

# WESTLAKE CHEMICAL CORPORATION

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## WESTLAKE CHEMICAL REPORTS FOURTH QUARTER RESULTS

Houston, (Mar. 9, 2004) – Westlake Chemical Corporation today reported fourth quarter net sales of \$365.9 million, net income of \$10.1 million and adjusted EBITDA of \$47.1 million. Net sales, net income and adjusted EBITDA compare favorably to net sales of \$282.0 million, net loss of \$3.4 million and adjusted EBITDA of \$21.5 million for the fourth quarter of 2002. The improvement in sales was a result of increased selling prices and higher sales volumes. The improvement in adjusted EBITDA and net income were due to higher selling prices and volumes and lower selling, general and administrative expenses (SG&A), which were partially offset by higher raw material and energy costs. Selling, general and administrative expenses were favorable in the fourth quarter of 2003 as compared to the fourth quarter of 2002 primarily due to the receipt of \$3.2 million resulting from a legal settlement with a software vendor and provisions made in 2002 related to accounts receivable.

Sequentially, fourth quarter 2003 sales of \$365.9 million compares favorably to the \$358.6 million of net sales in the third quarter of 2003. Sales were higher in the fourth quarter primarily due to higher selling prices. The fourth quarter adjusted EBITDA was higher than the \$29.0 million reported in the third quarter of 2003 due to higher selling prices, which were partially offset by higher feedstock and energy costs. The fourth quarter net income was higher than the \$9.4 million net loss reported in the third quarter of 2003. The net loss reported in the third quarter of 2003 was adversely impacted by debt retirement costs of \$11.3 million resulting from the refinancing of the company's debt.

For the year ended December 31, 2003, net sales were \$1,423.0 million, net income was \$12.3 million and adjusted EBITDA was \$153.0 million compared to net sales of \$1,072.6 million, net loss of \$1.3 million and adjusted EBITDA of \$101.4 million for last year. The increases were primarily a result of higher prices and lower SG&A, reduced by higher raw material and energy costs.

### OLEFINS SEGMENT

Income from operations increased by \$16.3 million to \$17.7 million in the fourth quarter of 2003 from \$1.4 million in the fourth quarter of 2002. This increase was primarily due to higher selling prices and higher sales volumes in polyethylene and styrene, which were partially offset by higher feedstock and energy costs and lower ethylene production volumes. Ethylene production volumes were lower in the fourth quarter of 2003 as compared to the fourth quarter of 2002 due to a planned outage for maintenance.

Fourth quarter 2003 income from operations was \$17.7 million, as compared to income from operations of \$7.9 million in the third quarter of 2003, an increase of \$9.8 million. The increase was primarily due to higher selling prices, which were partially offset by higher feedstock and energy costs.

Income from operations in our Olefins segment increased by \$42.7 million to \$50.6 million in the twelve months ended December 31, 2003 from \$7.9 million in 2002. This increase was due to price increases for ethylene, polyethylene and styrene, reduced by higher raw material cost of ethane and propane and higher energy costs. The increase was also due to higher sales volumes for ethylene and polyethylene and higher production volumes for ethylene.

## VINYLS SEGMENT

Fourth quarter income from operations was \$4.8 million, as compared to a loss from operations of \$0.4 million in the fourth quarter of 2002. This increase was due to higher selling prices for PVC pipe, PVC resin and VCM and higher sales volumes in PVC pipe and PVC resin. These increases were partially offset by higher raw material and energy costs.

The fourth quarter income from operations of \$4.8 million compares favorably to the third quarter 2003 loss from operations of \$0.2 million. This increase was due to higher selling prices for PVC pipe, PVC resin and VCM and higher sales volumes in PVC resin and VCM. These increases were partially offset by lower PVC pipe sales volumes, lower caustic selling prices and higher feedstock and energy costs.

Income from operations in our Vinyls segment increased by \$3.8 million to \$14.3 million in the twelve months ended December 31, 2003 from \$10.5 million in 2002. This increase was primarily due to higher selling prices for PVC pipe, PVC resin, VCM and caustic and higher production volumes for chlor-alkali. These increases were partially offset by lower sales volumes for PVC pipe, PVC resin and VCM and higher feedstock and energy costs. Higher production volumes for chlor-alkali resulted from an expansion and conversion of the chlor-alkali plant to membrane technology in the first quarter of 2002.

*In this release, Westlake refers to a non-GAAP financial measure, adjusted EBITDA. Adjusted EBITDA is calculated as net income before interest expense, income taxes, depreciation and amortization, other income [expense], debt retirement costs, impairment of long-lived assets (a non-cash charge) and minority interest. Adjusted EBITDA is not a substitute for the GAAP measures of earnings and cash flow. Adjusted EBITDA is included in this release because management believes that it is a useful tool for measuring the company's ability to meet its future debt service, capital expenditure and working capital requirements and for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates. Adjusted EBITDA is not necessarily a measure of the Company's ability to fund its cash needs. In addition, it should be noted that companies calculate EBITDA differently and, therefore, adjusted EBITDA as presented in this release may not be comparable to EBITDA or adjusted EBITDA reported by other companies.*

### **Westlake Chemical Corporation Conference Call Information:**

A conference call to discuss Westlake Chemical Corporation's fourth quarter results will be held today, Tuesday, Mar. 9, at 11:00 a.m. EST (10:00 a.m. CST). To access the conference call, dial (800) 299-9086, or (617) 786-2903 for international callers, approximately 10 minutes prior to the scheduled start time and reference passcode 16268507.

A replay of today's conference call will be available beginning an hour after its conclusion until 5:00 p.m. EST (4:00 p.m. CST) on Tuesday, Mar. 16. To hear a replay, dial (888) 286-8010, or (617) 801-6888 for international callers. The replay passcode is 47200285.

Westlake is a manufacturer and supplier of petrochemicals, polymers and fabricated products with headquarters in Houston, Texas. The company's range of products includes; ethylene, polyethylene, styrene, vinyl intermediates, PVC and PVC pipe, windows and fence. For more information, visit the company's Web site at [www.westlakegroup.com](http://www.westlakegroup.com).

**WESTLAKE CHEMICAL CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

(unaudited, in \$000)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net Sales	\$ 365,879	\$ 282,016	\$ 1,423,034	\$ 1,072,627
Cost of Sales	331,417	266,432	1,305,808	1,002,092
Gross Profit	<u>34,462</u>	<u>15,584</u>	<u>117,226</u>	<u>70,535</u>
Selling, General and Administrative Expenses	9,371	17,310	53,136	58,783
Impairment of Long-Lived assets	<u>1,353</u>	<u>2,239</u>	<u>2,285</u>	<u>2,239</u>
Income from Operations	23,738	(3,965)	61,805	9,513
Interest Expense	(10,536)	(8,363)	(36,788)	(32,907)
Debt Retirement Cost	-	-	(11,343)	-
Other Income, net	<u>3,018</u>	<u>2,499</u>	<u>7,620</u>	<u>6,784</u>
Income (Loss) before Taxes and Minority Interest	16,220	(9,829)	21,294	(16,610)
Income Tax Provision (Benefit)	<u>6,146</u>	<u>(4,105)</u>	<u>7,936</u>	<u>(7,206)</u>
Income (Loss) before Minority Interest	10,074	(5,724)	13,358	(9,404)
Minority Interest	<u>-</u>	<u>(2,355)</u>	<u>1,057</u>	<u>(8,065)</u>
<b>Net Income (Loss)</b>	<u><b>\$ 10,074</b></u>	<u><b>\$ (3,369)</b></u>	<u><b>\$ 12,301</b></u>	<u><b>\$ (1,339)</b></u>

**Reconciliation of Net Income (Loss) to Adjusted EBITDA**

(unaudited, in \$000)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Net Income (Loss)</b>	<b>\$ 10,074</b>	<b>\$ (3,369)</b>	<b>\$ 12,301</b>	<b>\$ (1,339)</b>
Plus:				
Minority Interest	0	(2,355)	1,057	(8,065)
Income Tax Provision (Benefit)	6,146	(4,105)	7,936	(7,206)
Interest Expense	10,536	8,363	36,788	32,907
Depreciation and amortization	<u>22,033</u>	<u>23,259</u>	<u>88,878</u>	<u>89,602</u>
<b>EBITDA Excluding Minority Interest</b>	<u><b>48,789</b></u>	<u><b>21,793</b></u>	<u><b>146,960</b></u>	<u><b>105,899</b></u>
Less:				
Debt Retirement Cost	0	-	(11,343)	-
Other Income, net	3,018	2,499	7,620	6,784
Plus:				
Impairment of Long-Lived assets	1,353	2,239	2,285	2,239
<b>Adjusted EBITDA</b>	<u><b>\$ 47,124</b></u>	<u><b>\$ 21,533</b></u>	<u><b>\$ 152,968</b></u>	<u><b>\$ 101,354</b></u>

WESTLAKE CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(unaudited, in \$000)

	<b>December 31</b>	<b>December 31</b>
	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 37,371	\$ 10,074
Accounts Receivable (net)	178,639	123,234
Inventories	180,760	170,866
Other Current Assets	16,073	31,298
Total Current Assets	<u>412,843</u>	<u>335,472</u>
Property, Plant and Equipment (net)	905,068	935,463
Other Assets (net)	<u>68,027</u>	<u>51,118</u>
 Total Assets	 <u><b>\$ 1,385,938</b></u>	 <u><b>\$ 1,322,053</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 179,970	\$ 134,661
Current Portion of Long-Term Debt	1,200	14,673
Total Current Liabilities	<u>181,170</u>	<u>149,334</u>
Long-Term Debt	509,089	491,677
Other Liabilities	<u>153,047</u>	<u>156,323</u>
 Total Liabilities	 <u>843,306</u>	 <u>797,334</u>
Minority Interest	-	81,294
Stockholders' Equity	542,632	443,425
 Total Liabilities and Stockholders' Equity	 <u><b>\$ 1,385,938</b></u>	 <u><b>\$ 1,322,053</b></u>

**WESTLAKE CHEMICAL CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited, in \$000)

	<b>Twelve Months Ended</b>	
	<b>December 31</b>	<b>December 31</b>
	<u>2003</u>	<u>2002</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$ 12,301	\$ (1,339)
Adjustments to Reconcile Net Income to Net Cash:		
Depreciation and Amortization	88,878	89,602
Deferred Taxes Expense (Benefit)	6,134	(7,939)
Minority Interest in income	1,057	(8,065)
Other Balance Sheet Changes	<u>(29,253)</u>	<u>(101,935)</u>
	66,816	(28,337)
Net Cash Provided by (Used for) Operating Activities	<u>79,117</u>	<u>(29,676)</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to Property, Plant and Equipment	(44,931)	(38,587)
Proceeds from Insurance Claims	<u>3,350</u>	<u>4,901</u>
Net Cash Used for Investing Activities	<u>(41,581)</u>	<u>(33,686)</u>
<b>Cash Flows from Financing Activities:</b>		
Equity Contribution from Parent	1,039	-
Proceeds from Borrowings	708,875	113,890
Repayment of Borrowings	<u>(720,153)</u>	<u>(119,445)</u>
Net Cash Used for Financing Activities	<u>(10,239)</u>	<u>(5,555)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>27,297</b>	<b>(68,917)</b>
Cash Balance at the Beginning of the Period	<u>10,074</u>	<u>78,991</u>
Cash Balance at the End of the Period	<u>\$ 37,371</u>	<u>\$ 10,074</u>

**WESTLAKE CHEMICAL CORPORATION**

**SEGMENT INFORMATION**

(unaudited, in \$000)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Net Sales to External Customers</b>				
Olefins	\$ 224,486	\$ 168,254	\$ 876,968	\$ 599,035
Vinyls	141,393	113,762	546,066	473,592
	<u>\$ 365,879</u>	<u>\$ 282,016</u>	<u>\$ 1,423,034</u>	<u>\$ 1,072,627</u>

**Reconciliation of Income (loss) from Operations to adjusted EBITDA**

<b>Income (loss) from operations</b>				
Olefins	\$ 17,729	\$ 1,375	\$ 50,573	\$ 7,875
Vinyls	4,821	(423)	14,294	10,482
Corporate and Other	1,188	(4,917)	(3,062)	(8,844)
	<u>\$ 23,738</u>	<u>\$ (3,965)</u>	<u>\$ 61,805</u>	<u>\$ 9,513</u>
<b>Impaired Assets</b>				
Olefins	\$ 612	\$ -	\$ 1,544	\$ -
Vinyls	-	2,239	-	2,239
Corporate and Other	741	-	741	-
	<u>\$ 1,353</u>	<u>\$ 2,239</u>	<u>\$ 2,285</u>	<u>\$ 2,239</u>
<b>Depreciation and Amortization</b>				
Olefins	\$ 13,750	\$ 13,624	\$ 52,688	\$ 53,495
Vinyls	8,161	7,775	33,103	32,347
Corporate and Other	122	1,860	3,087	3,760
	<u>\$ 22,033</u>	<u>\$ 23,259</u>	<u>\$ 88,878</u>	<u>\$ 89,602</u>
<b>Adjusted EBITDA</b>				
Olefins	\$ 32,091	\$ 14,999	\$ 104,805	\$ 61,370
Vinyls	12,982	9,591	47,397	45,068
Corporate and Other	2,051	(3,057)	766	(5,084)
	<u>\$ 47,124</u>	<u>\$ 21,533</u>	<u>\$ 152,968</u>	<u>\$ 101,354</u>