, the World Health Organization declared the ongoing coronavirus (COVID-19) outbreak a pandemic and recommended containment and mitigation measures worldwide. The pandemic has resulted in widespread adverse impacts on the global economy and on our employees, customers and suppliers. Though the Partnership did not experience significant disruptions in the first quarter of 2020 and does not expect significant resulting disruptions to its business operations, the impact that COVID-19 will have on the Partnership's financial condition, results of operations and cash flows will depend on future developments, including, among others, the ultimate duration, geographic spread and severity of the virus, the actions to contain the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the impact on the operation of OpCo facilities, Westlake, customers, suppliers and other third parties and the timing and extent to which normal economic and operating conditions resume.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the accompanying consolidated financial statements and the notes thereto and the consolidated financial statements and notes thereto included in Westlake Chemical Partners LP's annual report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Form 10-K"), as filed with the SEC on February 28, 2020. Unless otherwise indicated, references in this report to "we," "our," "us" or like terms, refer to Westlake Chemical Partners LP (the "Partnership"), Westlake Chemical OpCo LP ("OpCo") and Westlake Chemical OpCo GP LLC ("OpCo GP"). References to "Westlake" refer to Westlake Chemical Corporation and its consolidated subsidiaries other than the Partnership, OpCo GP and OpCo. The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

Partnership Overview

We are a Delaware limited partnership formed by Westlake to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, we closed our initial public offering (the "IPO") of 12,937,500 common units. In connection with the IPO, we acquired a 10.6% interest in OpCo and a 100% interest in OpCo GP, which is the general partner of OpCo. On April 29, 2015, we purchased an additional 2.7% newly-issued limited partner interest in OpCo, resulting in an aggregate 13.3% limited partner interest in OpCo, effective April 1, 2015. The 12,686,115 subordinated units of the Partnership, all of which were previously owned by Westlake, were converted into common units of the Partnership on August 30, 2017. On September 29, 2017, we completed a secondary public offering of 5,175,000 common units and purchased an additional 5.0% newly-issued limited partner interest in OpCo, resulting in an aggregate 18.3% limited partner interest in OpCo, effective July 1, 2017. On March 29, 2019, we completed a private placement of 2,940,818 common units and used the net proceeds to purchase an additional 4.5% interest in OpCo, effective January 1, 2019, resulting in us owning an aggregate 22.8% limited partner interest in OpCo.

Currently, our sole revenue generating asset is our 22.8% limited partner interest in OpCo, a limited partnership formed by Westlake and us in anticipation of the IPO to own and operate an ethylene production business. We control OpCo through our ownership of its general partner. Westlake retains the remaining 77.2% limited partner interest in OpCo as well as a significant interest in us through its ownership of our general partner, 40.1% of our limited partner units (consisting of 14,122,230 common units) and our incentive distribution rights. OpCo's assets include (1) two ethylene production facilities ("Petro 1" and "Petro 2" and, collectively, "Lake Charles Olefins") at Westlake's Lake Charles, Louisiana site; (2) one ethylene production facility ("Calvert City Olefins") at Westlake's Calvert City, Kentucky site; and (3) a 200-mile common carrier ethylene pipeline (the "Longview Pipeline") that runs from Mont Belvieu, Texas to Westlake's Longview, Texas facility.

How We Generate Revenue

We generate revenue primarily by selling ethylene and the resulting co-products we produce. OpCo and Westlake have entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which we generate a substantial majority of our revenue. The Ethylene Sales Agreement is a long-term, fee-based agreement with a minimum purchase commitment and includes variable pricing based on OpCo's actual feedstock and natural gas costs and estimated other costs of producing ethylene (including OpCo's estimated operating costs and a five-year average of OpCo's expected future maintenance capital expenditures and other turnaround expenditures based on OpCo's planned ethylene production capacity for the year), plus a fixed margin per pound of \$0.10 less revenue from co-products sales. Pursuant to the Ethylene Sales Agreement, Westlake's obligation to pay for the annual minimum commitment (95% of OpCo's budgeted ethylene production), which is measured at the end of the year, is generally not reduced for the first 45 days of a force majeure event, but is reduced for the portion of a force majeure event extending beyond the 45th day.

Westlake has an option to take 95% of volumes in excess of the minimum commitment on an annual basis under the Ethylene Sales Agreement if we produce more than our planned production. Under the Ethylene Sales Agreement, the price for the sale of such excess ethylene to Westlake is based on a formula similar to that used for the minimum purchase commitment, with the exception of certain fixed costs. In addition, under the Ethylene Sales Agreement, if production costs billed to Westlake on an annual basis are less than 95% of the actual production costs incurred by OpCo during the contract year, OpCo is entitled to recover the shortfall in such production costs (proportionate to the volume sold to Westlake) in the subsequent year ("Shortfall"). The Shortfall is recognized during the period in which the related operating, maintenance or turnaround activities occur.

Operating Expenses, Maintenance Capital Expenditures and Turnaround Costs

Our management seeks to maximize the profitability of our operations by effectively managing operating expenses, maintenance capital expenditures and turnaround costs. Our operating expenses are comprised primarily of feedstock costs and natural gas, labor expenses (including contractor services), utility costs (other than natural gas) and turnaround and maintenance expenses. With the exception of feedstock, including natural gas, and utilities-related expenses, operating expenses generally remain relatively stable across broad ranges of production volumes but can fluctuate from period to period depending on the circumstances, particularly maintenance and turnaround activities. Our maintenance capital expenditures and turnaround costs are comprised primarily of maintenance of our ethylene production facilities and the amortization of capitalized turnaround costs. These capital expenditures relate to the maintenance and integrity of our facilities. We capitalize the costs of major maintenance activities, or turnarounds, and amortize the costs over the period until the next planned turnaround of the affected facility.

Operating expenses, maintenance capital expenditures and turnaround costs are built into the price per pound of ethylene charged to Westlake under the Ethylene Sales Agreement. Because the expenses other than feedstock costs and natural gas are based on forecasted amounts and remain a fixed component of the price per pound of ethylene sold under the Ethylene Sales Agreement for any given 12-month period, our ability to manage operating expenses, maintenance expenditures and turnaround cost may directly affect our profitability and cash flows. The impact on profitability is partially mitigated by the fact that we recognize any Shortfall as revenue in the period such costs and expenses are incurred. We seek to manage our operating and maintenance expenses on our ethylene production facilities by scheduling maintenance and turnarounds over time to avoid significant variability in our operating margins and minimize the impact on our cash flows, without compromising our commitment to safety and environmental stewardship. In addition, we reserve cash on an annual basis from what we would otherwise distribute to minimize the impact of turnaround costs in the year of incurrence. The purchase price under the Ethylene Sales Agreement is not designed to cover capital expenditures for expansions.

MLP Distributable Cash Flow and EBITDA

The body of accounting principles generally accepted in the United States is commonly referred to as "GAAP." For this purpose, a non-GAAP financial measure is generally defined by the Securities and Exchange Commission ("SEC") as a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that (1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or (2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We use the non-GAAP measures of MLP distributable cash flow and EBITDA to analyze our performance. We define distributable cash flow as net income plus depreciation, amortization and disposition of property, plant and equipment, less contributions for turnaround reserves, maintenance capital expenditures and mark-to-market adjustment on derivative contracts. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake's noncontrolling interest in OpCo and distributions attributable to the incentive distribution rights holder. MLP distributable cash flow does not reflect changes in working capital balances. We define EBITDA as net income before interest expense, income taxes, depreciation and amortization. We use each of MLP distributable cash flow and EBITDA to analyze our performance. MLP distributable cash flow and EBITDA are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

MLP distributable cash flow is not a substitute for the GAAP measures of net income and net cash provided by operating activities. MLP distributable cash flow has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by operating activities. EBITDA is not substitute for the GAAP measures of net income, income from operations and net cash provided by operating activities. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. EBITDA has material limitations as a performance measure because it excludes interest expense, depreciation and amortization, and income taxes. Reconciliations for each of MLP distributable cash flow and EBITDA are included in the "Results of Operations" section below.

Recent Developments Affecting Industry Conditions and Our Business

On March 11, 2020, the World Health Organization declared the ongoing coronavirus (COVID-19) outbreak a pandemic and recommended containment and mitigation measures worldwide. The pandemic has resulted in widespread adverse impacts on the global economy and on our employees, customers and suppliers. We did not experience significant disruptions in the first quarter of 2020 and do not expect to experience significant resulting disruptions to our business operations, primarily due to the fact that 95% of our production is sold to Westlake on a take-or-pay contract. Due to the sudden collapse of crude oil prices in early March 2020 and the addition of ethylene production capacity in recent months, prices for ethylene and co-products have remained weak. We may idle production and reduce operating rates if it is not economical for us to produce ethylene to sell to third parties.

Our first priority in our response to this crisis has been the health and safety of our operators, who are loaned to us by Westlake, and those of our customers and vendors. Westlake has implemented preventative measures and developed corporate and regional response plans to minimize unnecessary risk of exposure. We and Westlake have modified certain business practices (including those related to employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences) to conform to government restrictions and best practices encouraged by the Center for Disease Control and Prevention, the World Health Organization and other governmental and regulatory authorities. We and Westlake are implementing strategies to reduce costs, increase operational efficiencies and lower its capital spending. We also expect to defer the planned turnaround at OpCo's Petro 2 ethylene unit and associated maintenance cost into the first half of 2021. The turnaround is expected to last 60 days.

For additional discussion regarding risks associated with the COVID-19 pandemic, see Item 1A "Risk Factors" in this report.

Results of Operations

	Three Months Ended March 31,	
	2020	2019
(dollars in thousands)		
Revenue		
Net sales—Westlake	\$ 214,828	\$ 257,040
Net co-product, ethylene and other sales—third parties	35,721	42,046
Total net sales	250,549	299,086
Cost of sales	147,001	208,432
Gross profit	103,548	90,654
Selling, general and administrative expenses	6,196	6,973
Income from operations	97,352	83,681
Other income (expense)		
Interest expense—Westlake	(3,950)	(5,900)
Other income, net	585	815
Income before income taxes	93,987	78,596
Income tax provision (benefit)	217	200
Net income	93,770	78,396
Less: Net income attributable to noncontrolling interest in OpCo	76,023	63,441
Net income attributable to Westlake Chemical Partners LP	\$ 17,747	\$ 14,955
MLP distributable cash flow ⁽¹⁾	\$ 18,337	\$ 17,555
EBITDA ⁽²⁾	\$ 123,968	\$ 111,340

(1) See "Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities" below.

(2) See "Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities" below.

	Three Months Ended March 31, 2020	
	Average Sales Price	Volume
Product sales prices and volume percentage change from prior-year period	-19.5 %	+3.3%

	Three Months Ended March 31,	
	2020	2019
Average industry prices ⁽¹⁾		
Ethane (cents/lb)	4.7	10.0
Propane (cents/lb)	8.8	15.7
Ethylene (cents/lb) ⁽²⁾	15.8	17.0

(1) Industry pricing data was obtained through IHS Markit ("IHS"). We have not independently verified the data.

(2) Represents average North American spot prices of ethylene over the period as reported by IHS.

Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities

The following table presents reconciliations of MLP distributable cash flow to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Net cash provided by operating activities	\$ 110,961	\$ 113,499
Loss from disposition of fixed assets	(97)	(458)
Changes in operating assets and liabilities and other	(17,094)	(34,645)
Net Income	93,770	78,396
Add:		
Depreciation, amortization and disposition of property, plant and equipment	26,127	27,302
Mark-to-market adjustment gain on derivative contracts	(2,491)	(715)
Less:		
Contribution to turnaround reserves	(9,923)	(3,848)
Maintenance capital expenditures	(11,121)	(11,320)
Distributable cash flow attributable to noncontrolling interest in OpCo	(78,025)	(72,260)
MLP distributable cash flow	\$ 18,337	\$ 17,555

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

The following table presents reconciliations of EBITDA to net income, income from operations and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended March 31,	
	2020	2019
	(dollars in thousands)	
Net cash provided by operating activities	\$ 110,961	\$ 113,499
Loss from disposition of fixed assets	(97)	(458)
Changes in operating assets and liabilities and other	(17,094)	(34,645)
Net Income	93,770	78,396
Less:		
Other income, net	585	815
Interest expense	(3,950)	(5,900)
Provision for income taxes	(217)	(200)
Income from operations	97,352	83,681
Add:		
Depreciation and amortization	26,031	26,844
Other income, net	585	815
EBITDA	\$ 123,968	\$ 111,340

Summary

For the quarter ended March 31, 2020, net income was \$93.8 million on net sales of \$250.5 million. This represents an increase in net income of \$15.4 million as compared to net income of \$78.4 million on net sales of \$299.1 million for the quarter ended March 31, 2019. Net income for the first quarter of 2020 as compared to the first quarter of 2019 was higher primarily due higher sales volumes to Westlake and third parties, higher margins on third party ethylene sales resulting from lower feedstock costs, lower selling, general and administrative expenses and lower interest expense. Net income attributable to Westlake Chemical Partners LP for the first quarter of 2020 was \$17.7 million as compared to \$15.0 million for the first quarter of 2019, an increase of \$2.7 million, which was primarily due to higher sales volumes due to increased production and higher margins on third party ethylene sales resulting from lower feedstock costs. Net sales for the first quarter of 2020 decreased by \$48.6 million as compared to net sales for the first quarter of 2019, mainly due to lower sales prices to Westlake per the terms of the Ethylene Sales Agreement, partially offset by higher sales volumes to Westlake and third parties. Income from operations was \$97.4 million for the first quarter of 2020 as compared to \$83.7 million for the first quarter of 2019. Income from operations for the first quarter of 2020 increased mainly as a result of higher sales volumes, higher margins on third party ethylene sales resulting from lower feedstock costs and lower selling, general and administrative expenses, as compared to the first quarter of 2019.

RESULTS OF OPERATIONS

First Quarter 2020 Compared with First Quarter 2019

Net Sales. Total net sales decreased by \$48.6 million, or 16.2%, to \$250.5 million in the first quarter of 2020 from \$299.1 million in the first quarter of 2019. The overall average sales price in the first quarter of 2020 contributed to a 19.5% decrease in net sales, primarily due to lower ethylene sales prices to Westlake per the terms of the Ethylene Sales Agreement, compared to the first quarter of 2019. The overall sales volume contributed to an increase in net sales of 3.3% in the first quarter of 2020 compared to the first quarter of 2019, primarily as a result of higher sales volumes to Westlake and third parties.

Gross Profit. Gross profit increased to \$103.5 million for the first quarter of 2020 from \$90.7 million for the first quarter of 2019. The gross profit margin in the first quarter of 2020 was 41.3%, as compared to 30.3% for the first quarter of 2019. The first quarter of 2020 gross profit margin was higher mainly due to higher sales volumes and higher margins on third party ethylene sales resulting from lower feedstock costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$0.8 million, or 11.4%, to \$6.2 million in the first quarter of 2020 as compared to \$7.0 million in the first quarter of 2019. The decrease in the first quarter of 2020 was mainly attributable to a decrease in general and administrative expense allocations, partially offset by increases in the provision for doubtful accounts and consulting and professional fees as compared to the first quarter of 2019.

Interest Expense. Interest expense decreased by \$1.9 million to \$4.0 million in the first quarter of 2020 from \$5.9 million in the first quarter of 2019, largely due to a lower average debt balance resulting from the partial repayment of borrowings under the OpCo Revolver in April 2019.

Other Income, net. Other income, net in the first quarter of 2020 was comparable to the first quarter of 2019.

Provision for Income Taxes. Provision for income taxes remained consistent at \$0.2 million in the first quarter of 2020 and the first quarter of 2019.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$0.7 million to \$18.3 million in the first quarter of 2020 from \$17.6 million in the first quarter of 2019. The increased MLP distributable cash flow in the first quarter of 2020, as compared to the prior-year period, was primarily a result of higher sales volumes to Westlake and third parties and higher margins on third party sales.

EBITDA. EBITDA increased by \$12.7 million to \$124.0 million in the first quarter of 2020 from \$111.3 million in the first quarter of 2019. The increased EBITDA as compared to the prior-year period was primarily due to higher sales volumes to Westlake and third parties, higher margins on third party sales and lower selling general and administrative expenses.

CASH FLOW DISCUSSION FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

Operating Activities

Operating activities provided cash of \$111.0 million in the first three months of 2020 compared to cash provided by operating activities of \$113.5 million in the first three months of 2019. The \$2.5 million decrease in cash flows from operating activities was mainly due to an increase in cash used for working capital during the three months ended March 31, 2020 as compared to the prior-year period, partially offset by an increase in income from operations. Changes in components of working capital, which we define for the purposes of this cash flow discussion as accounts receivable—Westlake, accounts receivable, net—third parties, inventories, prepaid expenses and other current assets less accounts payable—Westlake, accounts payable—third parties and accrued liabilities, used cash of \$8.7 million in the first three months of 2020 as compared to \$8.1 million of cash provided in the first three months of 2019, resulting in an overall unfavorable change of \$16.8 million, offset by the increase in net income. The unfavorable change in working capital was mainly attributable to unfavorable changes in third party and Westlake net accounts receivable.

Investing Activities

Net cash used for investing activities during the first three months of 2020 was \$11.0 million as compared to net cash used for investing activities of \$139.6 million in the first three months of 2019, mainly due to decreased net cash used under the Investment Management Agreement in the first three months of 2020, as compared to the prior-year period. Capital expenditures during the first three months of 2020 and 2019 were primarily related to projects to improve production capacity or reduce costs, maintenance and safety and environmental projects at our facilities.

Financing Activities

Net cash used for financing activities during the first three months of 2020 was \$95.8 million as compared to net cash provided by financing activities of \$91.0 million in the first three months of 2019. The outflows during the first three months of 2020 were related to the distribution of \$79.2 million to Westlake and of \$16.6 million to other unitholders by the Partnership. The cash inflows during the first three months of 2019 were a result of borrowings under the MLP Revolver of \$123.5 million and net proceeds from the private placement of common units of approximately \$62.9 million. The cash outflows during the first three months of 2019 were related to the distribution of \$81.5 million to Westlake and of \$14.0 million to other unitholders by the Partnership.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

Pursuant to the terms of the ATM Agreement, the Partnership may offer and sell the Partnership's common units from time to time to or through the Managers, as the Partnership's sales agents or as principals, having an aggregate offering amount of up to \$50.0 million. The Partnership intends to use the net proceeds of sales of the common units, if any, for general partnership purposes, including the funding of potential drop-downs and other acquisitions. No common units had been issued under this program as of March 31, 2020.

Based on the terms of our cash distribution policy, we expect that we will distribute to our partners most of the excess cash generated by our operations. To the extent we do not generate sufficient cash flow to fund capital expenditures, we expect to fund them primarily from external sources, including borrowing directly from Westlake, as well as future issuances of equity and debt interests.

The Partnership maintains separate bank accounts, but Westlake continues to provide treasury services on our behalf under the Services and Secondment Agreement. Our sources of liquidity include cash generated from operations, the OpCo Revolver, the MLP Revolver and, if necessary and possible under then current market conditions, the issuance of additional common units representing limited partner interests of the Partnership, other classes of units representing limited partner interests of the Partnership or debt securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and long-term capital expenditure requirements and to make quarterly cash distributions. Westlake may also provide other direct and indirect financing to us from time to time, although it is not required to do so.

In order to fund non-annual turnaround expenditures, we cause OpCo to reserve approximately \$30.0 million during each twelve-month period for turnaround activities. Each of OpCo's ethylene production facilities requires turnaround maintenance approximately every five years. By reserving additional cash annually, we intend to reduce the variability in OpCo's cash flow. Westlake's purchase price for ethylene purchased under the Ethylene Sales Agreement includes a component (adjusted annually) designed to cover, over the long term, substantially all of OpCo's turnaround expenditures.

Our cash is generated from cash distributions from OpCo. OpCo is a restricted subsidiary under certain indentures governing Westlake's senior notes. The indentures governing Westlake's senior notes prevent OpCo from making distributions to us if any default or event of default (as defined in the indentures) exists. Westlake's credit facility does not prevent OpCo from making distributions to us.

On April 30, 2020, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.4714 per unit payable on May 26, 2020 to unitholders of record as of May 11, 2020, which equates to a total amount of approximately \$16.6 million per quarter, or approximately \$66.4 million per year in aggregate, based on the number of common units outstanding on March 31, 2020. We do not have a legal or contractual obligation to pay distributions on a quarterly basis or any other basis at our minimum quarterly distribution rate or any other rate.

Capital Expenditures

Westlake has historically funded expansion capital expenditures related to Lake Charles Olefins and Calvert City Olefins. Total capital expenditures for the three months ended March 31, 2020 and 2019 were \$12.0 million and \$12.1 million, respectively. No funding was required by OpCo to fund capital expenditures during the three months ended March 31, 2020 and 2019. We expect that Westlake will loan additional cash to OpCo to fund its expansion capital expenditures in the future, but Westlake is under no obligation to do so.

Cash and Cash Equivalents

As of March 31, 2020, our cash and cash equivalents totaled \$24.1 million. In addition, we have cash invested under the Investment Management Agreement (as described below) and a revolving credit facility with Westlake available to supplement cash if needed, as described under "Indebtedness" below.

In August 2017, the Partnership, OpCo and Westlake executed the Investment Management Agreement that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. The Partnership had \$161.8 million of cash invested under the Investment Management Agreement at March 31, 2020.

Indebtedness

OpCo Revolver

In connection with the IPO, OpCo entered into a \$600.0 million revolving credit facility with Westlake (the "OpCo Revolver") that may be used to fund growth projects and working capital needs. On April 30, 2019, the Partnership repaid \$201.4 million of borrowings under the OpCo Revolver. As of March 31, 2020, outstanding borrowings under the OpCo Revolver totaled \$22.6 million and bore interest at the LIBOR rate plus 2.0%, which is accrued in arrears quarterly. In September 2018, the OpCo Revolver was amended to extend the scheduled maturity date from August 4, 2019 to September 25, 2023 and revise the applicable margin from 3.0% to 2.0%.

MLP Revolver

In 2015, we entered into a senior, unsecured revolving credit agreement with an affiliate of Westlake (as subsequently amended, the "MLP Revolver"). The MLP Revolver has a borrowing capacity of \$600 million and is scheduled to mature in 2023. On March 29, 2019, the Partnership borrowed \$123.5 million under the MLP Revolver to partially fund the purchase of an additional 4.5% interest in OpCo. On March 19, 2020, the Partnership entered into an amendment to the MLP Revolver, to extend the maturity date to March 19, 2023 and add a phase-out provision for LIBOR, which is to be replaced by an alternate benchmark rate. Borrowings under the MLP Revolver bear interest at a variable rate of either (a) LIBOR plus 2.0% or, if LIBOR is no longer available, (b) Alternate Base Rate plus 1.0%. The MLP Revolver provides that we may pay all or a portion of the interest on any borrowings in kind, in which case any such amounts would be added to the principal amount of the loan. The MLP Revolver requires that we maintain a consolidated leverage ratio of either (1) during any one-year period following certain types of acquisitions (including acquisitions of additional interests in OpCo), 5.50:1.0 or less, or (2) during any other period, 4.50:1.0 or less. The MLP Revolver also contains certain other customary covenants. The repayment of borrowings under the MLP Revolver is subject to acceleration upon the occurrence of an event of default. As of March 31, 2020, outstanding borrowings under the MLP Revolver totaled \$377.1 million. We intend to use the MLP Revolver to purchase additional limited partnership interests in OpCo in the future, in the event OpCo desires to sell such additional interests to us, for other acquisitions and for general corporate purposes.

Off-Balance Sheet Arrangements

None.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects," "will" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Forward-looking statements relate to matters such as:

- the amount of ethane that we are able to process, which could be adversely affected by, among other things, operating difficulties;
- the volume of ethylene that we are able to sell;
- the price at which we are able to sell ethylene;
- industry market outlook, including prices and margins in third-party ethylene and co-products sales;
- widespread outbreak of an illness or any other communicable disease, or any other public health crisis, including the COVID-19 pandemic;
- our plans and Westlake's plans to respond to the challenges presented by the COVID-19 epidemic, including planned reductions of costs, increases of operational efficiencies and lowering of capital spending, as well as the timing and deferral of the planned turnaround at OpCo's Petro 2 ethylene unit;
- the parties to whom we will sell ethylene and on what basis;
- volumes of ethylene that Westlake may purchase, in addition to the minimum commitment under the Ethylene Sales Agreement;
- timing, funding and results of capital projects;
- our intended minimum quarterly distributions and the manner of making such distributions;
- our ability to meet our liquidity needs;
- timing of and amount of capital expenditures;
- the Partnership's At-the-Market program and the use of any net proceeds from any sales under that program;
- potential loans from Westlake to OpCo to fund OpCo's expansion capital expenditures in the future;
- expected mitigation of exposure to commodity price fluctuations;
- turnaround activities and the variability of OpCo's cash flow;
- compliance with present and future environmental regulations and costs associated with environmentally related penalties, capital expenditures, remedial actions and proceedings, including any new laws, regulations or treaties that may come into force to limit or control carbon dioxide and other greenhouse gas emissions or to address other issues of climate change; and
- effects of pending legal proceedings.

We have based these statements on assumptions and analysis in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe were appropriate in the circumstances when the statements were made. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such statements. These statements are subject to a number of assumptions, risks and uncertainties, including those described under "Risk Factors" in the 2019 Form 10-K and the following:

- general economic and business conditions;
- the cyclical nature of the chemical industry;
- the availability, cost and volatility of raw materials and energy;
- low crude oil prices reducing the cost advantage of ethane-based ethylene producers;
- uncertainties associated with the United States and worldwide economies, including those due to political tensions and unrest in the Middle East and elsewhere;
- uncertainties associated with pandemic infectious diseases, particularly COVID-19;
- current and potential governmental regulatory actions in the United States and regulatory actions and political unrest in other countries, including environmental regulations;
- industry production capacity and operating rates;
- the supply/demand balance for our product;
- 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 integrate acquired businesses;
- foreign currency exchange risks;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of these factors are beyond our ability to control or predict. Any of the 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 or projecting any future results based on such statements or present or prior earnings levels. 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

A substantial portion of the Partnership's products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. However, our direct exposure to commodity price risk is limited to approximately 5.0% of our total ethylene production, which is the portion sold to third parties. We believe we have substantially mitigated our indirect exposure to commodity price fluctuations during the term of the Ethylene Sales Agreement through the minimum commitment and the cost-plus based pricing. Additionally, we may use derivative instruments to reduce price volatility risk on feedstocks and ethylene associated with the production and sales to third parties. Based on our open derivative positions as of March 31, 2020, a hypothetical \$0.10 increase in the price of a gallon of ethane would have increased our income before taxes by \$2.3 million and a hypothetical \$0.10 decrease in the price of a pound of ethylene would have increased our income before taxes by \$5.4 million.

Interest Rate Risk

We are exposed to interest rate risk with respect to our outstanding debt, all of which is variable rate debt. At March 31, 2020, we had total variable rate debt of \$399.7 million outstanding, all of which was owed to wholly-owned subsidiaries of Westlake, and currently accrues interest at a variable rate of LIBOR plus 200 basis points. On March 19, 2020, the Partnership entered into an amendment to the MLP Revolver to extend the maturity date to March 19, 2023 and add a phase-out provision for LIBOR, which is to be replaced by an alternate benchmark rate. The amended credit agreement bears interest at a variable rate of either (a) LIBOR plus 2.0% or, if LIBOR is no longer available, (b) Alternate Base Rate plus 1.0%. The weighted average variable interest rate of our debt as of March 31, 2020 was 3.9%. We will continue to be subject to interest rate risk with respect to our variable rate debt as well as the risk of higher interest cost if and when this debt is refinanced. A hypothetical increase in our average interest rate on variable rate debt by 100 basis points would increase our annual interest expense by approximately \$4.0 million, based on the March 31, 2020 debt balance.

LIBOR is used as a reference rate for all of our outstanding variable rate debt as of March 31, 2020. LIBOR is set to be phased out at the end of 2021 and to be replaced by an alternate benchmark rate. We do not expect the impact of the LIBOR phase out to be material.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 or 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures are effective with respect to (i) the accumulation and communication to our management, including our Chief Executive Officer and our Chief Financial Officer, of information required to be disclosed by us in the reports that we submit under the Exchange Act, and (ii) the recording, processing, summarizing and reporting of such information within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The 2019 Form 10-K, filed on March 1, 2019, contained a description of various legal proceedings in which we are involved, including environmental proceedings. See below and Note 13 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q for a discussion on legal proceedings, which information is incorporated by reference herein.

Under the Omnibus Agreement, Westlake Chemical Corporation ("Westlake") has agreed to indemnify the Partnership for certain environmental and other liabilities relating to OpCo's processing facilities and related assets.

Potential Flare Modifications. For several years, the Environmental Protection Agency ("EPA") has been conducting an enforcement initiative against petroleum refineries and petrochemical plants with respect to emissions from flares. On April 21, 2014, Westlake received a Clean Air Act Section 114 Information Request from the EPA, which sought information regarding flares at the Calvert City and Lake Charles facilities. The EPA has informed Westlake that the information provided leads the EPA to believe that some of the flares are out of compliance with applicable standards. The EPA has indicated that it is seeking a consent decree that would obligate Westlake to take corrective actions relating to the alleged noncompliance. The Partnership believes the resolution of these matters may require the payment of a monetary sanction in excess of \$100,000.

In addition to the matters described above, the Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

Item 1A. Risk Factors

For a discussion of risk factors, please read Item 1A, "Risk Factors" in the 2019 Form 10-K. The information below includes additional risks relating to COVID-19. The risks described below and in other documents that we file from time to time with the Securities and Exchange Commission could materially and adversely affect our business, results of operations, cash flow, liquidity or financial condition.

OpCo is subject to the credit risk of Westlake on a substantial majority of its revenues, and Westlake's leverage and creditworthiness could adversely affect our ability to make distributions to our unitholders. The ongoing coronavirus (COVID-19) pandemic could materially adversely affect Westlake's business, financial condition and results of operations.

Our ability to make distributions to unitholders is substantially dependent on Westlake's ability to meet its minimum contractual obligations under the Ethylene Sales Agreement. If Westlake defaults on its obligations, our ability to make distributions to our unitholders would be reduced or eliminated. Westlake has not pledged any assets to us as security for the performance of its obligations.

Westlake has not agreed with us to limit its ability to incur indebtedness, pledge or sell assets or make investments, and we have no control over the amount of indebtedness Westlake incurs, the assets it pledges or sells or the investments it makes.

The ongoing coronavirus (COVID-19) outbreak, which the World Health Organization declared as a pandemic on March 11, 2020, has continued to be a rapidly evolving situation. It has resulted in authorities implementing numerous measures to try to contain the disease, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns, among others. There have been widespread adverse impacts on the global economy, our facilities and on our loaned operators, customers and suppliers, as well as Westlake's facilities, and on Westlake's employees, customers and suppliers. While Westlake did not experience significant disruptions in the first quarter of 2020, Westlake expects significant resulting disruptions to its business operations in the near future, as the pandemic and its impacts on the global economy continue to spread through most of its markets.

Westlake, which loans us our operators, has modified certain business and workforce practices (including those related to employee travel, employee work locations and cancellation of physical participation in meetings, events and conferences) to conform to government restrictions and best practices encouraged by governmental and regulatory authorities. However, the quarantine of personnel or the inability to access our and Westlake's facilities could adversely affect our and Westlake's operations. We and Westlake may take further actions as required by government authorities or that we and Westlake determine are in the best interests of our employees, customers, partners and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the disease, and our ability to perform certain functions could be harmed.

In addition, while the potential impact and duration of the COVID-19 pandemic on the global economy and our business in particular may be difficult to assess or predict, the pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, which may reduce our and Westlake's ability to access capital or our customers' ability to pay us for past or future purchases, which could negatively affect our liquidity. Westlake currently is the lender to a revolving credit facility with us and with OpCo. We may need to consider alternative sources of funding for some of our operations and for working capital, which may increase our cost of capital. The COVID-19 pandemic could also reduce the demand for our products and Westlake's products. In addition, a recession or a financial market correction resulting from the spread of COVID-19 could adversely affect demand for our products and Westlake's products.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
31.1†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer)
31.2†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer)
32.1#	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)
10.1†	Third Amendment to Senior Unsecured Revolving Credit Agreement dated as of March 19, 2020.
101.INS†	XBRL Instance Document–The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

† Filed herewith.

Furnished herewith.

**THIRD AMENDMENT
TO
SENIOR UNSECURED REVOLVING CREDIT AGREEMENT**

This THIRD AMENDMENT TO SENIOR UNSECURED REVOLVING CREDIT AGREEMENT (this “Amendment”) is made and entered into as of March 19, 2020, by and among WESTLAKE CHEMICAL PARTNERS LP, a Delaware limited partnership (“Borrower”), as borrower and WESTLAKE CHEMICAL FINANCE CORPORATION, a Delaware corporation (“Lender”), as lender.

WITNESSETH

WHEREAS, the parties hereto entered into that certain Senior Unsecured Revolving Credit Agreement, dated as of April 29, 2015, as amended by the First Amendment thereto, dated as of August 1, 2017, and the Second Amendment thereto, dated as of November 28, 2017 (as so amended, the “Credit Agreement”), pursuant to which the Lender has made certain financial accommodations available to the Borrower; and

WHEREAS, the Lender desires to make certain modifications to the Credit Agreement, including to extend the maturity date thereof, as more fully set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and subject to the terms and conditions herein set forth, the parties hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Unless otherwise defined herein, including in the text of the preamble and recitals hereto, all capitalized terms used herein shall have the respective meanings given to such terms in Section 1.1 of the Credit Agreement, as amended hereby.

1.2 The rules of interpretation set forth in Sections 1.2 and 1.3 of the Credit Agreement shall apply to this Amendment in all respects.

SECTION 2. AMENDMENT

2.1 Article I of the Credit Agreement is hereby amended by (a) inserting, or (b) amending and restating (and, with respect to this clause (b), by deleting the original definition in its entirety and replacing it with the amended definition stated herein), the following defined terms, in each case in their proper alphabetical order:

“**ABR Loan**” shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Section 1.4.

“**Alternate Base Rate**” shall mean the greater of (a) the rate of interest *per annum* last quoted by The Wall Street Journal as the “prime rate” for U.S. Dollar loans in the United States for such day (or, if no longer quoted by The Wall Street Journal, such other national publication selected by the Lender in consultation with the Borrower) (the “**Prime Rate**”), and (b) the Federal Funds Effective Rate plus 0.50% *per annum*. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“**Federal Funds Effective Rate**” shall mean, for any day, the weighted average (rounded upward, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upward, if necessary, to the next 1/100 of 1%) of the quotations for the day of such transactions received by the Lender from three Federal funds brokers of recognized standing selected by it.

“**LIBOR Loan**” shall mean any Loan bearing interest at a rate determined by reference to LIBOR.

“**LIBOR Scheduled Unavailability Date**” shall have the meaning assigned to such term in Section 1.4.

“**LIBOR Screen Rate**” shall have the meaning assigned to such term in Section 1.4.

“**LIBOR Successor Rate**” shall have the meaning assigned to such term in Section 1.4.

“**LIBOR Successor Rate Conforming Changes**” shall mean, with respect to any proposed LIBOR Successor Rate, any conforming changes to this Agreement, including changes to Loan Interest Rate, Interest Period, timing and frequency of determining rates and payments of interest and other administrative matters as may be appropriate, in the Lender’s reasonable discretion, to reflect the adoption of such LIBOR Successor Rate and to permit its administration in a manner substantially consistent with market practice (or, if the Lender reasonably determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Lender reasonably determines in consultation with the Borrower). Such changes shall provide that the LIBOR Successor Rate cannot be less than zero for purposes of this Agreement.

“**Loan Interest Rate**” shall mean, (a) with respect to any LIBOR Loan, LIBOR in effect from time to time (as the same may vary from Interest Period to Interest Period) plus the Applicable Margin for the Loan Interest Rate (as set forth in, and determined in accordance with, the definition of “Applicable Margin”), or (b) with respect to any ABR Loan, the Alternate Base Rate plus the Applicable Margin for the Loan Interest Rate (as set forth in, and determined in accordance with, the definition of “Applicable Margin”) minus 1% *per annum*.

“*Maturity Date*” shall mean March 19, 2023.

“*Prime Rate*” shall have the meaning assigned to such term in clause (a) of the definition of “Alternate Base Rate”.

2.2 Article I of the Credit Agreement is hereby further amended by inserting the following Section 1.4:

Section 1.4 LIBOR Amendment. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Lender or the Borrower determines that:

(a) adequate and reasonable means do not exist for ascertaining LIBOR for any applicable interest period because the LIBOR quote on the applicable screen page (or other source) used to determine LIBOR (“LIBOR Screen Rate”) is not available or published on a current basis and such circumstances are unlikely to be temporary;

(b) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Lender has made a public statement identifying a specific date (“LIBOR Scheduled Unavailability Date”) after which LIBOR or the LIBOR Screen Rate will no longer be available or used for determining the interest rate of loans; or

(c) syndicated credit facilities then currently being executed generally, or syndicated credit facilities that include language similar to that contained in this Section are generally being amended to, incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, reasonably promptly after such determination, the Lender and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar Dollar denominated syndicated credit facilities for such alternative benchmarks (“LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes and the amendment shall be immediately effective.

If no LIBOR Successor Rate has been determined and the circumstances under clause (a) above exist or the LIBOR Scheduled Unavailability Date has occurred, the Lender will promptly notify the Borrower. Thereafter, (i) the obligation of the Lender to make or maintain LIBOR Loans shall be suspended (to the extent of the affected LIBOR Loans or Interest Periods); provided that any request for a Loan by the Borrower thereafter shall be deemed to be a request for an ABR Loan, (ii) the LIBOR component shall no longer be used in determining the Loan Interest Rate, and (iii) all outstanding borrowings shall be converted to ABR Loans. Upon receipt of such notice, the Borrower may revoke any pending request for funding of a LIBOR Loan (to the extent of the affected LIBOR Loans or Interest Periods); provided that if such request is not revoked within 1 Business Day, such request will be deemed to be a request for an ABR Loan.

2.3 The first sentence of Section 2.7 of the Credit Agreement is hereby amended and restated as follows:

All computations of interest (a) with respect to any LIBOR Loan, shall be made by the Lender on the basis of a year of 360 days, or (b) with respect to any ABR Loan, shall be made by the Lender on the basis of a year of 365 days or 366 days, as the case may be.

SECTION 3. EFFECTIVENESS

3.1 This Amendment shall become effective upon the execution and delivery of this Amendment by the Borrower and the Lender.

SECTION 4. MISCELLANEOUS

4.1 *Full Force and Effect.* Except as specifically amended hereby, all of the terms and conditions of the Credit Agreement are unaffected and shall continue to be in full force and effect and shall be binding on the parties hereto in accordance with their respective terms. Each reference to the Credit Agreement therein or in any other agreement, document or instrument executed and delivered pursuant to the Credit Agreement shall mean and constitute a reference to the Credit Agreement as amended hereby. Except as specifically set forth in this Amendment, nothing in this Amendment shall be construed as modifying any other term or condition of the Credit Agreement or operate as a waiver of, or in prejudice to, any right, power or remedy of the Lender under the Credit Agreement, any applicable law or any existing or future Default or Event of Default.

4.2 *Headings.* Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

4.3 *Counterparts*. This Amendment may be executed in any number of counterparts, each of which shall be enforceable against the party executing such counterpart, and all of which together shall constitute one instrument. Each counterpart may be delivered in original, facsimile or electronic (e.g., “.pdf”) form.

4.4 *Governing Law*. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

WESTLAKE CHEMICAL PARTNERS LP

By: Westlake Chemical Partners GP LLC, its general partner
as Borrower

By: /s/ M. Steven Bender

Name: M. Steven Bender

Title: Senior Vice President and Chief Financial Officer

WESTLAKE CHEMICAL FINANCE CORPORATION

as Lender

By: /s/ Jeff Holy

Name: Jeff Holy

Title: Vice President and Treasurer

CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2020

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2020

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Westlake Chemical Partners LP (the "Partnership") on Form 10-Q for the fiscal quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Chao, President, Chief Executive Officer and Director of the Partnership, and I, M. Steven Bender, Senior Vice President, Chief Financial Officer and Director of the Partnership, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Partnership.

Date: May 6, 2020

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

Date: May 6, 2020

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)