

WESTLAKE CHEMICAL CORP  
Form 10-Q  
May 03, 2018

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  
<sup>x</sup> 1934

For the quarterly period ended March 31, 2018

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. 001-32260

Westlake Chemical Corporation  
(Exact name of Registrant as specified in its charter)

Delaware 76-0346924  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)  
2801 Post Oak Boulevard, Suite 600  
Houston, Texas 77056  
(Address of principal executive offices, including zip code)  
(713) 960-9111  
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an 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  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Emerging growth company

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 number of shares outstanding of the registrant's sole class of common stock as of April 26, 2018 was 129,594,582.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## WESTLAKE CHEMICAL CORPORATION

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2018	December 31, 2017
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(in millions of dollars, except par values and share amounts)

## ASSETS

## Current assets

Cash and cash equivalents	\$ 851	\$ 1,531
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Accounts receivable, net	1,135	1,001
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Inventories	944	900
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Prepaid expenses and other current assets	29	31
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Total current assets	2,959	3,463
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Property, plant and equipment, net	6,447	6,412
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Goodwill	1,010	1,012
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Customer relationships, net	594	616
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Other intangible assets, net	160	161
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Other assets, net	434	412
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Total assets	\$ 11,604	\$ 12,076
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## LIABILITIES AND EQUITY

## Current liabilities

Accounts payable	\$ 596	\$ 600
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Accrued liabilities	596	657
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Current portion of long-term debt, net	461	710
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Total current liabilities	1,653	1,967
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Long-term debt, net	2,666	3,127
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Deferred income taxes	1,125	1,111
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Pension and other post-retirement benefits	342	344
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Other liabilities	177	158
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Total liabilities	5,963	6,707
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Commitments and contingencies (Note 12)		
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Stockholders' equity		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 300,000,000 shares authorized; 134,651,380 and 134,651,380 shares issued at March 31, 2018 and December 31, 2017, respectively	1	1
Common stock, held in treasury, at cost; 5,057,732 and 5,232,875 shares at March 31, 2018 and December 31, 2017, respectively	(292 )	(302 )
Additional paid-in capital	555	555
Retained earnings	4,874	4,613
Accumulated other comprehensive income	3	7
Total Westlake Chemical Corporation stockholders' equity	5,141	4,874
Noncontrolling interests	500	495
Total equity	5,641	5,369
Total liabilities and equity	\$ 11,604	\$ 12,076

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

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WESTLAKE CHEMICAL CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended March 31,		
	2018	2017	
	(in millions of dollars, except per share data and share amounts)		
Net sales	\$ 2,150	\$ 1,943	
Cost of sales	1,608	1,577	
Gross profit	542	366	
Selling, general and administrative expenses	108	99	
Amortization of intangibles	26	25	
Transaction and integration-related costs	7	8	
Income from operations	401	234	
Other income (expense)			
Interest expense	(37	) (40	)
Other income, net	22	7	
Income before income taxes	386	201	
Provision for income taxes	89	56	
Net income	297	145	
Net income attributable to noncontrolling interests	10	7	
Net income attributable to Westlake Chemical Corporation	\$ 287	\$ 138	
Earnings per common share attributable to Westlake Chemical Corporation:			
Basic			