



# Westlake

## Earnings Presentation 1Q 2024



# First Quarter 2024 Highlights

## 1Q 2024 Financial Results

Volume momentum continues along with stabilizing pricing

**\$174M**

Net Income

87% increase vs. 4Q<sup>(1,2)</sup>

**\$3.0B**

Net Sales

5% increase vs. 4Q

**\$546M**

EBITDA

40% increase vs. 4Q<sup>(1,3)</sup>

**\$1.34**

Net Income Per Share

**\$3.1B**

Cash and Equivalents

**\$169M**

Net Cash Provided by  
Operating Activities

- Housing and Infrastructure Products (HIP) reported records in income from operations of \$210 million, EBITDA of \$264 million and EBITDA margin of 25%
- Solid 8% YoY sales volume growth with contributions from each segment
- HIP trailing twelve-month EBITDA exceeds \$1 billion for the first time, with a 24% EBITDA margin, as it becomes a larger part of the overall company's earnings
- Achieved ~\$35 million of cost savings in 1Q towards our 2024 target of \$125 – \$150 million
- Investment-grade balance sheet with \$3.1 billion of cash and equivalents and \$4.9 billion of debt at fixed interest rates averaging 3.2% with a weighted average maturity over 15 years

(1) Excludes "Identified Items" consisting of a \$475 million non-cash impairment charge and a \$150 million (\$115 million after tax) charge to fully resolve certain claims

(2) Reconciliation of Net Income and Net Income Per Share excl. Identified Items to Net Income and Net Income Per Share can be found on page 11

(3) Reconciliation of EBITDA excl. Identified Items to Net Income, Income from Operations and Net Cash Provided by Operating Activities can be found on page 12

# Westlake Corporation 1Q 2024

(\$ in millions)	1Q'24	4Q'23	QoQ%	1Q'23	YoY%
<b>Sales</b>	<b>\$2,975</b>	<b>\$2,826</b>	<b>5%</b>	<b>\$3,356</b>	<b>(11%)</b>
<b>Operating Income<sup>(1)</sup></b>	<b>\$ 223</b>	<b>\$ 73</b>	<b>205%</b>	<b>\$536</b>	<b>(58%)</b>
<b>EBITDA<sup>(1,2)</sup></b>					
<i>Performance and Essential Materials</i>	\$253	\$201	26%	\$615	(59%)
<i>Housing and Infrastructure Products</i>	\$264	\$173	53%	\$205	29%
<i>Corporate</i>	\$29	\$16	-	\$5	-
	<b>\$546</b>	<b>\$390</b>	<b>40%</b>	<b>\$825</b>	<b>(34%)</b>

## Westlake

1Q 2024 vs. 4Q 2023

Average Sales Price **-1.1%**  
Volume **+6.4%**

## Westlake

1Q 2024 vs. 1Q 2023

Average Sales Price **-19.1%**  
Volume **+7.8%**



Solid 8% YoY sales volume growth with contributions from each segment led by Pipe & Fittings and Siding & Trim in HIP and chlorovinyls in PEM



Record HIP first quarter EBITDA of \$264 million and EBITDA margin of 25%



Lower YoY average sales price driven by caustic soda, PVC resin and Epoxy resin due to price reductions that occurred in mid-2023



Slowly improving global macro-economic conditions driving volumes and stabilizing prices in PEM

# Housing and Infrastructure Products (“HIP”) Segment Performance

(\$ in millions)	1Q'24	4Q'23	QoQ%	1Q'23	YoY%
<b>Housing Products Sales</b>	<b>\$879</b>	<b>\$795</b>	<b>11%</b>	<b>\$818</b>	<b>7%</b>
<b>Infrastructure Products Sales</b>	<b>\$165</b>	<b>\$151</b>	<b>9%</b>	<b>\$189</b>	<b>(13%)</b>
Total HIP Sales	\$1,044	\$946	10%	\$1,007	4%
Operating Income	\$210	\$121	74%	\$143	47%
EBITDA <sup>(1)</sup>	\$264	\$173	53%	\$205	29%
<i>EBITDA Margin</i> <sup>(2)</sup>	25%	18%	-	20%	-

## HIP Segment

1Q 2024 vs. 4Q 2023

Average Sales Price	Volume
<b>-2.0%</b>	<b>+12.3%</b>

## HIP Segment

1Q 2024 vs. 1Q 2023

Average Sales Price	Volume
<b>-9.7%</b>	<b>+13.5%</b>

 Record first quarter EBITDA and EBITDA margin driven by solid sales volume growth, lower materials costs, improved sales mix, and cost-saving actions compared to 1Q'23

 Solid 14% YoY sales volume growth reflects the strong value of our brands and the importance of our products to our customers' ability to create value for home buyers despite elevated mortgage rates

 HIP backlog order volume remains solid for most product categories to start 2Q'24, indicating a continuation of recent strong demand

 Cost savings from acquisition synergies and automation efficiencies

# Housing and Infrastructure Products Update



- 1** Leading positions in key markets enabling HIP to capitalize on resilient North American residential construction and infrastructure activity
- 2** Longer-term fundamentals for housing strength remain intact due to decade-plus of underbuilding, increasingly favorable demographics and increasing popularity of remote work
- 3** Pipe and fittings demand growth remains strong, particularly for large-diameter pipe, which is typically a positive leading indicator for future new residential construction that would benefit Westlake's broader Housing Products business
- 4** The breadth of our footprint and expansive offerings provide customers the branded products they need to execute their growth plans and provided the product cross-selling and product suite sales opportunities that helped drive our record first quarter operating income

# Leveraging HIP's Leading Positions in Attractive Markets

## BRAND VALUE

Royal Building Products branding drives higher and more stable margins

## ~80% OF SALES

Go through 1 Step distributors who sell to the final customer enhancing margins over other channels to market

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	FLAGSHIP BRANDS	US TAM <sup>(1)</sup>	MARKET POSITIONS	GROWTH OPPORTUNITIES
<b>Siding &amp; Accessories</b>	 	<b>\$10B</b>	<b>#1</b> Non-Wood Shutters <b>#3</b> Premium Siding	<ul style="list-style-type: none"> <li>Vinyl siding has lowest installed cost</li> <li>Stable Repair &amp; Remodel (R&amp;R) spend</li> <li>Strong housing construction demand</li> </ul>
<b>Trim &amp; Molding</b>	 	<b>\$3B</b>	<b>#1</b> Premium PVC Trim <b>#1</b> Poly-Ash Trim	<ul style="list-style-type: none"> <li>Displacing wood &amp; other alternatives</li> <li>Stable R&amp;R spend</li> <li>Strong housing construction demand</li> </ul>
<b>Roofing</b>	  	<b>\$15B</b>	<b>#1</b> Concrete & Clay Tile <b>#1</b> Composite Tile <b>#2</b> Stone Coated Metal	<ul style="list-style-type: none"> <li>Displacing natural slate &amp; alternatives</li> <li>Stable R&amp;R spend</li> <li>Strong housing construction demand</li> </ul>
<b>Decorative Stone</b>	  	<b>\$4B</b>	<b>#1</b> Architectural Stone Veneer	<ul style="list-style-type: none"> <li>Housing construction, R&amp;R spend</li> <li>Market-leading brands support demand</li> <li>WLK's innovation in cultured stone</li> </ul>
<b>Pipe &amp; Fittings</b>	<p>AquaMax™ C909 IB PVC Pipe</p>  	<b>\$10B</b>	<b>#1</b> Horizontal Direction Drilling <b>#2</b> Municipal Housing, Infrastructure Pipe	<ul style="list-style-type: none"> <li>Patented pipe connecting tech</li> <li>PVCO transports more water with less raw materials</li> </ul>
<b>Outdoor Living</b>	 		<b>Leading brands in decking</b> driving higher penetration in Outdoor Living	<ul style="list-style-type: none"> <li>Displacing wood decking</li> <li>Growing outdoor trends post-pandemic</li> <li>Market-leading brands, aesthetics</li> </ul>

(1) Total Addressable Market

## LONG-TERM DEMAND DRIVERS

### Royal Building Products

- Decade+ of underbuilding in U.S. residential housing
- Demographics and work flexibility drive housing growth
- Repair and remodel spend

### Pipe and Fittings

- Residential housing growth
- PVC replacing iron and concrete pipe for water usage
- Aging infrastructure and U.S. Infrastructure Bill with our Made-in-the-USA products
- Electrification trends

### Global Compounds

- U.S. infrastructure bill spending on power grid and broadband
- Growing housing, construction and EV and other electrification trends
- Medical equipment demand growth
- Sustainable automotive interiors
- Growing consumer commitment to Made-in-the-USA sustainable products

# Performance and Essential Materials (“PEM”) Segment Performance

(\$ in millions)	1Q'24	4Q'23	QoQ%	1Q'23	YoY%
<b>Performance Materials Sales</b>	<b>\$1,164</b>	<b>\$1,107</b>	<b>5%</b>	<b>\$1,282</b>	<b>(9%)</b>
<b>Essential Materials Sales</b>	<b>\$767</b>	<b>\$773</b>	<b>(1%)</b>	<b>\$1,067</b>	<b>(28%)</b>
Total PEM Sales	\$1,931	\$1,880	3%	\$2,349	(18%)
Operating Income (Loss) <sup>(1)</sup>	22	(39)	N/A	\$403	(95%)
EBITDA <sup>(1,2)</sup>	\$253	\$201	26%	\$615	(59%)
EBITDA Margin <sup>(1,3)</sup>	13%	11%	-	26%	-

## PEM Segment

1Q 2024 vs. 4Q 2023

Average Sales Price  
**-0.7%**

Volume  
**+3.4%**

## PEM Segment

1Q 2024 vs. 1Q 2023

Average Sales Price  
**-23.1%**

Volume  
**+5.3%**

-  Slowly improving macroeconomic conditions driving volume and stabilizing pricing
-  Lower YoY average sales price, particularly for caustic soda, PVC and epoxy resin, drove the decline in EBITDA and EBITDA margin
-  Sales volume rose QoQ, led by PVC and epoxy resin, reflecting an end to the destocking experienced in 2023
-  Lower feedstock, fuel & power costs in North America combined with higher global oil prices expand our U.S. Gulf Coast global cost advantage and support margins

# Performance and Essential Materials Update



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- 1** Sales volume improved sequentially driven by an end to customer destocking, seasonal improvement in demand and reduced competition from low-price Asian imports in Europe as a result of shipping disruptions in the Red Sea
- 2** Our North American feedstock advantage expanded in the first quarter of 2024 due to both higher global oil prices and lower U.S. feedstock and power prices
- 3** Improving global demand across the industrial and manufacturing sector as prices for many of our products begin to improve
- 4** Long-term growth fundamentals remain in place, supported by the global need for clean water, transportation, renewable energy, packaging and consumer goods



# Financial Reconciliations

# Consolidated Statements of Operations

	Three months ended March 31,		Three months ended
	2024	2023	December 31, 2023
	(In millions of dollars, except per share data)		
Performance and Essential Materials Sales	\$ 1,931	\$ 2,349	\$ 1,880
Housing and Infrastructure Products Sales	1,044	1,007	946
Net sales	2,975	3,356	2,826
Cost of sales	2,509	2,564	2,627
Gross profit	466	792	199
Selling, general and administrative expenses	209	222	224
Impairment of goodwill and long-lived assets	-	-	475
Amortization of intangibles	30	31	30
Restructuring, transaction and integration-related costs	4	3	22
Income (loss) from operations	223	536	(552)
Interest expense	(40)	(42)	(41)
Other income, net	50	22	35
Income (loss) before income taxes	233	516	(558)
Provision for (benefit from) income taxes	48	109	(71)
Net income (loss)	185	407	(487)
Net income attributable to noncontrolling interests	11	13	10
<b>Net income (loss) attributable to Westlake Corporation</b>	<b>\$ 174</b>	<b>\$ 394</b>	<b>\$ (497)</b>
Earnings (loss) per common share attributable to Westlake Corporation:			
Basic	\$ 1.35	\$ 3.07	\$ (3.86)
Diluted	\$ 1.34	\$ 3.05	\$ (3.86)

# Reconciliation of Net Income Attributable to Westlake Corporation and Earnings Per Diluted Share to Net Income and Diluted Earnings Per Share excl. Identified Items

	Three months ended March 31,		Three months ended
	2024	2023	December 31, 2023
	(In millions of dollars, except per share data)		
Net income (loss)	\$ 185	\$ 407	\$ (487)
Less:			
Net income attributable to noncontrolling interests	11	13	10
<b>Net income (loss) attributable to Westlake Corporation</b>	<b>174</b>	<b>394</b>	<b>(497)</b>
Add:			
Impairment charge, after-tax	-	-	475
Litigation settlement charge of \$150 million, after-tax	-	-	115
<b>Net income attributable to Westlake Corporation excl. Identified Items</b>	<b>\$ 174</b>	<b>\$ 394</b>	<b>\$ 93</b>
<b>Diluted earnings (loss) per common share attributable to Westlake Corporation</b>	<b>\$ 1.34</b>	<b>\$ 3.05</b>	<b>\$ (3.86)</b>
Add:			
Impairment charge per share	-	-	3.69
Litigation settlement charge per share	-	-	0.89
<b>Diluted earnings per common share attributable to Westlake Corporation excl. Identified Items</b>	<b>\$ 1.34</b>	<b>\$ 3.05</b>	<b>\$ 0.72</b>

# Reconciliation of EBITDA excl. Identified Items to EBITDA, Net Income, Income from Operations and Net Cash Provided by Operating Activities

	Three months ended March 31,		Three months ended
	2024	2023	December 31,
			2023
	(In millions of dollars)		
<b>Net cash provided by operating activities</b>	\$ 169	\$ 512	\$ 573
Changes in operating assets and liabilities and other	(6)	(121)	(1,168)
Deferred income taxes	22	16	108
<b>Net income (loss)</b>	<b>185</b>	<b>407</b>	<b>(487)</b>
Less:			
Other income, net	50	22	35
Interest expense	(40)	(42)	(41)
Provision for income taxes	(48)	(109)	71
<b>Income (loss) from operations</b>	<b>223</b>	<b>536</b>	<b>(552)</b>
Add:			
Depreciation and amortization	273	267	282
Other income, net	50	22	35
<b>EBITDA</b>	<b>546</b>	<b>825</b>	<b>(235)</b>
Add:			
Impairment Charge	-	-	475
Litigation Settlement Charge	-	-	150
<b>EBITDA excl. Identified Items</b>	<b>\$ 546</b>	<b>\$ 825</b>	<b>\$ 390</b>
Income (loss) from operations margin	7%	16%	(20%)
EBITDA excl. Identified Items margin	18%	25%	14%

# Reconciliation of PEM EBITDA excl. Identified Items, HIP EBITDA and Corporate EBITDA to Operating Income (Loss)

	Three months ended March 31,		Three months
	2024	2023	ended December 31, 2023
	(In millions of dollars)		
<b>Performance and Essential Materials EBITDA excl. Identified Items</b>	<b>\$ 253</b>	<b>\$ 615</b>	<b>\$ 201</b>
Less:			
Impairment Charge	-	-	475
Litigation Settlement Charge	-	-	150
Depreciation and Amortization	220	210	229
Other income, net	11	2	11
Performance and Essential Materials Operating Income (Loss)	22	403	(664)
<b>Housing and Infrastructure Products EBITDA</b>	<b>264</b>	<b>205</b>	<b>173</b>
Less:			
Depreciation and Amortization	50	55	50
Other income, net	4	7	2
Housing and Infrastructure Products Operating Income (Loss)	210	143	121
<b>Corporate EBITDA</b>	<b>29</b>	<b>5</b>	<b>16</b>
Less:			
Depreciation and Amortization	3	2	3
Other income, net	35	13	22
Corporate Operating Income (Loss)	(9)	(10)	(9)
Performance and Essential Materials Operating Income (Loss)	22	403	(664)
Housing and Infrastructure Products Operating Income (Loss)	210	143	121
Corporate Operating Income (Loss)	(9)	(10)	(9)
<b>Total Operating Income (Loss)</b>	<b>\$ 223</b>	<b>\$ 536</b>	<b>\$ (552)</b>

# Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities

	Three months ended March 31,		Three months ended
	2024	2023	December 31,
			2023
	(In millions of dollars)		
Net cash provided by operating activities	\$ 169	\$ 512	\$ 573
Less:			
Additions to property, plant and equipment	272	267	282
<b>Free Cash Flow</b>	<b>\$ (103)</b>	<b>\$ 245</b>	<b>\$ 291</b>

# Safe Harbor Language

This presentation contains certain forward-looking statements including statements regarding our cost savings objectives and our ability to maintain synergies, pricing and demand for our products, global macroeconomic conditions, anticipated sales volumes, expectations regarding the non-recurring nature of unusual items such as the Identified Items, industry outlook for both of our segments, our cost control and efficiency efforts, the effects of changing demographics in the markets that we serve, anticipated residential construction and infrastructure growth, consumer trends, such as the popularity of remote work; housing market fundamentals; the proliferation of electrification, consumer sentiment regarding products manufactured domestically and sustainability, expectations regarding mortgage rates and their effects on the affordability of homes, expectations regarding homebuilder confidence, the anticipated effects of our branding efforts and cross-selling activities, our cost advantages in the North American chemicals market; shipping disruptions; and customer inventory levels resulting from destocking activities. Actual results may differ materially depending on factors, including, but not limited to, the following: general economic and business conditions, including inflation, interest rates and possible recession; the cyclical nature of the chemical and building products industries; the availability, cost and volatility of raw materials and energy; uncertainties associated with the United States, European and worldwide economies, including those due to political tensions and conflict in the Middle East, Russia, Ukraine and elsewhere; uncertainties associated with pandemic infectious diseases; uncertainties associated with climate change; the potential impact on the demand for ethylene, polyethylene and polyvinyl chloride due to initiatives such as recycling and customers seeking alternatives to polymers; current and potential governmental regulatory actions in the United States and other countries; industry production capacity and operating rates; the supply/demand balance for our products; competitive products and pricing pressures; instability in the credit and financial markets; access to capital markets; terrorist acts; operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks); changes in laws or regulations, including trade policies; technological developments; information systems failures and cyber attacks; foreign currency exchange risks; our ability to implement our business strategies; 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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