

WESTLAKE CHEMICAL CORP
Form 10-Q
May 02, 2019
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 March 31, 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. 001-32260

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 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 Accelerated filer
Non-accelerated filer 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

Securities registered pursuant to Section 12(b) of the Act:

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Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	WLK	The New York Stock Exchange

The number of shares outstanding of the registrant's sole class of common stock as of April 25, 2019 was 128,593,073.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WESTLAKE CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2019	December 31, 2018
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(in millions of dollars, except par values and share amounts)

ASSETS

Current assets

Cash and cash equivalents	\$ 445	\$ 753
Accounts receivable, net	1,121	1,037
Inventories	1,021	1,014
Prepaid expenses and other current assets	40	38
Total current assets	2,627	2,842
Property, plant and equipment, net	6,720	6,595
Operating lease right-of-use assets	400	—
Goodwill	1,047	1,002
Customer relationships, net	563	525
Other intangible assets, net	188	134
Other assets, net	559	504
Total assets	\$ 12,104	\$ 11,602

LIABILITIES AND EQUITY

Current liabilities

Accounts and notes payable	\$ 548	\$ 507
Accrued and other liabilities	678	676
Total current liabilities	1,226	1,183
Long-term debt, net	2,669	2,668
Deferred income taxes	1,199	1,159
Pension and other post-retirement benefits	336	337
Operating lease liabilities	311	—
Other liabilities	178	179

Total liabilities	5,919		5,526	
Commitments and contingencies (Note 15)				
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, 2019 and December 31, 2018, respectively	1		1	
Common stock, held in treasury, at cost; 6,059,073 and 6,183,125 shares at March 31, 2019 and December 31, 2018, respectively	(371)	(382)
Additional paid-in capital	553		556	
Retained earnings	5,513		5,477	
Accumulated other comprehensive loss	(64)	(62)
Total Westlake Chemical Corporation stockholders' equity	5,632		5,590	
Noncontrolling interests	553		486	
Total equity	6,185		6,076	
Total liabilities and equity	\$ 12,104		\$ 11,602	

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,
 2019 2018

(in millions of dollars, except
 per share data and share
 amounts)

Net sales	\$ 2,025	\$ 2,150	
Cost of sales	1,726	1,608	
Gross profit	299	542	
Selling, general and administrative expenses	116	108	
Amortization of intangibles	27	26	
Restructuring, transaction and integration-related costs	22	7	
Income from operations	134	401	
Other income (expense)			
Interest expense	(30) (37)
Other income, net	9	22	
Income before income taxes	113	386	
Provision for income taxes	31	89	
Net income	82	297	
Net income attributable to noncontrolling interests	10	10	