



# Westlake Corporation

Investment Highlights

February 2022

# A Global Leader in Housing & Infrastructure Products and Performance & Essential Materials

- **Established:** 1986 (IPO 2004)
- **Headquarters:** Houston, TX
- **Ticker:** WLK
- **Locations:** Offices in 23 Countries  
Manufacturing in 16 countries
- **Employees:** ~16,000

**Housing & Infrastructure Products Segment (HIP):** Westlake is a leading producer of North American Building Products with strong brand positions and diverse product offerings. The HIP Segment includes Westlake Royal Building Products, Westlake Pipe & Fittings, Westlake Global Compounds and Westlake Dimex:

Pipe and Fittings		PVC	Laminated Building Products				Roofing				Stone	Windows
Fittings #1	Pipe #2	Compounds #1	Plastic Shutters #1	Premium Siding #3	Premium PVC and Poly-ash Trim #3	PVC Siding #3	Composite Roofing #1	Concrete Tile #1	Clay Tile #1	Stone Coated Metal #2	Decorative Stone #1	New Construction Windows in Texas #1

**Performance & Essential Materials Segment (PEM):** Westlake is a leading global producer of performance oriented and essential materials that benefit from a globally competitive low cost position and specialized product orientation. The PEM Segment includes Westlake North American Vinyls, Westlake North American Chlor-alkali & Derivatives, Westlake European & Asian Chloro-Vinyls, Westlake Olefins, Westlake Polyethylene and Westlake Epoxy:

Chlor Vinyls				Polyethylene	Epoxy			
Global Combined Chlor Vinyls #1	Global PVC #2	Global Chlor Alkali #2	Global Specialty PVC #2	North American Low Density Polyethylene #3	Specialty for Wind Energy #1	Specialty for European Aerospace #2	Specialty for North American Automotive #2	North American & European Epoxy Resin #2



# Westlake Corporation

A Leading Global Producer of Products and Materials that Enhance People's Lives Every Day



Net Sales  
EBITDA <sup>(1,2)</sup>  
EBITDA Margin  
Net Income <sup>(3)</sup>

(Year Ending Dec 31, 2021)

\$11,778 Million  
\$ 3,693 Million  
31 %  
\$ 2,015 Million



## Performance & Essential Materials (Year Ending Dec 31, 2021)

\$ 3,247 Million in EBITDA <sup>(1)</sup>  
\$ 8,670 Million in Net Sales

## Housing & Infrastructure Products (Year Ending Dec 31, 2021)

\$ 534 Million in EBITDA <sup>(1)</sup>  
\$ 3,108 Million in Net Sales

## Select Cash Flow and Liquidity Metrics (Year Ending Dec 31, 2021)

\$2,394 million in Full Year Operating Cash Flows <sup>(1)</sup>  
Conservative balance sheet and long dated Maturity of Debt (16+ years)



Notes: (1) See page 27, (2) Includes WLK Corporate EBITDA, (3) Net Income attributable to WLK

# Westlake: A Compelling Investment Opportunity

## **Leading Producer of Performance and Essential Products Improving Every Day Life**

*Leading positions in consumer lifestyle, automotive, energy efficiency, nutrition and healthcare materials*

## **Leader in Secularly Attractive Housing and Infrastructure Products**

*Leading brands and products for residential housing, agriculture and construction materials*

## **Longstanding Commitment to Sustainability & Environmental Stewardship**

*Focus on introducing green products, recycled content, and reduction in emissions and use of resources*

## **Specialty Products in Globally Advantaged Competitive Position**

*Operational focus, and high vertical integration plus low cost feedstock from North America, enhances margin*

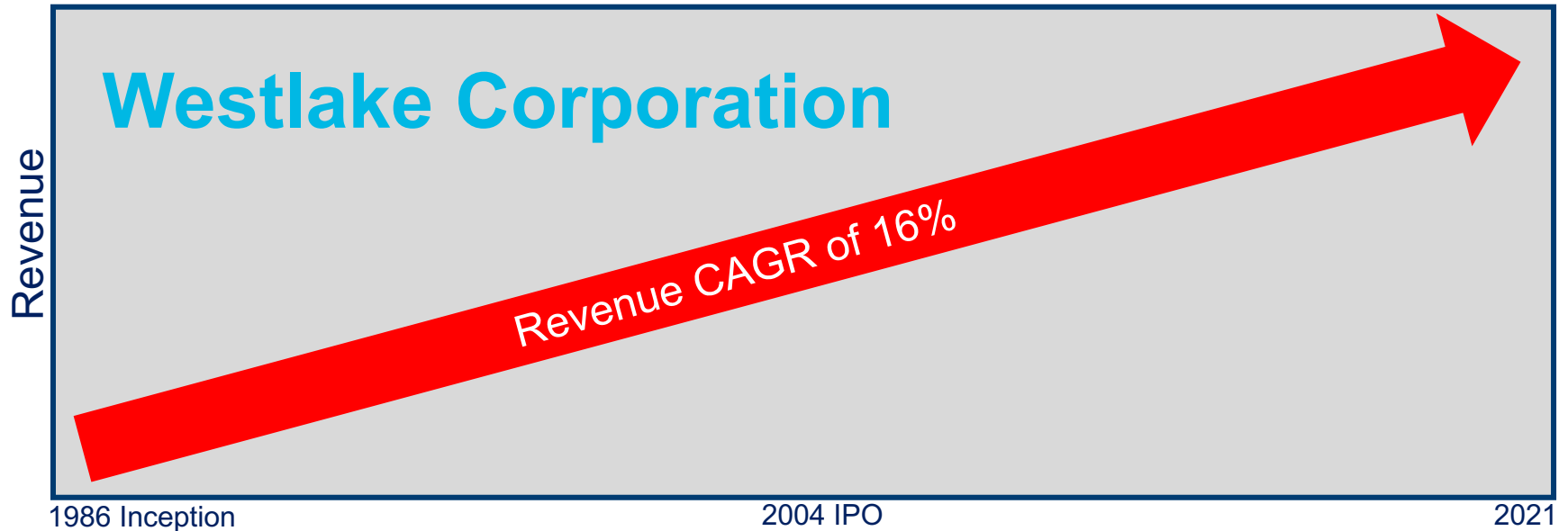
## **Proven Record of Disciplined and Value Creative Capital Allocation**

*35+ years of strategic acquisition and expansion made possible by consistent financial discipline*



# Strategic Growth Diversifies Product Lines and Further Strengthens Integration Advantage

A long history of strategic asset expansions and growth into new markets



- Historic investments and acquisitions driving integration has grown revenue from inception in 1986 through 2021 delivering a CAGR of 16%
- Recent investments have diversified the product portfolio, specialized our product position closer to the end customer, improved vertical integration, and decreased the volatility of results



# Sustainable Products

Westlake's businesses create products consumers use every day, such as PVC pipe and fittings for water, sewer, industrial and agricultural applications, residential siding, window profiles, doors, fences and decking, packaging that protects perishable foods, personal protective equipment, medical applications, as well as chlorine for clean drinking water and caustic soda for disinfectants

## Westlake Sets 2030 Sustainability Goal

Westlake has set a goal of reducing Scope 1 and Scope 2 greenhouse gas emissions rate<sup>1</sup> 20% by 2030. To achieve this goal, the focus will be to continually reduce the carbon intensity of operations by focusing on the optimal feedstocks for energy as well as manufacturing processes

### We endeavor to enhance our operations and material content in more sustainable ways:

- Green caustic soda
- Post industrial and consumer materials and products
- Bio-based solutions for building materials
- Recycled solutions
- One-pellet solution

### Our Operations and Logistics are performed with utmost respect for people and the environment:

- "Drive to Zero" safety initiative
- Strict procurement process vetting
- Certified environmental management systems
- Energy use and emissions
- Zero waste initiative
- Water Stewardship
- Healthy ecosystems

<sup>1</sup> 20% Reduction in carbon emission intensity by 2030 from 2016 baseline

# Performance & Essential Materials for Everyday Life

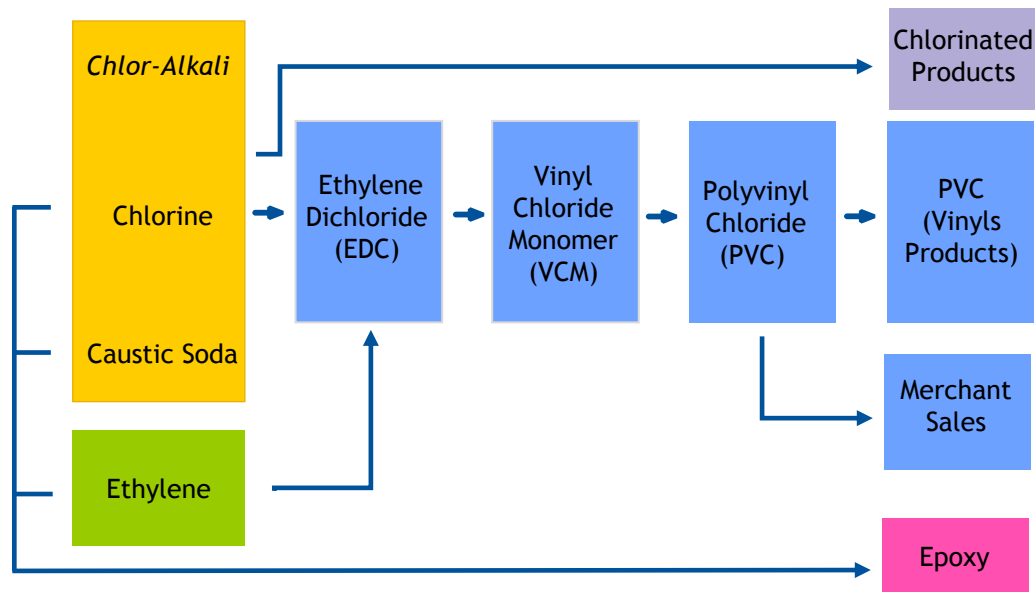
- **PVC:** Used in a variety of construction and infrastructure uses, such as fresh and waste water piping, as well as medical equipment and supplies
- **Epoxy:** Used in wind turbine blades and light weighting in automotive and aerospace, and coatings for construction and consumer products
- **Low Density Polyethylene:** Used for medical applications and food packaging
- **Chlor Alkali:** Used in water treatment, disinfectants, paper, tissues, aluminum and cardboard packaging



# Low Cost Producer of PVC

## Combined with High Integration Captures Margin

### Overview of the Chlor Vinyls Chain



### Westlake benefits from its globally competitive cost position and integrated production footprint as the world's largest Chlor Vinyls manufacturer

- Westlake benefits from low cost North American natural gas and ethane driving a globally advantaged position in producing Ethylene and Chlor-Alkali
- Integrated position as the world's largest Chlor Vinyls producer further lowers production costs and enhances margin capture and resiliency
- Complexity and capital cost of the vinyls chain raises barriers to entry
- Recent Epoxy acquisition captures additional integration and downstream focus



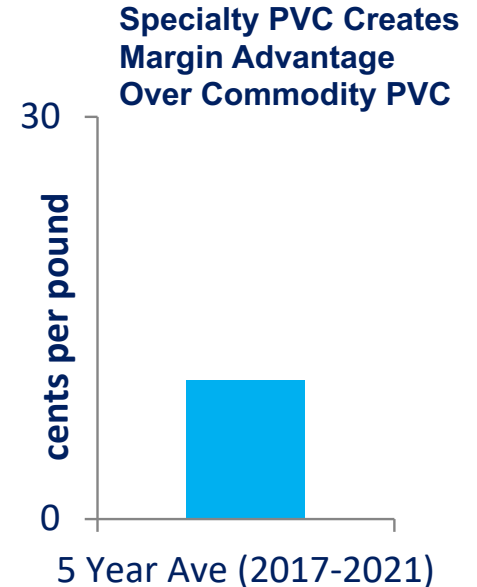
# A Global Leader in Specialty PVC

Westlake Vinnolit is a global leader in Specialty PVC, a product that:

- Delivers higher and more stable margins vs. rigid PVC
- Diversifies end market demand and broadens market channels

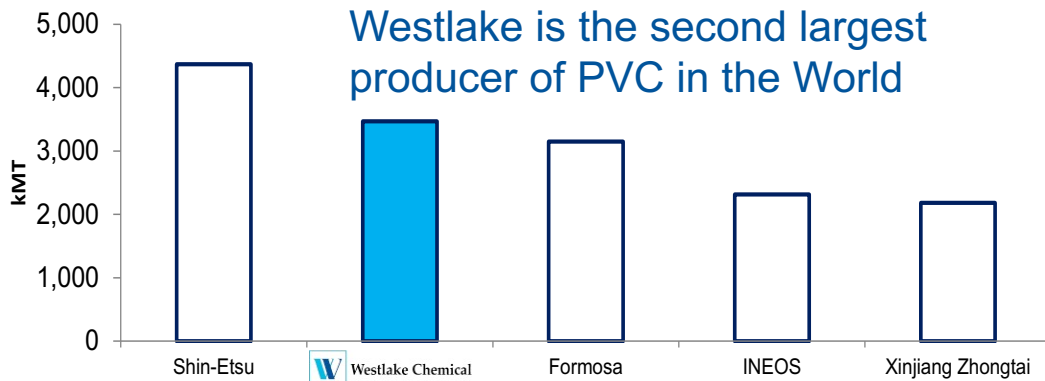
Specialty PVC is a specialty product used in consumer products. Specialty PVC can be customized to meet a number of physical properties, with varied uses such as:

- Medical equipment such as blood bags and medical tubing
- Premium vinyl flooring and wallcovering
- Artificial leather used for automotive interiors, furniture covering, and luxury handbags
- Automotive coatings used to protect car exteriors from the elements
- Plus numerous other specialty applications

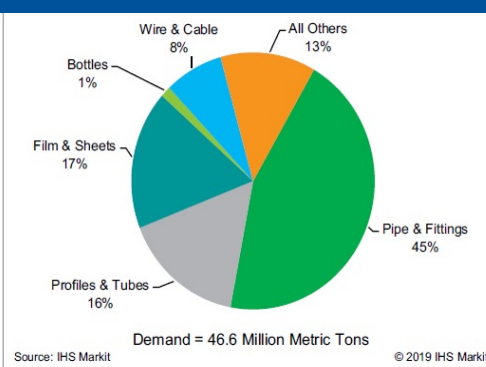


# A Global Chlor Vinyls Leader with Enhanced Scale

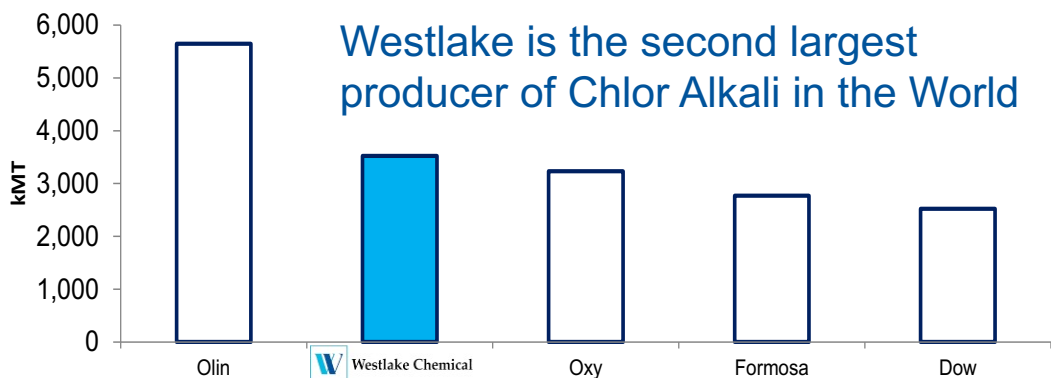
2021  
Global  
PVC  
capacity  
(KMT)



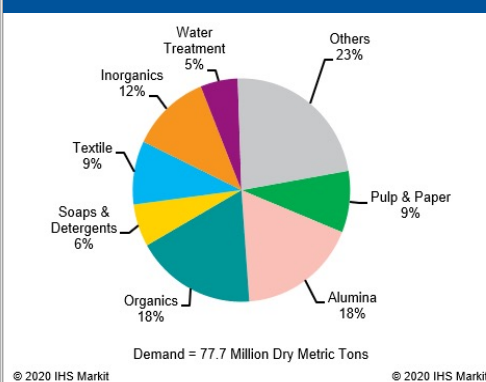
World PVC Demand



2021  
Global  
Chlor-  
Alkali  
capacity  
(KMT)



World Caustic Soda Demand

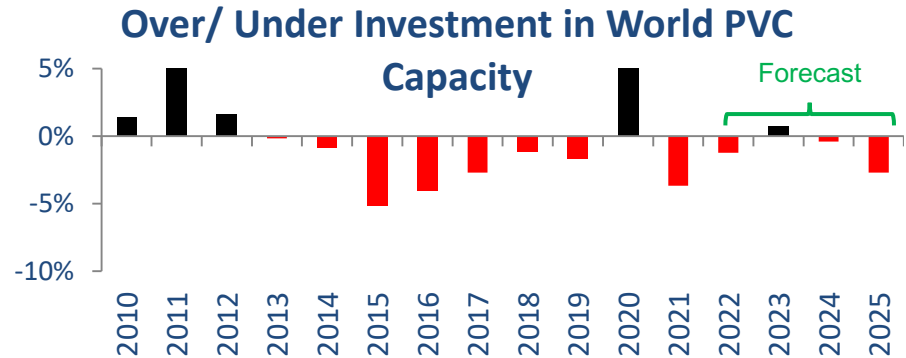
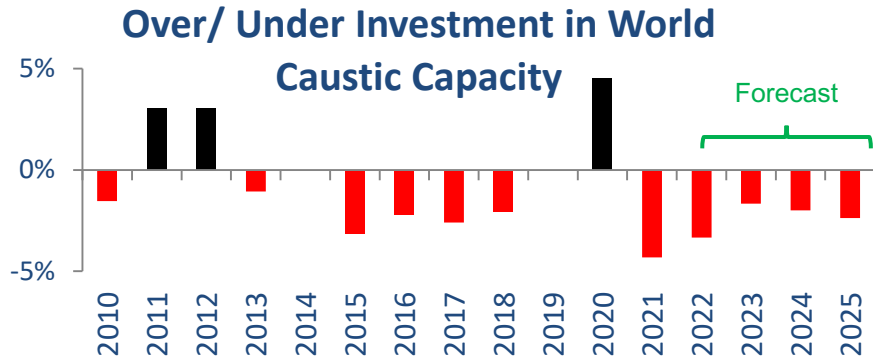


Westlake's position as the world's largest chlor vinyls company enables it to provide customers leading products and service



# Fundamentals in Chlor Vinyls Constructive

Relative Industry Changes in Capacity Compared to World GDP:



Significant industry under investment positions Westlake to benefit as demand grows

Both PVC and Chlor Alkali demand growth is expected to materially exceed supply additions in the coming years supporting a robust outlook

- Complexity and capital cost of the Chlor Vinyls chain raises barriers to entry leading to less capacity additions over time
- PVC demand is expected to be strong driven by global housing and infrastructure
- Caustic demand is driven by broad global economic growth with applications across a variety of end uses from paper to alumina to soaps & detergent

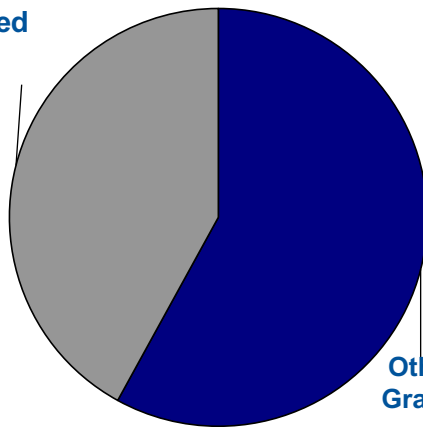


# Westlake's Specialized Polyethylene Advantage

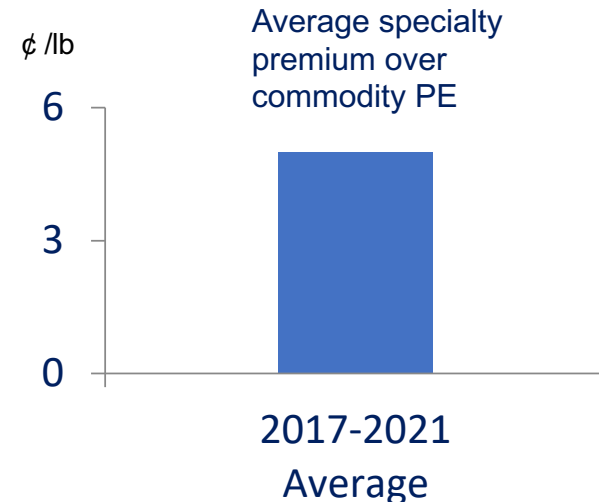
- Westlake is a leading producer of specialty polyethylene (PE) that drives higher pricing and customer specification compared to commodity PE grades
  - Westlake's PE is used in a variety of demanding applications including food packaging that increases shelf life and enhances transportation efficiency
- Westlake benefits from a globally advantaged cost position from North American based Ethane for all of its PE production
- This combination of higher price, application focused specialized product, and lower cost position drives higher margin & resiliency in profitability

Westlake Capacity (% share)

Specialty & Differentiated PE, 42%

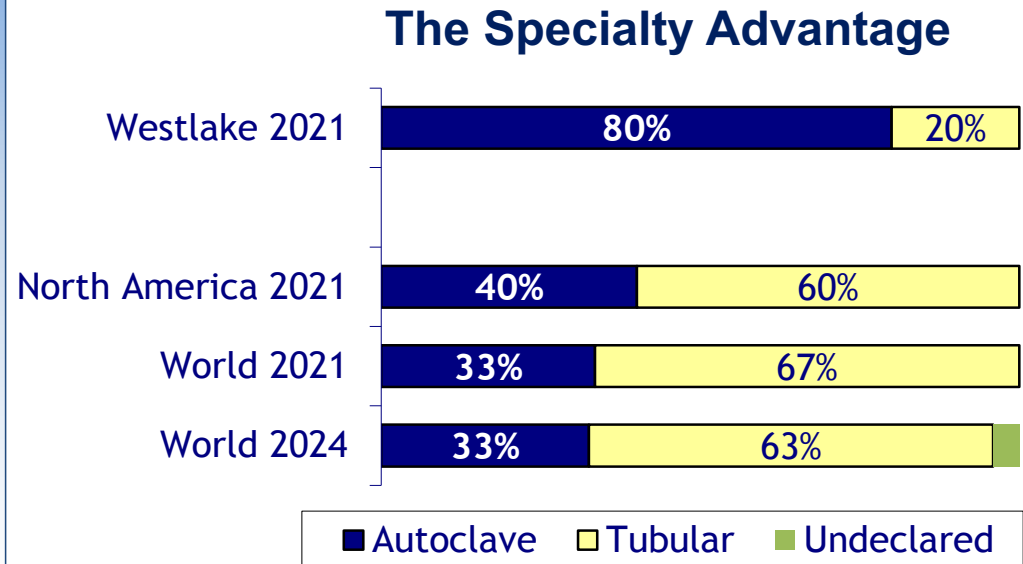
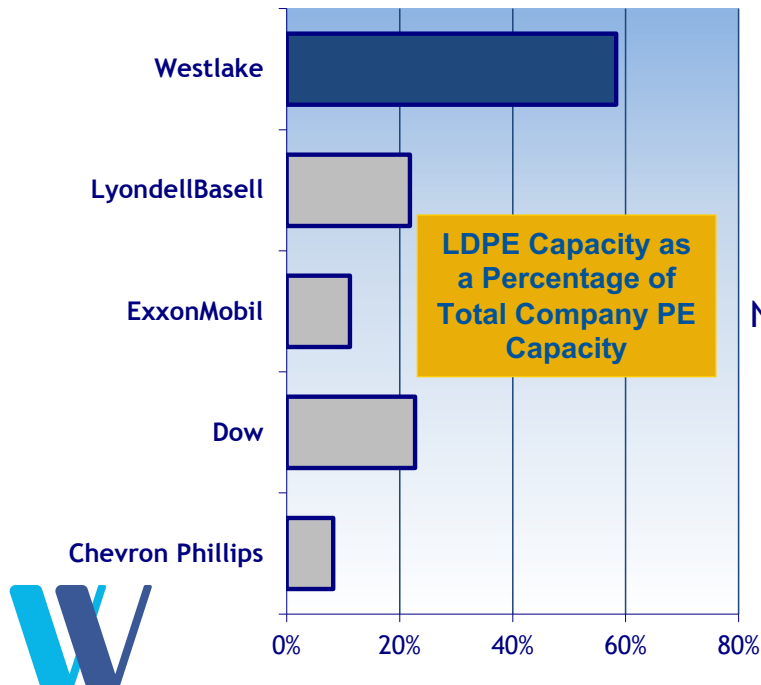


Other Less Differentiated Grades of LDPE & LLDPE, 58%



# Westlake's Low Density Polyethylene (LDPE) Position Drives Its Specialized Advantage

- Of the three types of PE, LDPE has the most specialty applications and has unique properties in clarity and coating applications that drive its pricing premium
- Westlake's greater mix of LDPE bolsters its specialty mix and margin advantage
  - Westlake further adds to its advantage from LDPE by producing 80% of it through the even more specialized Autoclave method vs. Tubular LDPE
  - LDPE and particularly Autoclave LDPE is more costly to build and requires greater development and customer focus increasing barriers to entry



Source for both charts: IHS Markit

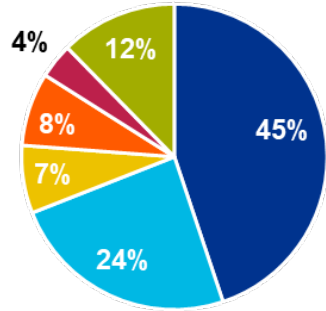
# Westlake's Feb 1, 2022 Acquisition of Hexion Epoxy Adds A New Growth Platform With Sustainable Applications

- Epoxies expand Westlake's integrated materials business into attractive global high-growth, innovative, and sustainably oriented end-use products including: wind turbine blades, EV automotive light weighting, aerospace and consumer coating applications
- Significant global scale with 8 manufacturing sites and 5 R&D labs across 3 continents with 330 patents
- Epoxy operating rates are expected to increase over the next decade driven by increasing demand and limited capacity additions; Fastest growing markets are composites, electrical applications, and adhesives



# Major Applications for Epoxy Resins Going into High Growth and Sustainably Oriented Products

Global Industry Sales



- Coatings
- Adhesives
- Construction
- Electrical Applications
- Composites
- Other

## Coatings

Growth Forecast = 3.2%



## Electrical Applications

Growth Forecast = 3.6%



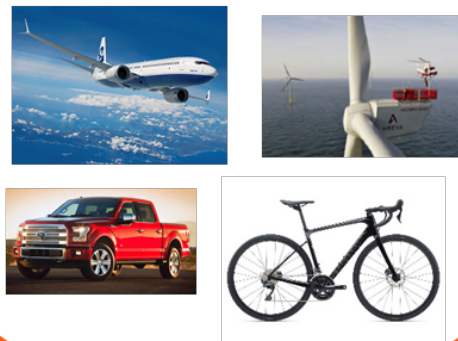
## Adhesives

Growth Forecast = 3.4%



## Composites

Growth Forecast = 5.8%



## Construction

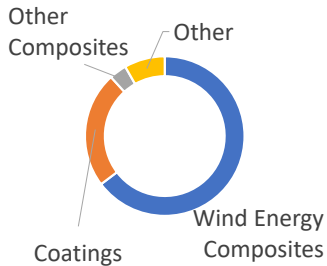
Growth Forecast = 2.6%



# Westlake Epoxy a Global Leader with Strong Positions Across All Applications

## Segment Sales by Sector Key End Markets Leadership Position Hexion Epoxy Differentiation

Downstream Specialty Epoxy

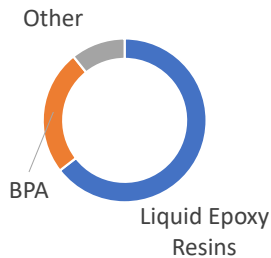


- Wind
- Aero
- Auto

- 1st Global
- 2nd Europe
- 2nd North America

- Comprehensive product suite
- Leading product innovation
- Superior process technology
- Critical certified supplier
- Fully integrated player

Upstream Epoxy Resin



- LER
- BPA

- 2nd North America Europe
- 2nd North America

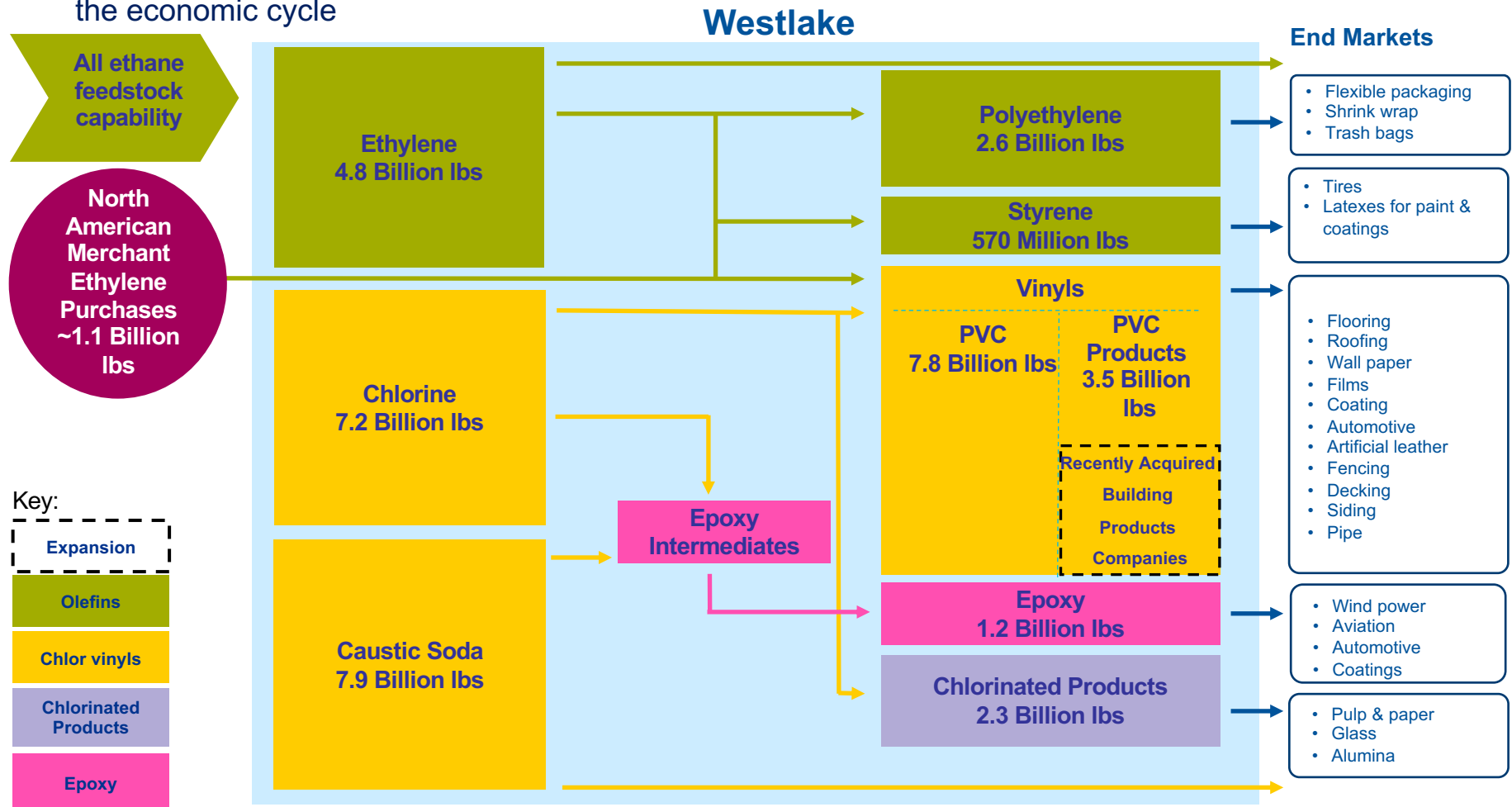
- Flexible supply chain
- Only combined BPA / BPF unit
- Fully integrated player
- Critical supplier



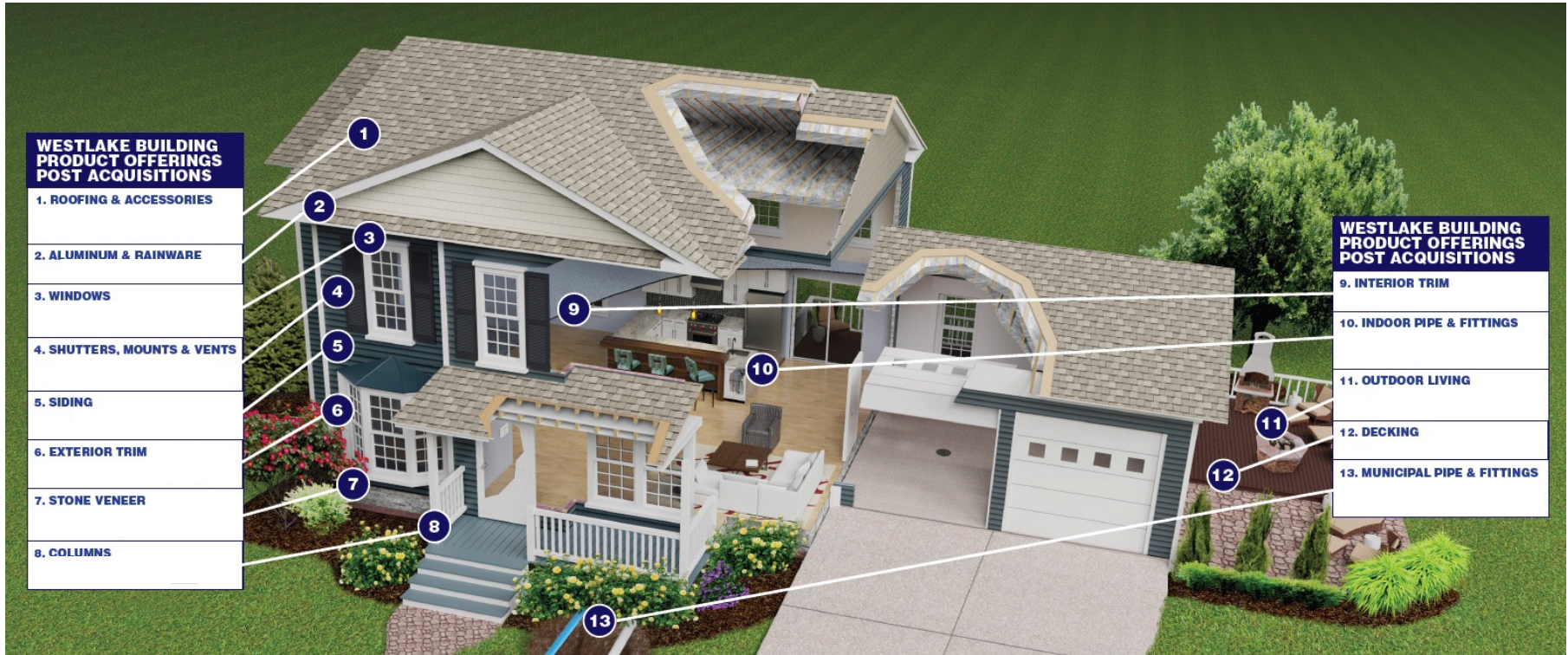
# A High Degree of Product Integration with a Globally Advantaged Cost Position

## Westlake has a long-term strategic cost advantage:

- North America has a long-term cost advantaged position through abundant supply of Ethane from shale, electricity from natural gas and ample salt compared to global markets
- Integration from feedstock to final product captures margin across the production chain and throughout the economic cycle



# Extensive Housing & Infrastructure Products Offerings



Westlake's recent building products acquisitions create leading market positions in the housing and repair & modeling markets which drives enhanced customer satisfaction and expands our building products offerings



# Westlake's Leading Brands and Market Positions In Residential Housing

## Westlake Royal Siding Solutions™



## Westlake Royal Trim & Mouldings Solutions™



## Westlake Royal Stone Solutions™



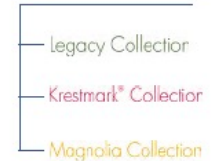
## Westlake Royal Roofing Solutions™



## Westlake Royal Outdoor Living Solutions™



## Westlake Royal Window Solutions™



**Westlake's recent building products acquisitions add to leading brand and market positions to serve the residential repair & modeling and construction markets that drive enhanced customer satisfaction and brand value**

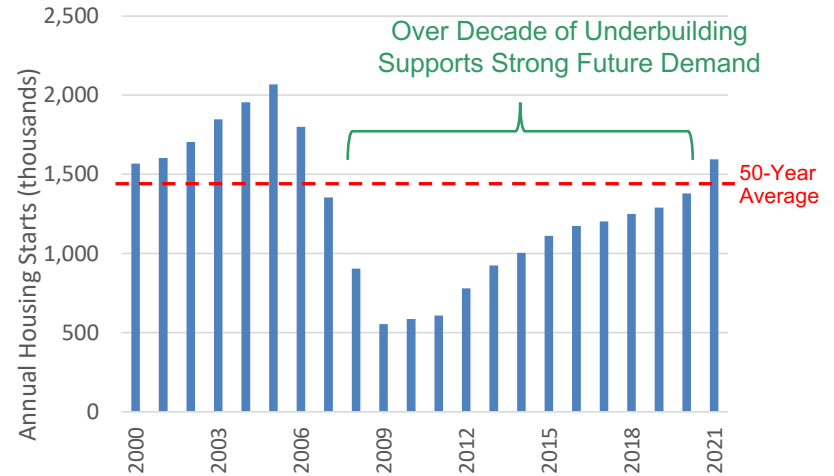


# Secular and Structural Strength in Housing Supports Attractive Opportunities in Building Products Growth

Secular trends to drive U.S. housing demand growth, which will benefit Westlake's Building Products and our PVC businesses:

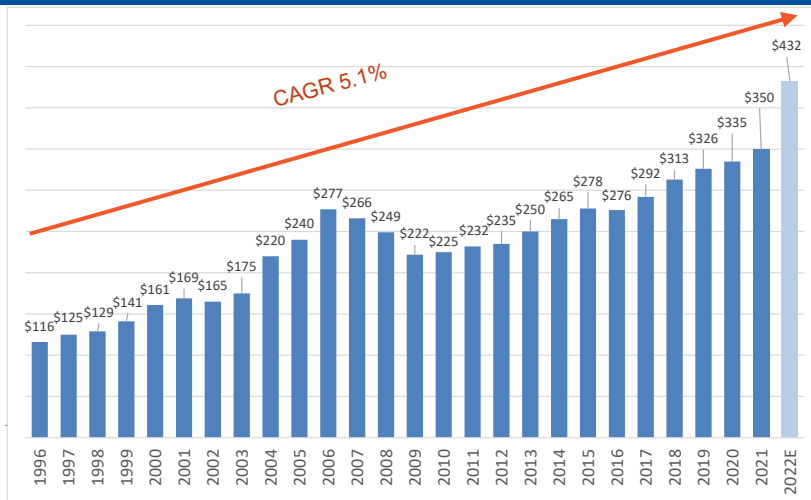
- Favorable demographics with increasing number of U.S. population to be in peak household formation years
- Underbuilding of homes since 2007-2009 financial recession creates significant cumulative deficit in available homes today
- Impact from COVID-19 pandemic increasing preferences for single family housing

U.S. Housing Starts 2000 - 2020



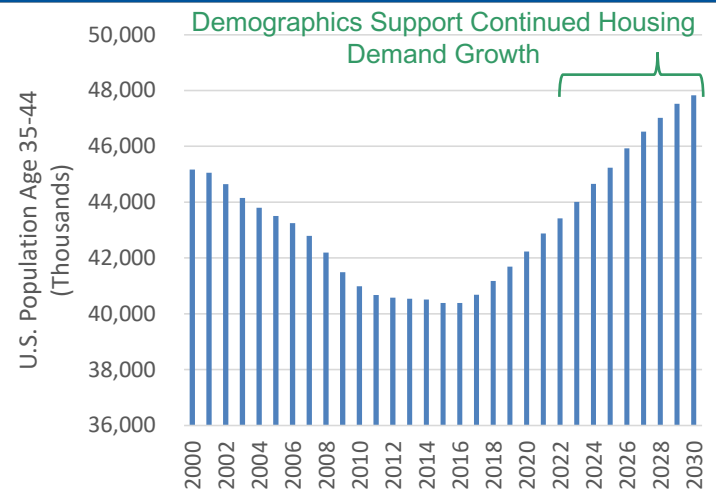
Source: U.S. Bureau of the Census

U.S. Repair and Remodel Expenditures (\$B)



Source: Harvard JCHS

U.S. Population Age 35-44: Peak Household Formation Years

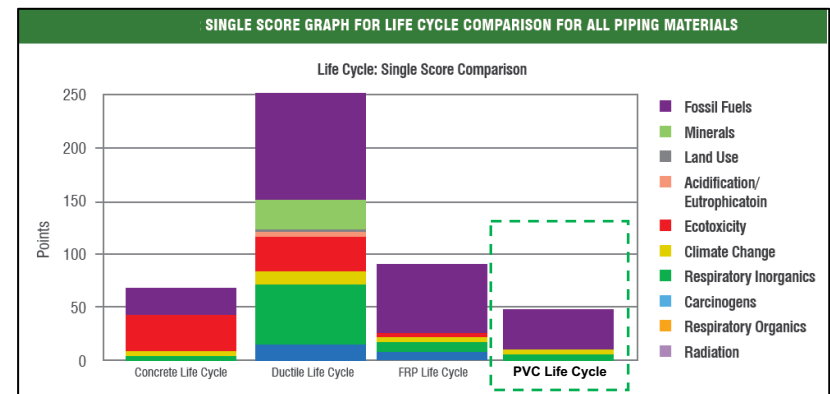
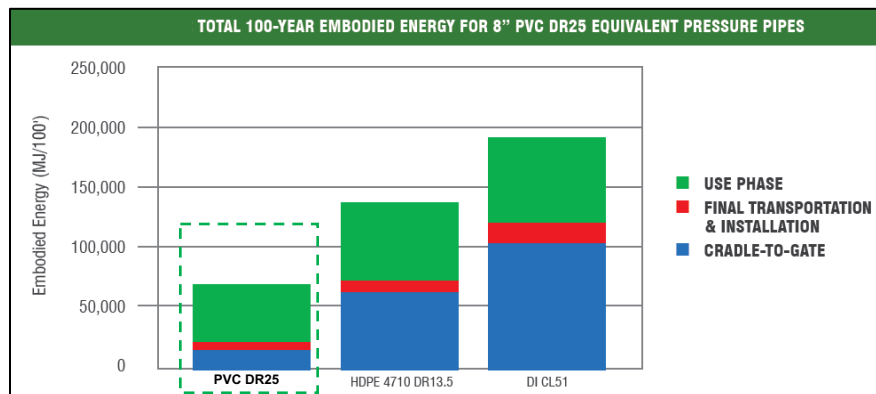


Source: U.S. Bureau of the Census

# PVC: The Sustainable Pipe Solution

**PVC Pipe is the most sustainable choice based on lifecycle assessment, low carbon footprint, preserving clean water, and durability**

- Westlake is the #1 producer of PVC fittings and #2 producer of PVC pipe in North America
- PVC has a low carbon footprint and the lowest environmental impact compared to other pipe materials
- PVC helps save our precious resource water, as the current network of cast iron and ductile pipes are prone to pipe corrosion and breakage leading to 2.6 Trillion gallons of water lost annually -- enough drinking water for every person on earth
- PVC pipe has a 100+ year service life and is completely recyclable

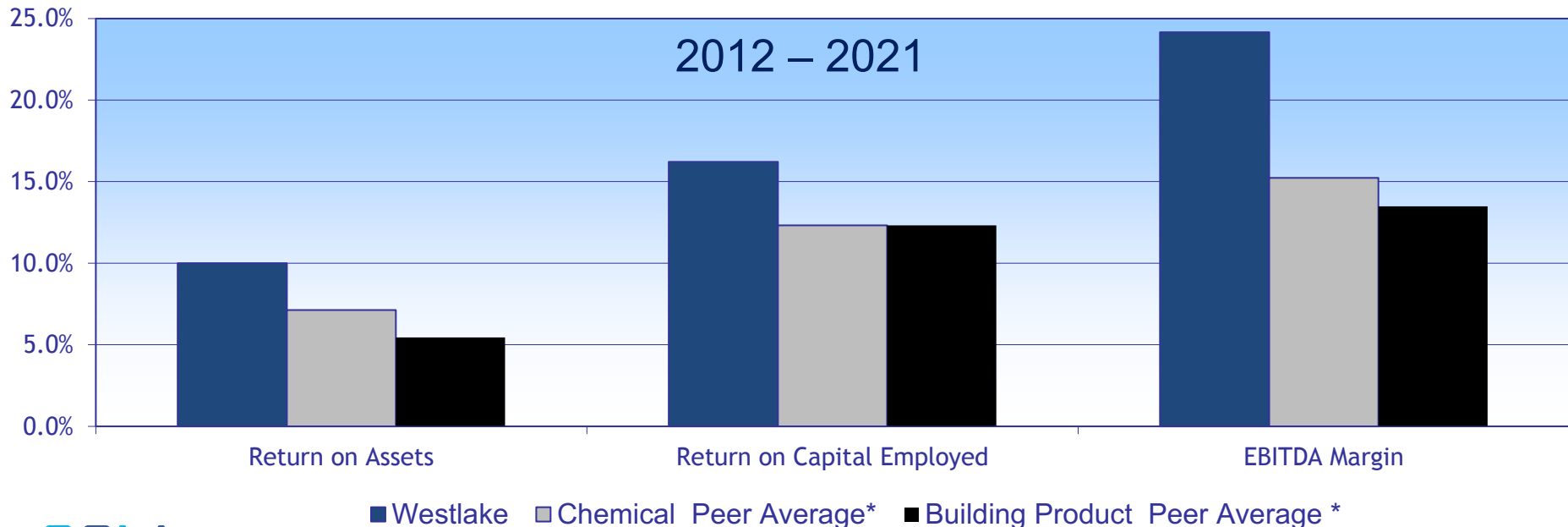


Source: Life Cycle Assessment of PVC Water and Sewer Pipe and Comparative Sustainability Analysis of Pipe Materials by Sustainable Solutions Corporation.

Abbreviations: FRP = fiberglass reinforced plastic, DI = Ductile Iron, HDPE = High Density Polyethylene.

# A History of Financial Discipline

- A leading materials and products company founded and operated on value creation
- A global, diversified products producer fueled by long-term low cost feedstock
- High level of product integration drives higher operating rates with higher margin specialty production in Polyethylene, Epoxy, PVC, and PVC Building Products
- Strong integrated domestic sales channels provide opportunity for acquisition synergies
- Disciplined investment culture and a strong balance sheet provide for ability to weather economic cycles and generate strategic growth over time



Source: Bloomberg, Peer averages as of latest available quarter

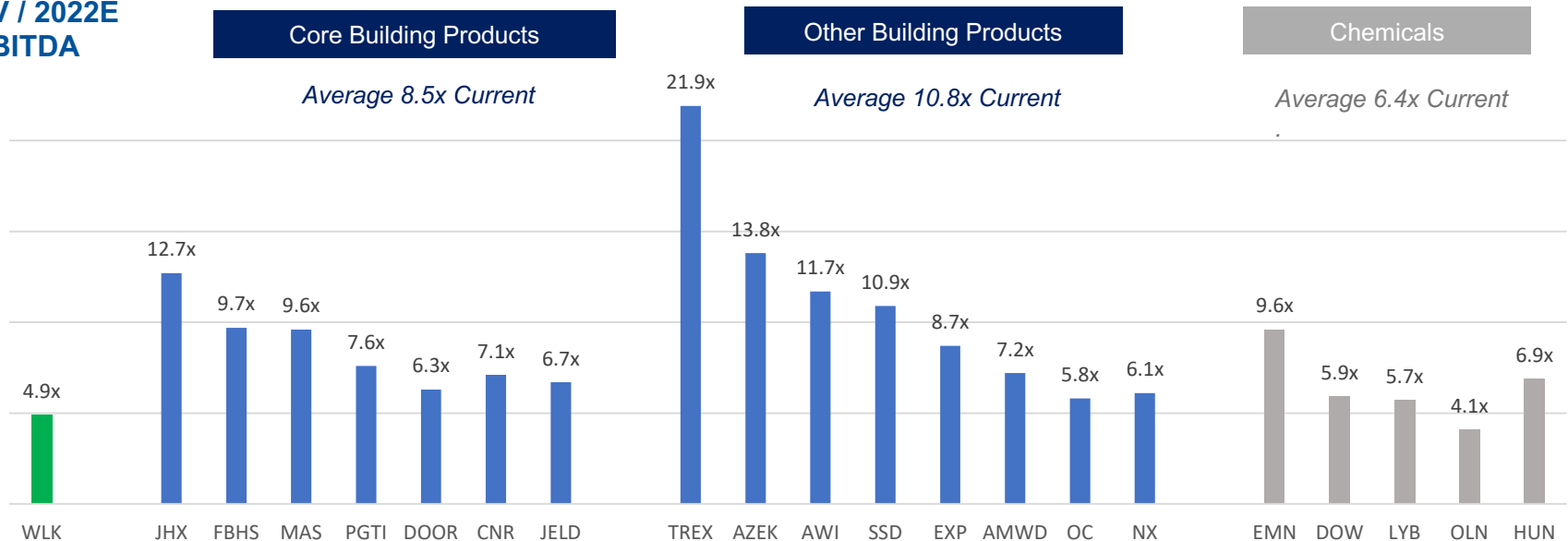
Chemical peers includes: EMN, HUN, OLN, LYB, DOW

Building products peer includes: JHX, FBHS, MAS, PGTI, DOOR, CNR, JELD

# Strategic Growth in Building Materials Business Creates Scale on Par to Large Stand-Alone Public Peers

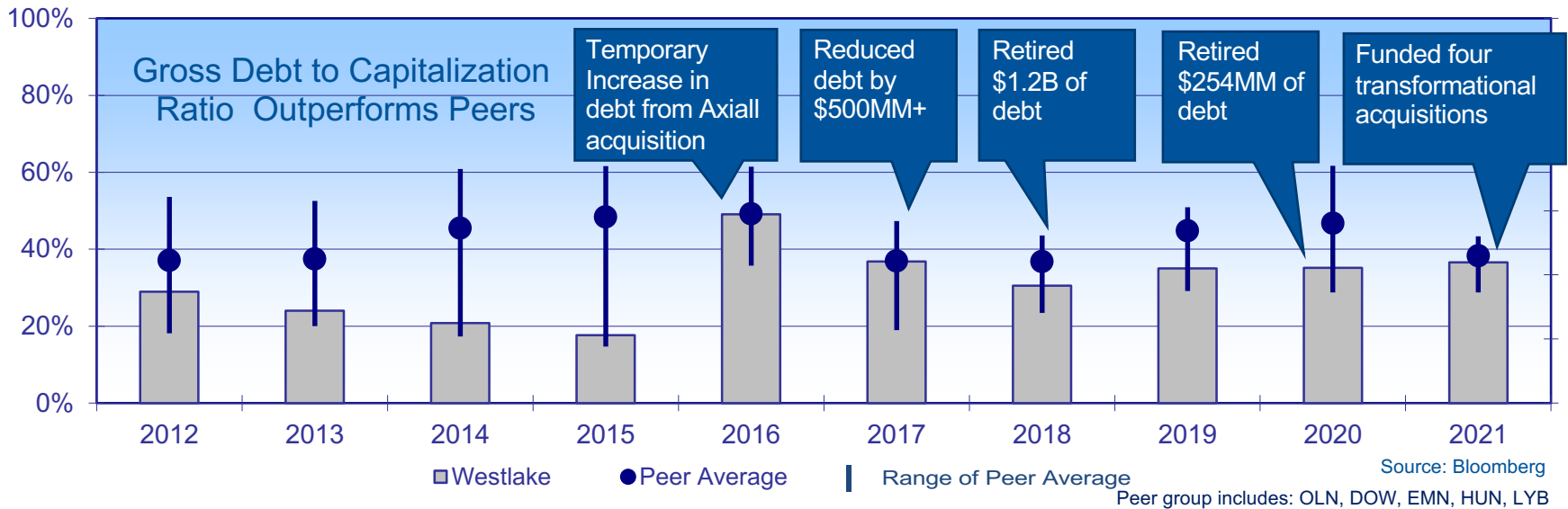
- Westlake has grown its building products business through acquisition and strategic growth creating a building products business at Westlake comparable in size to many large publicly traded stand-alone peers
- This growth has significantly increased the portion of Westlake earnings attributable to building products; Building products companies consistently trade at premium TEV/EBITDA multiples relative to chemical companies

EV / 2022E  
EBITDA



Note: Values per Bloomberg as of Feb 20, 2022. JHX: James Hardie, FBHS: Fortune Brands, MAS: Masco, PGTI: PGT Innovations, DOOR: Masonite, CNR: Cornerstone, JELD: Jeld-wen TREX: Trex Company, AZEK: Azek Company, AWI: Armstrong, SSD: Simpson, EXP: Eagle Materials, AMWD: American Woodmark, OC: Owens Corning, NX: Quanex, EMN: Eastman, Dow: Dow Inc., LYB: LyondellBasell, OLN: Olin, HUN: Huntsman.

# Conservative Financial Profile



## Westlake:

- Is committed to maintaining solid investment grade credit metrics and ratings
- Has shown a significant growth in business while maintaining a conservative balance sheet

## Westlake Chemical Partners (WLKP) provides Westlake Corporation (WLK) with:

- Allows Westlake Corporation to capture a premium EBITDA multiple and reinvest it back into its core businesses, providing cost effective capital to fund future needs
- Over \$500MM of equity proceeds raised by Westlake Partners has been reinvested by Westlake Corporation to generate incremental EBITDA at WLK

Agency	Rating
S&P	BBB
Fitch	BBB
Moody's	Baa2

# Strategic Investment Drives EBITDA Growth

Westlake Corporation continues its proven record of strategically deploying capital to fund future bottom line growth

Strategic Growth Delivers Strong Results

Expanded Ethylene Capacity

Expanded PVC Capacity

Expanded Chlor Alkali Capacity

Acquired Vinnolit and Specialty PVC Products



Acquired Axiall

Added Ethylene Capacity via new cracker JV

Acquired leading brands in building products expanding product offerings and margins



Greatly expanded building products business through acquisitions of Boral, Lasco, and Dimex increases product offerings and margins

Acquired Hexion epoxy and expanded into new and sustainable product markets

Expanding PVC Capacity



Future EBITDA

- Timely investments drive integration, expand downstream solutions, lower cyclicality, and enhance earnings generation
- Conservative balance sheet provides strength to weather economic cycles and fund future opportunistic growth



The image features a white background with several decorative colored squares. In the top-left corner, there are three overlapping squares: a large cyan one, a smaller yellow one to its right, and a dark blue one below the cyan one. In the top-right corner, there is a small magenta square. In the bottom-right corner, there are two overlapping squares: a small orange one and a larger dark blue one to its right.

**Westlake**

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

(in \$ millions)

	FY 2021	FY 2020	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
EBITDA	\$ 3,693	\$ 1,247	\$ 1,131	\$ 1,078	\$ 932	\$ 553	\$ 386	\$ 288	\$ 236	\$ 337
Less:										
Income Tax (Provision) Benefit	(607)	42	(183)	(193)	(158)	(72)	(33)	15	19	41
Interest Expense	(176)	(142)	(46)	(61)	(36)	(33)	(34)	(37)	(40)	(31)
Depreciation & Amortization	(840)	(774)	(240)	(204)	(202)	(195)	(196)	(197)	(191)	(190)
Non Controlling Interest	(55)	(43)	(17)	(13)	(14)	(11)	(10)	(12)	(9)	(12)
Net Income	\$ 2,015	\$ 330	\$ 644	\$ 607	\$ 522	\$ 242	\$ 113	\$ 57	\$ 15	\$ 145
Non Controlling Interest	55	43	17	13	14	11	10	12	9	12
Changes in operating assets & liabilities	301	778	122	109	67	2	316	230	454	(222)
Deferred income taxes	23	146	(26)	26	14	10	(8)	58	(30)	126
Cash flow from operating activities	\$ 2,394	\$ 1,297	\$ 757	\$ 755	\$ 617	\$ 265	\$ 431	\$ 357	\$ 448	\$ 61
Performance & Essential Materials EBITDA	3,247	897	997	946	846	458	313	160	145	279
Housing & Infrastructure Products EBITDA	534	389	162	137	130	105	99	131	93	66
Corporate EBITDA	(88)	(39)	(28)	(5)	(44)	(10)	(26)	(3)	(2)	(8)
Westlake EBITDA	\$ 3,693	\$ 1,247	\$ 1,131	\$ 1,078	\$ 932	\$ 553	\$ 386	\$ 288	\$ 236	\$ 337

**Note 1 from page 3: Non-GAAP Financial Measures**

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



# Safe Harbor Language

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This presentation contains certain forward-looking statements including statements regarding managing working capital, lowering operating costs and reducing capital expenditures and the timing of the Petro 2 turnaround. Actual results may differ materially depending on factors such as general economic and business conditions; the cyclical nature of the chemical industry; the availability, cost and volatility of raw materials and energy; uncertainties associated with the United States, Europe and worldwide economies, including those due to political tensions in the Middle East and elsewhere; current and potential governmental regulatory actions in the United States and Europe and regulatory actions and political unrest in other countries; industry production capacity and operating rates; the supply/ demand balance for our products; competitive products and pricing pressures; instability in the credit and financial markets; access to capital markets; the COVID-19 pandemic and the response thereto; terrorist acts; operating interruptions including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks; changes in laws or regulations; technological developments; our ability to implement our business strategies; creditworthiness of our customers; and other factors described in our reports filed with the Securities and Exchange Commission. Many of these factors are beyond our ability to control or predict. Any of these factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially from those projected in the forward-looking statements. Management cautions against putting undue reliance on forward-looking statements. Every forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

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