



Westlake Chemical Partners LP Announces Second Quarter 2022 Results

August 2, 2022

- Declared quarterly distribution of \$0.4714 per unit; 32nd consecutive quarterly distribution

HOUSTON--(BUSINESS WIRE)-- Westlake Chemical Partners LP (NYSE: WLKP) (the "Partnership") today reported net income attributable to the Partnership in the second quarter of 2022 of \$16.4 million, or \$0.47 per limited partner unit, a decrease of \$8.7 million compared to second quarter 2021 of \$25.1 million. The Partnership's performance for the second quarter of 2022 was the result of solid operational performance across all ethylene units as well as positive margins on third party sales. The second quarter of 2021 benefited from an \$8.7 million buyer deficiency fee as well as recovery of certain other costs from Westlake Corporation ("Westlake") attributable to an unplanned outage that occurred in the first half of 2021. The difference in net income for the second quarter of 2022 as compared to the second quarter of 2021 was primarily due to the recognition of the buyer deficiency fee during the prior-year period and lower margins on third party ethylene sales as a result of higher feedstock and fuel costs. Cash flows from operating activities in the second quarter of 2022 were \$120.9 million, a decrease of \$10.8 million compared to second quarter 2021 cash flows from operating activities of \$131.7 million. The decrease in cash flows from operating activities was due to lower net income. For the three months ended June 30, 2022, MLP distributable cash flow was \$19.6 million, a decrease of \$5.9 million compared to second quarter 2021 MLP distributable cash flow of \$25.5 million. The decrease in MLP distributable cash flow was primarily attributable to the buyer deficiency fee and higher margins on third party ethylene sales during the second quarter of 2021, partially offset by higher production volumes and lower operating costs in the second quarter of 2022.

Second quarter 2022 net income attributable to the Partnership of \$16.4 million was comparable to first quarter 2022 net income of \$16.2 million. Second quarter 2022 cash flows from operating activities of \$120.9 million increased by \$16.1 million compared to first quarter 2022 cash flows from operating activities of \$104.8 million. The increase in cash flows from operating activities was primarily due to a reduction in working capital. Second quarter 2022 MLP distributable cash flow of \$19.6 million was comparable to first quarter 2022 MLP distributable cash flow of \$19.3 million.

"The Partnership's performance in the second quarter of 2022 reflects continuing strong production volumes across all of our ethylene units. We are well positioned to continue to deliver solid distributions as a result of our sales agreement with Westlake that provides a fixed margin on 95% of our production," said Albert Chao, President and Chief Executive Officer. "As we look ahead to the second half of 2022, we remain confident in continuing to provide premium value, strong returns and predictable cash flows to our unitholders."

On July 12, 2022, both the Partnership and Westlake Chemical OpCo LP ("OpCo") entered into amendments to each of their senior unsecured revolving credit agreements with Westlake. These amendments extend the maturity dates to July 2027 and provide for the replacement of the London Interbank Offered Rate with the Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York ("SOFR"), plus revised credit spreads and applicable margins for SOFR.

On August 1, 2022, the Partnership announced that the Board of Directors of Westlake Chemical Partners GP LLC had approved a quarterly distribution for the second quarter of 2022 of \$0.4714 per unit to be payable on August 25, 2022 to unitholders of record as of August 11, 2022, representing the 32nd consecutive quarterly distribution to our unitholders. MLP distributable cash flow provided trailing twelve-month coverage of 1.01x the declared distributions for the second quarter of 2022.

OpCo's Ethylene Sales Agreement with Westlake is designed to provide for stable and predictable cash flows. The agreement provides that 95% of OpCo's ethylene production is sold to Westlake for a cash margin of \$0.10 per pound, net of operating costs, maintenance capital expenditures and reserves for future turnaround expenditures.

The statements in this release and the related teleconference relating to matters that are not historical facts, such as those with respect to the ability to deliver value, returns, predictable cash flows and distributions to unitholders, and the expectation that strong production will continue are forward-looking statements. These forward-looking statements are subject to significant risks and uncertainties. Actual results could differ materially, based on factors including, but not limited to, the COVID-19 pandemic and the response thereto; operating difficulties; the volume of ethylene that we are able to sell; the price at which we are able to sell ethylene; changes in the price and availability of feedstocks; changes in prevailing economic conditions; actions and commitments of Westlake Corporation; actions of third parties; inclement or hazardous weather conditions, including flooding, and the physical impacts of climate change; environmental hazards; changes in laws and regulations (or the interpretation thereof); inability to acquire or maintain necessary permits; inability to obtain necessary production equipment or replacement parts; technical difficulties or failures; labor disputes; difficulty collecting receivables; inability of our customers to take delivery; fires, explosions or other industrial accidents; our ability to borrow funds and access capital markets; and other risk factors. For more detailed information about the factors that could cause actual results to differ materially, please refer to the Partnership's Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC in March 2022, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, which was filed with the SEC in May 2022.

This release is intended to be a qualified notice under Treasury Regulation Section 1.1446-4(b). Brokers and nominees should treat one hundred percent (100.0%) of the Partnership's distributions to non-U.S. investors as being attributable to income that is effectively connected with a United States trade or business. Accordingly, the Partnership's distributions to non-U.S. investors are subject to federal income tax withholding at the highest applicable effective tax rate.

Use of Non-GAAP Financial Measures

This release makes reference to certain "non-GAAP" financial measures, such as MLP distributable cash flow and EBITDA. 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 U.S. generally accepted accounting principles ("U.S. 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 report our financial results in accordance with U.S. GAAP, but believe that certain non-GAAP financial measures, such as MLP distributable cash flow and EBITDA, provide useful supplemental information to investors regarding the underlying business trends and performance of our ongoing operations and are useful for period-over-period comparisons of such operations. These non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the financial measures prepared in accordance with U.S. GAAP. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake Corporation'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. 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. Reconciliations of MLP distributable cash flow to net income and to net cash provided by operating activities and of EBITDA to net income, income from operations and net cash provided by operating activities can be found in the financial schedules at the end of this press release.

Westlake Chemical Partners LP

Westlake Chemical Partners is a limited partnership formed by Westlake Corporation to operate, acquire and develop ethylene production facilities and other qualified assets. Headquartered in Houston, the Partnership owns a 22.8% interest in Westlake Chemical OpCo LP. Westlake Chemical OpCo LP's assets consist of three ethylene production facilities in Calvert City, Kentucky, and Lake Charles, Louisiana and an ethylene pipeline. For more information about Westlake Chemical Partners LP, please visit <http://www.wlkpartners.com>.

Westlake Chemical Partners LP Conference Call Information:

A conference call to discuss Westlake Chemical Partners' second quarter 2022 results will be held Tuesday, August 2, 2022 at 1:00 PM Eastern Time (12:00 PM Central Time). To access the conference call by phone, please register at: <https://register.vevent.com/register/BI770b013956e543e090a2a540520a4a97>. A dial-in will be provided upon registration.

The conference call will also be available via webcast at: <https://edge.media-server.com/mmc/p/nam5wr7h> and the earnings release can be obtained via the Partnership web page at: <https://investors.wlkpartners.com/corporate-profile/default.aspx>.

A replay of the conference call will be available beginning two hours after the earnings call concludes at <https://edge.media-server.com/mmc/p/nam5wr7h>.

WESTLAKE CHEMICAL PARTNERS LP ("WESTLAKE PARTNERS")

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-----------|------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| (In thousands of dollars, except per unit data) | | | | |
| Revenue | | | | |
| Net sales—Westlake Corporation ("Westlake") | \$365,112 | \$240,956 | \$655,769 | \$460,759 |
| Net co-product, ethylene and other sales—third parties | 83,673 | 81,273 | 155,416 | 129,677 |
| Total net sales | 448,785 | 322,229 | 811,185 | 590,436 |
| Cost of sales | 351,483 | 191,200 | 622,444 | 371,708 |

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Gross profit | 97,302 | 131,029 | 188,741 | 218,728 |
| Selling, general and administrative expenses | 9,919 | 8,269 | 18,146 | 16,942 |
| Income from operations | 87,383 | 122,760 | 170,595 | 201,786 |
| Other income (expense) | | | | |
| Interest expense—Westlake | (2,859) | (2,224) | (5,058) | (4,460) |
| Other income, net | 90 | 21 | 65 | 28 |
| Income before income taxes | 84,614 | 120,557 | 165,602 | 197,354 |
| Income tax provision | 175 | 263 | 338 | 438 |
| Net income | 84,439 | 120,294 | 165,264 | 196,916 |
| Less: Net income attributable to noncontrolling interests in Westlake Chemical OpCo LP ("OpCo") | 68,001 | 95,195 | 132,632 | 156,671 |
| Net income attributable to Westlake Partners | \$ 16,438 | \$ 25,099 | \$ 32,632 | \$ 40,245 |
| Net income per limited partners unit attributable to Westlake Partners (basic and diluted) | | | | |
| Common units | \$ 0.47 | \$ 0.71 | \$ 0.93 | \$ 1.14 |
| Distributions declared per unit | \$ 0.4714 | \$ 0.4714 | \$ 0.9428 | \$ 0.9428 |
| MLP distributable cash flow | \$ 19,584 | \$ 25,538 | \$ 38,875 | \$ 41,783 |
| Distributions declared | | | | |
| Limited partner units—publicly and privately held | \$ 9,938 | \$ 9,938 | \$ 19,881 | \$ 19,874 |
| Limited partner units—Westlake | 6,657 | 6,657 | 13,314 | 13,314 |
| Total distributions declared | \$ 16,595 | \$ 16,595 | \$ 33,195 | \$ 33,188 |
| EBITDA | \$118,482 | \$151,483 | \$232,951 | \$258,058 |

WESTLAKE CHEMICAL PARTNERS LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | June 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------------|
| (In thousands of dollars) | | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 18,369 | \$ 17,057 |
| Receivable under the Investment Management Agreement—Westlake | 129,363 | 106,243 |
| Accounts receivable, net—Westlake | 104,920 | 142,791 |
| Accounts receivable, net—third parties | 41,444 | 5,825 |
| Inventories | 7,448 | 8,898 |
| Prepaid expenses and other current assets | 67 | 396 |
| Total current assets | 301,611 | 281,210 |
| Property, plant and equipment, net | 1,016,726 | 1,043,539 |
| Other assets, net | 143,790 | 155,949 |
| Total assets | \$1,462,127 | \$1,480,698 |
| LIABILITIES AND EQUITY | | |
| Current liabilities (accounts payable and accrued liabilities) | | |
| | \$ 92,019 | \$ 106,796 |
| Long-term debt payable to Westlake | 399,674 | 399,674 |
| Other liabilities | 1,493 | 1,530 |
| Total liabilities | 493,186 | 508,000 |
| Common unitholders—publicly and privately held | 481,453 | 481,796 |
| Common unitholder—Westlake | 54,526 | 54,754 |

| | | |
|---|--------------------|--------------------|
| General partner—Westlake | (242,572) | (242,572) |
| Total Westlake Partners partners' capital | 293,407 | 293,978 |
| Noncontrolling interest in OpCo | 675,534 | 678,720 |
| Total equity | 968,941 | 972,698 |
| Total liabilities and equity | \$1,462,127 | \$1,480,698 |

WESTLAKE CHEMICAL PARTNERS LP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Six Months Ended June 30, | |
|---|----------------------------------|------------------|
| | 2022 | 2021 |
| | (In thousands of dollars) | |
| Cash flows from operating activities | | |
| Net income | \$ 165,264 | \$ 196,916 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 62,291 | 56,244 |
| Net loss on disposition and other | 6,801 | 2,150 |
| Other balance sheet changes | (8,689) | 31,808 |
| Net cash provided by operating activities | <u>225,667</u> | <u>287,118</u> |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (32,334) | (27,289) |
| Maturities of investments with Westlake under the Investment Management Agreement | 147,000 | 83,000 |
| Investments with Westlake under the Investment Management Agreement | (170,000) | (182,000) |
| Other | — | 126 |
| Net cash used for investing activities | <u>(55,334)</u> | <u>(126,163)</u> |
| Cash flows from financing activities | | |
| Quarterly distributions to noncontrolling interest retained in OpCo by Westlake | (135,818) | (127,258) |
| Quarterly distributions to unitholders | (33,203) | (33,186) |
| Net cash used for financing activities | <u>(169,021)</u> | <u>(160,444)</u> |
| Net increase in cash and cash equivalents | 1,312 | 511 |
| Cash and cash equivalents at beginning of period | 17,057 | 17,154 |
| Cash and cash equivalents at end of period | <u>\$ 18,369</u> | <u>\$ 17,665</u> |

WESTLAKE CHEMICAL PARTNERS LP

RECONCILIATION OF MLP DISTRIBUTABLE CASH FLOW TO NET INCOME
AND NET CASH PROVIDED BY OPERATING ACTIVITIES
(Unaudited)

| | Three Months | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---------------------------|------------------------------------|-------------------|----------------------------------|-------------------|
| | Ended March | 2022 | 2021 | 2022 | 2021 |
| | 31, | | | | |
| | 2022 | | | | |
| | (In thousands of dollars) | | | | |
| Net cash provided by operating activities | \$ 104,810 | \$ 120,857 | \$ 131,710 | \$ 225,667 | \$ 287,118 |
| Changes in operating assets and liabilities and other | (23,985) | (36,418) | (11,416) | (60,403) | (90,202) |
| Net Income | 80,825 | 84,439 | 120,294 | 165,264 | 196,916 |
| Add: | | | | | |
| Depreciation, amortization and disposition of property, plant and equipment | 34,253 | 31,469 | 28,734 | 65,722 | 57,632 |

Less:

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Contribution to turnaround reserves | (7,204) | (7,284) | (12,463) | (14,488) | (24,795) |
| Maintenance capital expenditures | (13,453) | (10,372) | (14,344) | (23,825) | (26,087) |
| Distributable cash flow attributable to noncontrolling interest in OpCo | (75,130) | (78,668) | (96,683) | (153,798) | (161,883) |
| MLP distributable cash flow | \$ 19,291 | \$ 19,584 | \$ 25,538 | \$ 38,875 | \$ 41,783 |

WESTLAKE CHEMICAL PARTNERS LP
RECONCILIATION OF EBITDA TO NET INCOME, INCOME FROM OPERATIONS AND NET CASH
PROVIDED BY OPERATING ACTIVITIES
(Unaudited)

| | Three Months Ended March 31, <u>2022</u> | Three Months Ended June 30, <u>2022</u> <u>2021</u> | | Six Months Ended June 30, <u>2022</u> <u>2021</u> | |
|---|---|--|-------------------|--|-------------------|
| (In thousands of dollars) | | | | | |
| Net cash provided by operating activities | \$ 104,810 | \$ 120,857 | \$ 131,710 | \$ 225,667 | \$ 287,118 |
| Changes in operating assets and liabilities and other | (23,985) | (36,418) | (11,416) | (60,403) | (90,202) |
| Net Income | 80,825 | 84,439 | 120,294 | 165,264 | 196,916 |
| Less: | | | | | |
| Other income (expense), net | (25) | 90 | 21 | 65 | 28 |
| Interest expense | (2,199) | (2,859) | (2,224) | (5,058) | (4,460) |
| Income tax provision | (163) | (175) | (263) | (338) | (438) |
| Income from operations | 83,212 | 87,383 | 122,760 | 170,595 | 201,786 |
| Add: | | | | | |
| Depreciation and amortization | 31,282 | 31,009 | 28,702 | 62,291 | 56,244 |
| Other income (expense), net | (25) | 90 | 21 | 65 | 28 |
| EBITDA | \$ 114,469 | \$ 118,482 | \$ 151,483 | \$ 232,951 | \$ 258,058 |

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Contact—(713) 585-2900
Investors—Steve Bender
Media—L. Benjamin Ederington

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