

**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 **September 30, 2019**

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 Number)

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 (Check one):

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 35,188,189 common units outstanding as of October 30, 2019.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2019	December 31, 2018
(in thousands of dollars, except unit amounts)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,647	\$ 19,744
Receivable under the Investment Management Agreement—Westlake Chemical Corporation ("Westlake")	164,888	148,956
Accounts receivable, net—Westlake	35,001	57,280
Accounts receivable, net—third parties	14,543	16,404
Inventories	3,698	4,388
Prepaid expenses and other current assets	559	370
Total current assets	237,336	247,142
Property, plant and equipment, net	1,113,010	1,148,265
Goodwill	5,814	5,814
Deferred charges and other assets, net	50,896	60,904
Total assets	\$ 1,407,056	\$ 1,462,125
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 13,330	\$ 27,477
Accounts payable—third parties	4,644	5,045
Accrued and other liabilities	22,964	16,250
Total current liabilities	40,938	48,772
Long-term debt payable to Westlake	399,674	477,608
Deferred income taxes	1,631	1,664
Operating lease liabilities	2,082	—
Total liabilities	444,325	528,044
Commitments and contingencies (Note 13)		
EQUITY		
Common unitholders—publicly and privately held (21,065,959 and 18,125,141 units issued and outstanding at September 30, 2019 and December 31, 2018, respectively)	470,977	409,608
Common unitholder—Westlake (14,122,230 and 14,122,230 units issued and outstanding at September 30, 2019 and December 31, 2018, respectively)	47,940	48,774
General partner—Westlake	(242,572)	(242,572)
Total Westlake Chemical Partners LP partners' capital	276,345	215,810
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	686,386	718,271
Total equity	962,731	934,081
Total liabilities and equity	\$ 1,407,056	\$ 1,462,125

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(in thousands of dollars, except unit amounts and per unit data)				
Revenue				
Net sales—Westlake	\$ 216,678	\$ 313,381	\$ 703,765	\$ 802,085
Net co-product, ethylene and other sales—third parties	33,247	50,269	115,308	147,812
Total net sales	249,925	363,650	819,073	949,897
Cost of sales	156,706	269,743	543,242	666,367
Gross profit	93,219	93,907	275,831	283,530
Selling, general and administrative expenses	6,822	5,909	21,434	20,417
Income from operations	86,397	87,998	254,397	263,113
Other income (expense)				
Interest expense—Westlake	(4,411)	(5,639)	(15,436)	(16,052)
Other income, net	565	668	2,533	1,742
Income before income taxes	82,551	83,027	241,494	248,803
Income tax provision (benefit)	72	(772)	509	(186)
Net income	82,479	83,799	240,985	248,989
Less: Net income attributable to noncontrolling interest in OpCo	67,557	71,387	197,375	211,525
Net income attributable to Westlake Chemical Partners LP	\$ 14,922	\$ 12,412	\$ 43,610	\$ 37,464
Net income per limited partner unit attributable to Westlake Chemical Partners LP (basic and diluted)				
Common units	\$ 0.42	\$ 0.38	\$ 1.27	\$ 1.14
Weighted average limited partner units outstanding (basic and diluted)				
Common units—publicly and privately held	21,065,959	18,119,980	20,128,775	18,116,433
Common units—Westlake	14,122,230	14,122,230	14,122,230	14,122,230

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

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

	<i>Partnership</i>					Noncontrolling Interests in OpCo	Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Accumulated Other Comprehensive Income (Loss)			
	(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 distributions 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	
Net income	8,222	5,511	—	—	66,377	80,110	
Offering costs related to private placement of common units	(18)	—	—	—	—	(18)	
Quarterly distributions to unitholders	(9,379)	(6,287)	—	—	—	(15,666)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	(72,259)	(72,259)	
Balance at June 30, 2019	471,944	48,419	(242,572)	—	694,323	972,114	
Net income	8,934	5,988	—	—	67,557	82,479	
Offering costs related to private placement of common units	(255)	—	—	—	—	(255)	
Quarterly distributions to unitholders	(9,646)	(6,467)	—	—	—	(16,113)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	(75,494)	(75,494)	
Balance at September 30, 2019	\$ 470,977	\$ 47,940	\$ (242,572)	\$ —	\$ 686,386	\$ 962,731	

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

	<i>Partnership</i>					Noncontrolling Interests in OpCo	Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Accumulated Other Comprehensive Income (Loss)			
	(in thousands of dollars)						
Balance at December 31, 2017	\$ 411,228	\$ 50,265	\$ (241,958)	\$ 279	\$ 778,935	\$ 998,749	
Net income	6,498	5,064	733	—	68,419	80,714	
Net effect of cash flow hedge	—	—	—	19	—	19	
Units issued for vested phantom units	60	—	—	—	—	60	
Quarterly distributions to unitholders	(7,000)	(5,457)	(614)	—	—	(13,071)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	(91,148)	(91,148)	
Balance at March 31, 2018	410,786	49,872	(241,839)	298	756,206	975,323	
Net income	7,168	5,589	—	—	71,719	84,476	
Net effect of cash flow hedge	—	—	—	(176)	—	(176)	
Quarterly distributions to unitholders	(7,200)	(5,613)	(733)	—	—	(13,546)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	(81,610)	(81,610)	
Balance at June 30, 2018	410,754	49,848	(242,572)	122	746,315	964,467	
Net income	6,975	5,437	—	—	71,387	83,799	
Net effect of cash flow hedge	—	—	—	(122)	—	(122)	
Units issued for vested phantom units	232	—	—	—	—	232	
Quarterly distributions to unitholders	(7,406)	(5,774)	(1)	—	—	(13,181)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	(86,066)	(86,066)	
Balance at September 30, 2018	\$ 410,555	\$ 49,511	\$ (242,573)	\$ —	\$ 731,636	\$ 949,129	

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

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

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	\$ 240,985	\$ 248,989
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	80,382	82,176
Provision for (recovery of) doubtful accounts	(786)	498
Loss from disposition of property, plant and equipment	458	593
Other losses (gains), net	(33)	(594)
Changes in operating assets and liabilities		
Accounts receivable—third parties	2,647	(4,959)
Net accounts receivable—Westlake	8,217	5,088
Inventories	(88)	586
Prepaid expenses and other current assets	(189)	(177)
Accounts payable	(662)	(4,267)
Accrued and other liabilities	4,869	2,279
Other, net	(646)	(208)
Net cash provided by operating activities	<u>335,154</u>	<u>330,004</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(30,028)	(30,047)
Maturities of investments with Westlake under the Investment Management Agreement	405,445	270,050
Investments with Westlake under the Investment Management Agreement	(421,445)	(285,000)
Other	46	—
Net cash used for investing activities	<u>(45,982)</u>	<u>(44,997)</u>
Cash flows from financing activities		
Net proceeds from private placement of common units	62,661	—
Proceeds from debt payable to Westlake	123,511	3,648
Repayment of debt payable to Westlake	(201,445)	—
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(229,260)	(258,824)
Quarterly distributions to unitholders	(45,736)	(39,798)
Net cash used for financing activities	<u>(290,269)</u>	<u>(294,974)</u>
Net decrease in cash and cash equivalents	(1,097)	(9,967)
Cash and cash equivalents at beginning of period	19,744	27,008
Cash and cash equivalents at end of period	<u>\$ 18,647</u>	<u>\$ 17,041</u>

The accompanying notes are an integral part of these 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. On September 29, 2017, the Partnership completed a secondary offering of 5,175,000 common units at a price of \$22.00 per unit. 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 Westlake Partners from the sale of the units were approximately \$62,661.

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. On April 29, 2015, the Partnership purchased an additional 2.7% newly-issued limited partner interest in OpCo for approximately \$135,341, resulting in an aggregate 13.3% limited partner interest in OpCo, effective April 1, 2015. On September 29, 2017, the Partnership purchased an additional 5.0% newly-issued limited partner interest in OpCo for approximately \$229,207, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. 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.

OpCo owns three ethylene production facilities and a common carrier ethylene pipeline.

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, 2018 (the "2018 Form 10-K"), filed with the SEC on March 1, 2019. 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, 2018 with the exceptions of those accounting standards adopted in 2019 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 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 September 30, 2019, its results of operations for the three and nine months ended September 30, 2019 and 2018 and the changes in its cash position for the nine months ended September 30, 2019 and 2018.

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

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, 2019 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.

Recent Accounting Pronouncements

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 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 will be effective for reporting periods beginning after December 15, 2019 and is not expected to 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 are 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 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

Leases (ASU No. 2016-02)

In February 2016, the FASB issued an accounting standards update on lease accounting that supersedes the previously issued lease guidance. The new standard requires lessees to recognize assets and liabilities for all long-term operating leases. An asset is recognized for the right to use an underlying leased asset and a liability is recognized for the obligation to make payments over the lease term. The standard also requires expanded lease disclosures. The standard requires a modified retrospective adoption approach and allows for the election of certain transition expedients.

The Partnership adopted the standard effective January 1, 2019 using the optional transition method, which allows entities to recognize a cumulative adjustment to the opening balance sheet in the period of adoption. The Partnership elected the package of optional transition expedients and was not required to reassess (1) whether any existing contracts are or contain leases, (2) classification of existing leases as operating or capital or (3) whether initial direct costs for existing leases qualify for capitalization under the new accounting standard. The Partnership did not elect the use of hindsight to determine the lease term when considering lease renewal or termination options. Adoption of the new standard 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:

	September 30, 2019	December 31, 2018
Trade customers	\$ 14,614	\$ 17,325
Allowance for doubtful accounts	(134)	(921)
	14,480	16,404
Other	63	—
Accounts receivable, net—third parties	<u>\$ 14,543</u>	<u>\$ 16,404</u>

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

3. Inventories

Inventories consist of the following:

	September 30, 2019	December 31, 2018
Finished products	\$ 3,377	\$ 3,876
Feedstock, additives and chemicals	321	512
Inventories	<u>\$ 3,698</u>	<u>\$ 4,388</u>

4. Property, Plant and Equipment

Depreciation expense on property, plant and equipment of \$22,313 and \$21,960 is included in cost of sales in the consolidated statements of operations for the three months ended September 30, 2019 and 2018, respectively. Depreciation expense on property, plant and equipment of \$66,754 and \$66,161 is included in cost of sales in the consolidated statements of operations for the nine months ended September 30, 2019 and 2018, respectively.

5. Deferred Charges and Other Assets

Amortization expense on other assets of \$4,368 and \$4,932 is included in costs of sales in the consolidated statements of operations for the three months ended September 30, 2019 and 2018, respectively. Amortization expense on other assets of \$13,628 and \$16,015 is included in costs of sales in the consolidated statements of operations for the nine months ended September 30, 2019 and 2018, respectively.

6. Distributions and Net Income Per Limited Partner Unit

On October 31, 2019, 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 September 30, 2019 of \$0.4646 per unit. This distribution is payable on November 26, 2019 to the unitholders of record as of November 12, 2019.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to the Partnership	\$ 14,922	\$ 12,412	\$ 43,610	\$ 37,464
Less:				
Limited partners' distributions declared on common units	16,348	13,566	48,127	39,559
Distributions declared with respect to the incentive distribution rights	—	—	—	733
Distribution in excess of net income	<u>\$ (1,426)</u>	<u>\$ (1,154)</u>	<u>\$ (4,517)</u>	<u>\$ (2,828)</u>

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 statement of 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.

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 September 30, 2019		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 16,348	\$ —	\$ 16,348
Distribution in excess of net income	(1,426)	—	(1,426)
Net income	\$ 14,922	\$ —	\$ 14,922
Weighted average units outstanding:			
Basic and diluted	35,188,189		35,188,189
Net income per limited partner unit:			
Basic and diluted	\$ 0.42		
	Three Months Ended September 30, 2018		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 13,566	\$ —	\$ 13,566
Distribution in excess of net income	(1,154)	—	(1,154)
Net income	\$ 12,412	\$ —	\$ 12,412
Weighted average units outstanding:			
Basic and diluted	32,242,210		32,242,210
Net income per limited partner unit:			
Basic and diluted	\$ 0.38		
	Nine Months Ended September 30, 2019		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 48,127	\$ —	\$ 48,127
Distribution in excess of net income	(4,517)	—	(4,517)
Net income	\$ 43,610	\$ —	\$ 43,610
Weighted average units outstanding:			
Basic and diluted	34,251,005		34,251,005
Net income per limited partner unit:			
Basic and diluted	\$ 1.27		
	Nine Months Ended September 30, 2018		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 39,559	\$ 733	\$ 40,292
Distribution in excess of net income	(2,828)	—	(2,828)
Net income	\$ 36,731	\$ 733	\$ 37,464
Weighted average units outstanding:			
Basic and diluted	32,238,663		32,238,663
Net income per limited partner unit:			
Basic and diluted	\$ 1.14		

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

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 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 September 30, 2019 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 and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Distributions per common unit	\$ 0.4579	\$ 0.4088	\$ 1.3359	\$ 1.1927

7. Partners' Equity

On October 4, 2018, the Partnership and Westlake GP, 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. No common units had been issued under this program as of September 30, 2019.

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 \$62,661. 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.

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 each charges Westlake a fee.

Sales to related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net sales—Westlake	\$ 216,678	\$ 313,381	\$ 703,765	\$ 802,085

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

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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Feedstock purchased from Westlake and included in cost of sales	\$ 73,813	\$ 178,493	\$ 285,567	\$ 403,833
Other charges from Westlake and included in cost of sales	25,990	28,693	81,026	83,636
Total	\$ 99,803	\$ 207,186	\$ 366,593	\$ 487,469

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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Services received from Westlake and included in selling, general and administrative expenses	\$ 6,525	\$ 4,655	\$ 19,875	\$ 17,947

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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Goods and services purchased from Westlake and capitalized as assets	\$ 634	\$ 846	\$ 1,918	\$ 1,988

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'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. Accrued interest of \$716 and \$496 was included in the receivable under the Investment Management Agreement balance at September 30, 2019 and December 31, 2018, respectively. Total interest earned related to the Investment Management Agreement was \$716 and \$703 for the three months ended September 30, 2019 and 2018, respectively, and \$2,688 and \$1,861 for the nine months ended September 30, 2019 and 2018, respectively.

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

	September 30, 2019	December 31, 2018
Receivable under the Investment Management Agreement	\$ 164,888	\$ 148,956

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:

	September 30, 2019	December 31, 2018
Accounts receivable—Westlake	\$ 35,001	\$ 57,280

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:

	September 30, 2019	December 31, 2018
Accounts payable—Westlake	\$ 13,330	\$ 27,477

Related Party Leases

OpCo is obligated to Westlake under various rail cars leases. Operating lease rentals paid to Westlake for such leases were \$597 and \$687 for the three months ended September 30, 2019 and 2018, respectively, and \$1,673 and \$1,705 for nine months ended September 30, 2019 and 2018, 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 September 30, 2019 and 2018 was \$4,411 and \$5,639, respectively, and for the nine months ended September 30, 2019 and 2018 was \$15,436 and \$16,052, 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 and \$63 for the three months ended September 30, 2019 and 2018, respectively, and for the nine months ended September 30, 2019 and 2018 was zero and \$109, respectively. At September 30, 2019 and December 31, 2018, accrued interest on related party debt was \$4,411 and \$5,448, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheets.

Debt payable to related parties was as follows:

	September 30, 2019	December 31, 2018
Long-term debt payable to Westlake	\$ 399,674	\$ 477,608

Major Customer and Concentration of Credit Risk

During the three months ended September 30, 2019 and 2018, Westlake accounted for approximately 86.7% and 86.2%, respectively, of the Partnership's net sales. During the nine months ended September 30, 2019 and 2018, Westlake accounted for approximately 85.9% and 84.4%, 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:

	September 30, 2019	December 31, 2018
OpCo Revolver (variable interest rate of LIBOR plus 2.0%, scheduled maturity of September 25, 2023)	\$ 22,619	\$ 224,064
MLP Revolver (variable interest rate of LIBOR plus 2.0%, scheduled maturity of April 29, 2021)	377,055	253,544
	\$ 399,674	\$ 477,608

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

On March 29, 2019, the Partnership borrowed \$123,511 under the MLP Revolver to partially fund the purchase of the additional 4.5% interest in OpCo.

The weighted average interest rate on all long-term debt was 4.3% and 4.4%, respectively, at September 30, 2019 and December 31, 2018.

As of September 30, 2019, 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 nine months ended September 30, 2019 and 2018.

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 nine months ended September 30, 2019. There were no non-hedge designated derivative instruments for the nine months ended September 30, 2018.

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 49.4 million gallons and 117.5 million pounds of commodities as of September 30, 2019.

At September 30, 2019, the fair value of these non-hedge designated derivatives recorded as accrued liabilities, other liabilities and deferred charges and other assets, net were \$7,160, \$172 and \$274, respectively. At December 31, 2018, the fair value of these derivative instruments recorded as accrued liabilities and accounts receivable, net were \$315 and \$253, respectively. The losses related to these derivatives recognized in net sales and cost of sales were \$6,801 and \$1,294, respectively, for the three months ended September 30, 2019, and \$4,375 and \$2,678, respectively, for the nine months ended September 30, 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 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 September 30, 2019 and December 31, 2018 are summarized in the table below. The Partnership's long-term debt includes the OpCo Revolver and the MLP Revolver at September 30, 2019. 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.

	September 30, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
OpCo Revolver	\$ 22,619	\$ 23,209	\$ 224,064	\$ 221,002
MLP Revolver	377,055	378,618	253,544	249,747

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 \$22,964 and \$16,250 at September 30, 2019 and December 31, 2018, respectively. Commodity derivative related accrual, accrued taxes and accrued interest, which are components of accrued liabilities, were \$7,160, \$4,918, and \$4,411, respectively, at September 30, 2019, and \$315, \$1,564, and \$5,448, respectively, at December 31, 2018. No other component of accrued liabilities was more than five percent of total current liabilities.

Non-cash Investing Activity

The change in capital expenditure accrual resulted in an increase in additions to property, plant and equipment by \$1,213 for the nine months ended September 30, 2019. The change in capital expenditure accrual resulted in a decrease in additions to property, plant and equipment by \$1,380 for the nine months ended September 30, 2018.

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.

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, 2018 (the "2018 Form 10-K"), as filed with the SEC on March 1, 2019. 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 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. The non-GAAP financial measures described in this Form 10-Q are not substitutes for the GAAP measures of earnings and cash flows. 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 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.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(dollars in thousands)				
Revenue				
Net sales—Westlake	\$ 216,678	\$ 313,381	\$ 703,765	\$ 802,085
Net co-product, ethylene and other sales—third parties	33,247	50,269	115,308	147,812
Total net sales	249,925	363,650	819,073	949,897
Cost of sales	156,706	269,743	543,242	666,367
Gross profit	93,219	93,907	275,831	283,530
Selling, general and administrative expenses	6,822	5,909	21,434	20,417
Income from operations	86,397	87,998	254,397	263,113
Other income (expense)				
Interest expense—Westlake	(4,411)	(5,639)	(15,436)	(16,052)
Other income, net	565	668	2,533	1,742
Income before income taxes	82,551	83,027	241,494	248,803
Income tax provision (benefit)	72	(772)	509	(186)
Net income	82,479	83,799	240,985	248,989
Less: Net income attributable to noncontrolling interest in OpCo	67,557	71,387	197,375	211,525
Net income attributable to Westlake Chemical Partners LP	\$ 14,922	\$ 12,412	\$ 43,610	\$ 37,464
MLP distributable cash flow ⁽¹⁾	\$ 20,452	\$ 15,024	\$ 54,429	\$ 45,500
EBITDA ⁽²⁾	\$ 113,643	\$ 115,558	\$ 337,312	\$ 347,031

(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 September 30, 2019		Nine Months Ended September 30, 2019	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales prices and volume percentage change from prior-year period	-29.6 %	-1.7 %	-14.0 %	+0.2%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Average industry prices ⁽¹⁾				
Ethane (cents/lb)	5.8	14.3	7.6	10.8
Propane (cents/lb)	10.3	23.5	13.0	21.5
Ethylene (cents/lb) ⁽²⁾	20.7	17.3	17.1	18.6

(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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(dollars in thousands)			
Net cash provided by operating activities	\$ 121,482	\$ 109,433	\$ 335,154	\$ 330,004
Loss from disposition of fixed assets	—	(26)	(458)	(593)
Changes in operating assets and liabilities and other	(39,003)	(25,608)	(93,711)	(80,422)
Net Income	82,479	83,799	240,985	248,989
Add:				
Depreciation, amortization and disposition of property, plant and equipment	26,582	26,918	80,787	82,769
Mark-to-market adjustment loss on derivative contracts	7,195	—	6,996	—
Less:				
Contribution to turnaround reserves	(3,932)	(4,250)	(11,669)	(12,602)
Maintenance capital expenditures	(5,568)	(8,380)	(28,613)	(22,184)
Incentive distribution rights	—	—	—	(733)
Distributable cash flow attributable to noncontrolling interest in OpCo	(86,304)	(83,063)	(234,057)	(250,739)
MLP distributable cash flow	\$ 20,452	\$ 15,024	\$ 54,429	\$ 45,500

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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(dollars in thousands)			
Net cash provided by operating activities	\$ 121,482	\$ 109,433	\$ 335,154	\$ 330,004
Loss from disposition of fixed assets	—	(26)	(458)	(593)
Changes in operating assets and liabilities and other	(39,003)	(25,608)	(93,711)	(80,422)
Net Income	82,479	83,799	240,985	248,989
Less:				
Other income, net	565	668	2,533	1,742
Interest expense	(4,411)	(5,639)	(15,436)	(16,052)
(Provision)/Benefit for income taxes	(72)	772	(509)	186
Income from operations	86,397	87,998	254,397	263,113
Add:				
Depreciation and amortization	26,681	26,892	80,382	82,176
Other income, net	565	668	2,533	1,742
EBITDA	\$ 113,643	\$ 115,558	\$ 337,312	\$ 347,031

Summary

For the quarter ended September 30, 2019, net income of \$82.5 million on net sales of \$249.9 million was comparable to net income of \$83.8 million on net sales of \$363.7 million for the quarter ended September 30, 2018. Net income attributable to Westlake Chemical Partners LP for the third quarter of 2019 was \$14.9 million as compared to \$12.4 million for the third quarter of 2018, an increase of \$2.5 million, which was primarily due to a 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019. Net sales for the third quarter of 2019 decreased by \$113.8 million as compared to net sales for the third quarter of 2018 mainly due to lower sales prices to Westlake per the terms of the Ethylene Sales Agreement. Income from operations was \$86.4 million for the third quarter of 2019 as compared to \$88.0 million for the third quarter of 2018. Income from operations for the third quarter of 2019 decreased slightly, mainly as a result of higher selling, general and administrative expenses, as compared to the third quarter of 2018.

For the nine months ended September 30, 2019, net income was \$241.0 million on net sales of \$819.1 million. This represents a decrease in net income of \$8.0 million as compared to the nine months ended September 30, 2018 net income of \$249.0 million on net sales of \$949.9 million. The decrease in net income in the nine months ended September 30, 2019 was primarily due to lower average third party sales prices, derivative loss positions and expenses associated with the acquisition of the incremental interest in OpCo, partially offset by higher third party sales volumes and lower feedstock costs, as compared to the nine months ended September 30, 2018. Net income attributable to Westlake Chemical Partners LP for the nine months ended September 30, 2019 was \$43.6 million as compared to \$37.5 million for the nine months ended September 30, 2018, an increase of \$6.1 million, which was primarily due to a 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019, and higher ethylene sales margins, partially offset by higher selling, general and administrative expenses. Net sales for the nine months ended September 30, 2019 decreased by \$130.8 million as compared to net sales for the nine months ended September 30, 2018 mainly due to decreased sales prices to Westlake per the terms of the Ethylene Sales Agreement and lower third party sales prices. Income from operations was \$254.4 million for the nine months ended September 30, 2019 as compared to \$263.1 million for the nine months ended September 30, 2018. Income from operations for the nine months ended September 30, 2019 decreased mainly as a result of lower third party sales prices and derivative loss positions, partially offset by higher third party ethylene volumes and lower feedstock costs as compared to the nine months ended September 30, 2018.

RESULTS OF OPERATIONS

Third Quarter 2019 Compared with Third Quarter 2018

Net Sales. Total net sales decreased by \$113.8 million, or 31.3%, to \$249.9 million in the third quarter of 2019 from \$363.7 million in the third quarter of 2018. The overall average sales price in the third quarter of 2019 contributed to a 29.6% decrease in net sales, primarily due to lower ethylene sales prices to Westlake per the terms of the Ethylene Sales Agreement, compared to the third quarter of 2018. Overall sales volumes for the third quarter of 2019 were comparable to the third quarter of 2018.

Gross Profit. Gross profit was \$93.2 million for the third quarter of 2019, which was comparable to \$93.9 million for the third quarter of 2018.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$0.9 million, or 15.3%, to \$6.8 million in the third quarter of 2019 as compared to \$5.9 million in the third quarter of 2018. The increase in the third quarter of 2019 was mainly attributable to an increase in general and administrative expense allocations, partially offset by a decrease in provision for doubtful accounts as compared to the third quarter of 2018.

Interest Expense. Interest expense decreased by \$1.2 million to \$4.4 million in the third quarter of 2019 from \$5.6 million in the third quarter of 2018, largely due to a lower average debt balance resulting from the partial repayment of borrowings under the OpCo Revolver in April 2019 and a decrease in the applicable margin on the OpCo Revolver from 3% to 2% effective September 25, 2018, partially offset by a higher interest rate on debt due to an increase in the London Interbank Offered Rate ("LIBOR").

Other Income, net. Other income, net in the third quarter of 2019 was comparable to the third quarter of 2018.

Provision for Income Taxes. Provision for income taxes was \$0.1 million in the third quarter of 2019 as compared to a benefit of \$0.8 million in the third quarter of 2018. The increase was mainly attributable to a tax benefit in 2018 due to a revaluation of the state deferred income tax liability arising from a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$5.5 million to \$20.5 million in the third quarter of 2019 from \$15.0 million in the third quarter of 2018. The increased MLP distributable cash flow in the third quarter of 2019, as compared to the prior-year period, was primarily a result of the 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019, higher third party sales volume and margins.

EBITDA. EBITDA decreased by \$2.0 million to \$113.6 million in the third quarter of 2019 from \$115.6 million in the third quarter of 2018. The decreased EBITDA as compared to the prior-year period was primarily due to derivative losses, partially offset by higher third party ethylene sales prices and margins.

Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018

Net Sales. Total net sales decreased by \$130.8 million, or 13.8%, to \$819.1 million in the nine months ended September 30, 2019 from \$949.9 million in the nine months ended September 30, 2018. The overall decreased sales price for the nine months ended September 30, 2019 contributed to a 14.0% decrease in net sales, as compared to the nine months ended September 30, 2018, which was mainly due to lower sales prices to Westlake per the terms of the Ethylene Sales Agreement as well as lower third party sales prices. Overall sales volumes in the nine months ended September 30, 2019 were comparable to the nine months ended September 30, 2018.

Gross Profit. Gross profit decreased to \$275.8 million for the nine months ended September 30, 2019 from \$283.5 million for the nine months ended September 30, 2018. The nine months ended September 30, 2019 gross profit was lower mainly due to lower third party sales prices and derivative loss positions, partially offset by higher third party ethylene sales volume and lower feedstock costs, as compared to the nine months ended September 30, 2018.

Selling, General and Administrative Expenses. Selling, general and administrative expenses remained relatively comparable to the prior-year period with a slight increase of \$1.0 million, or 4.9%, to \$21.4 million in the nine months ended September 30, 2019 as compared to \$20.4 million in the nine months ended September 30, 2018. The increase was mainly attributable to expenses associated with the acquisition of an incremental interest in OpCo and increased general and administrative expense allocations, partially offset by a decrease in provision for doubtful accounts in the nine months ended September 30, 2019, as compared to the prior-year period.

Interest Expense. Interest expense decreased by \$0.7 million to \$15.4 million in the nine months ended September 30, 2019 from \$16.1 million in the nine months ended September 30, 2018 due to a lower average debt balance resulting from the partial repayment of borrowings under the OpCo Revolver in April 2019 and a decrease in the applicable margin on the OpCo Revolver from 3% to 2% effective September 25, 2018, partially offset by a higher interest rate on debt due to an increase in the London Interbank Offered Rate ("LIBOR") in the nine months ended September 30, 2019. The lower debt balance was due to the partial repayment of borrowings under the OpCo Revolver during the second quarter of 2019, using funds generated from the private placement of common units.

Other Income, net. Other income, net increased by \$0.8 million in the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018, primarily due to an increase in interest income earned under the Investment Management Agreement.

Provision for Income Taxes. Provision for income taxes was \$0.5 million for the nine months ended September 30, 2019 as compared to a benefit of \$0.2 million for the nine months ended September 30, 2018. The increase was mainly attributable to a tax benefit in 2018 due to a revaluation of the state deferred income tax liability arising from a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$8.9 million to \$54.4 million in the nine months ended September 30, 2019 from \$45.5 million in the nine months ended September 30, 2018. The increased MLP distributable cash flow in the nine months ended September 30, 2019 as compared to the prior-year period was primarily due to the 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019. The increase was partially offset by the timing of maintenance capital expenditures and one-time costs associated with the acquisition of the incremental interest in OpCo.

EBITDA. EBITDA decreased by \$9.7 million to \$337.3 million in the nine months ended September 30, 2019 from \$347.0 million in the nine months ended September 30, 2018. The decreased EBITDA as compared to the prior-year period was primarily due to lower third party sales prices and derivative loss positions, partially offset by higher third party ethylene sales volume and lower feedstock costs.

CASH FLOW DISCUSSION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

Operating Activities

Operating activities provided cash of \$335.2 million in the first nine months of 2019 compared to cash provided by operating activities of \$330.0 million in the first nine months of 2018. The \$5.2 million increase in cash flows from operating activities was mainly due to an increase in cash provided by working capital during the nine months ended September 30, 2019 as compared to the prior-year period, partially offset by a decrease 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, provided cash of \$14.7 million in the first nine months of 2019 as compared to \$1.5 million of cash used in the first nine months of 2018, resulting in an overall favorable change of \$16.2 million. The favorable change in working capital was mainly attributable to favorable changes in third party and Westlake accounts receivable, accounts payable and accrued and other liabilities.

Investing Activities

Net cash used for investing activities during the first nine months of 2019 was \$46.0 million as compared to net cash used for investing activities of \$45.0 million in the first nine months of 2018, mainly due to increased net cash used under the Investment Management Agreement in the first nine months of 2019, as compared to the prior-year period. Capital expenditures during the first nine months of 2019 and 2018 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 nine months of 2019 was \$290.3 million as compared to net cash used for financing activities of \$295.0 million in the first nine months of 2018. The cash inflows during the first nine 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 \$62.7 million. The outflows during the first nine months of 2019 were related to partial repayments of borrowings under the OpCo Revolver of \$201.4 million and the distribution of \$229.3 million to Westlake and of \$45.7 million to other unitholders by the Partnership. The cash outflows during the first nine months of 2018 were related to the distribution of \$258.8 million to Westlake and of \$39.8 million to other unitholders by the Partnership. The distributions in the first nine months of 2018 were partially offset by borrowings under the OpCo Revolver of \$3.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

On March 29, 2019, we completed the private placement of 2,940,818 common units at a price of \$21.40 per unit. Net proceeds from the issuance of these common units were approximately \$62.7 million. The Partnership believes that, with the net proceeds from this private placement, there will be no further need for the Partnership to access the equity capital markets during the remainder of 2019.

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 September 30, 2019.

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 partners 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 October 31, 2019, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.4646 per unit payable on November 26, 2019 to unitholders of record as of November 12, 2019, which equates to a total amount of approximately \$16.3 million per quarter, or approximately \$65.4 million per year in aggregate, based on the number of common units outstanding on September 30, 2019. 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. During the nine months ended September 30, 2018, Westlake loaned OpCo \$3.6 million to fund capital expenditures. Total capital expenditures for the nine months ended September 30, 2019 were \$30.0 million. No funding was required by OpCo to fund capital expenditures during the nine months ended September 30, 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 September 30, 2019, our cash and cash equivalents totaled \$18.6 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 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 \$164.9 million of cash invested under the Investment Management Agreement at September 30, 2019.

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 September 30, 2019, 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% to 2%.

MLP Revolver

In 2015, we entered into a senior, unsecured revolving credit agreement with Westlake Chemical Finance Corporation, an affiliate of Westlake (the "MLP Revolver"). The MLP Revolver has a borrowing capacity of \$600 million and is scheduled to mature in 2021. 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. Borrowings under the MLP Revolver bear interest at LIBOR plus a spread ranging from 2.0% to 3.0% (depending on our consolidated leverage ratio), payable quarterly. 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 September 30, 2019, 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;
- 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 2018 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;
- uncertainties associated with the United States and worldwide economies, including those due to political tensions and unrest in the Middle East and elsewhere;
- 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% 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. We entered into some of these agreements in 2018 and 2019. Based on our open derivative positions as of September 30, 2019, a hypothetical \$0.10 increase in the price of a gallon of ethane would have increased our income before taxes by \$4.9 million and a hypothetical \$0.10 decrease in the price of a pound of ethylene would have increased our income before taxes by \$11.8 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 September 30, 2019, 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. The weighted average variable interest rate of our debt as of September 30, 2019 was 4.3%. 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 September 30, 2019 debt balance.

LIBOR is used as a reference rate for all of our outstanding variable rate debt as of September 30, 2019. LIBOR is set to be phased out at the end of 2021. We are currently reviewing how the LIBOR phase-out will affect the Company, but we do not expect the impact 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 September 30, 2019 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 2018 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 IA, "Risk Factors" in the 2018 Form 10-K. There have been no material changes from those risk factors.

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)
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.

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: November 6, 2019

/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: November 6, 2019

/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 September 30, 2019 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: November 6, 2019

/s/ ALBERT CHAO

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

Date: November 6, 2019

/s/ M. STEVEN BENDER

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