
Section 1: 10-Q (10-Q)

**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 September 30, 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. 001-36567

Westlake Chemical Partners LP

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

32-0436529

(I.R.S. Employer
Identification Number)

**2801 Post Oak Boulevard, Suite 600
Houston, Texas 77056**

(Address of principal executive offices, including zip code)

(713) 585-2900

(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 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

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 registrant had 32,247,371 common units outstanding as of October 30, 2018.

INDEX

<u>Item</u>	<u>Page</u>
PART I. FINANCIAL INFORMATION	
1) Financial Statements	1
2) Management's Discussion and Analysis of Financial Condition and Results of Operations	16
3) Quantitative and Qualitative Disclosures about Market Risk	27
4) Controls and Procedures	27
PART II. OTHER INFORMATION	
1) Legal Proceedings	27
1A) Risk Factors	28
5) Other Information	28
6) Exhibits	29

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2018	December 31, 2017
(in thousands of dollars, except unit amounts)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,041	\$ 27,008
Receivable under the Investment Management Agreement—Westlake Chemical Corporation ("Westlake")	151,875	136,510
Accounts receivable, net—Westlake	65,628	43,884
Accounts receivable, net—third parties	22,544	18,083
Inventories	5,004	5,590
Prepaid expenses and other current assets	491	314
Total current assets	262,583	231,389
Property, plant and equipment, net	1,161,203	1,196,245
Goodwill	5,814	5,814
Deferred charges and other assets, net	65,403	81,828
Total assets	\$ 1,495,003	\$ 1,515,276
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 41,274	\$ 14,027
Accounts payable—third parties	6,402	10,516
Accrued liabilities	18,911	15,697
Total current liabilities	66,587	40,240
Long-term debt payable to Westlake	477,608	473,960
Deferred income taxes	1,626	2,220
Other liabilities	53	107
Total liabilities	545,874	516,527
Commitments and contingencies (Note 12)		
EQUITY		
Common unitholders—public (18,125,141 and 18,112,500 units issued and outstanding at September 30, 2018 and December 31, 2017, respectively)	410,555	411,228
Common unitholder—Westlake (14,122,230 and 14,122,230 units issued and outstanding at September 30, 2018 and December 31, 2017, respectively)	49,511	50,265
General partner—Westlake	(242,573)	(241,958)
Accumulated other comprehensive income	—	279
Total Westlake Chemical Partners LP partners' capital	217,493	219,814
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	731,636	778,935
Total equity	949,129	998,749
Total liabilities and equity	\$ 1,495,003	\$ 1,515,276

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(in thousands of dollars, except unit amounts and per unit data)				
Revenue				
Net sales—Westlake	\$ 313,381	\$ 258,049	\$ 802,085	\$ 711,968
Net co-product, ethylene and other sales—third parties	50,269	38,726	147,812	152,368
Total net sales	363,650	296,775	949,897	864,336
Cost of sales	269,743	201,372	666,367	571,401
Gross profit	93,907	95,403	283,530	292,935
Selling, general and administrative expenses	5,909	6,805	20,417	21,519
Income from operations	87,998	88,598	263,113	271,416
Other income (expense)				
Interest expense—Westlake	(5,639)	(6,190)	(16,052)	(17,592)
Other income, net	668	162	1,742	1,844
Income before income taxes	83,027	82,570	248,803	255,668
Income tax provision (benefit)	(772)	325	(186)	925
Net income	83,799	82,245	248,989	254,743
Less: Net income attributable to noncontrolling interest in OpCo	71,387	68,860	211,525	221,619
Net income attributable to Westlake Chemical Partners LP	\$ 12,412	\$ 13,385	\$ 37,464	\$ 33,124
Net income per limited partner unit attributable to Westlake Chemical Partners LP (basic and diluted)				
Common units	\$ 0.38	\$ 0.47	\$ 1.14	\$ 1.23
Subordinated units	\$ —	\$ —	\$ —	\$ 1.07
Weighted average limited partner units outstanding (basic and diluted)				
Common units—public	18,119,980	13,050,000	18,116,433	12,975,412
Common units—Westlake	14,122,230	14,122,230	14,122,230	5,711,289
Subordinated units—Westlake	—	—	—	8,410,941

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	<i>Partnership</i>						Noncontrolling Interests in OpCo	Total
	Common Unitholders— Public	Common Unitholder— Westlake	Subordinated Unitholder— Westlake	General Partner— Westlake	Accumulated Other Comprehensive Income (Loss)			
	(in thousands of dollars)							
Balances at December 31, 2016	\$ 297,367	\$ 4,813	\$ 42,534	\$(242,430)	\$ 200	\$ 818,479	\$920,963	
Net income	15,355	3,389	13,328	1,052	—	221,619	254,743	
Net effect of cash flow hedge	—	—	—	—	26	—	26	
Proceeds from secondary public offering, net of finance and other offering costs	110,739	—	—	—	—	—	110,739	
Subordinated unit conversion	—	42,352	(42,352)	—	—	—	—	
Quarterly distributions to unitholders	(13,777)	(1,529)	(13,510)	(696)	—	—	(29,512)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(263,480)	(263,480)	
Balances at September 30, 2017	<u>\$ 409,684</u>	<u>\$ 49,025</u>	<u>\$ —</u>	<u>\$(242,074)</u>	<u>\$ 226</u>	<u>\$ 776,618</u>	<u>\$993,479</u>	
Balances at December 31, 2017	\$ 411,228	\$ 50,265	\$ —	\$(241,958)	\$ 279	\$ 778,935	\$998,749	
Net income	20,641	16,090	—	733	—	211,525	248,989	
Net effect of cash flow hedge	—	—	—	—	(279)	—	(279)	
Units issued for vested phantom units	292	—	—	—	—	—	292	
Quarterly distributions to unitholders	(21,606)	(16,844)	—	(1,348)	—	—	(39,798)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(258,824)	(258,824)	
Balances at September 30, 2018	<u>\$ 410,555</u>	<u>\$ 49,511</u>	<u>\$ —</u>	<u>\$(242,573)</u>	<u>\$ —</u>	<u>\$ 731,636</u>	<u>\$949,129</u>	

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	\$ 248,989	\$ 254,743
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	82,176	86,502
Loss from disposition of property, plant and equipment	593	2,627
Other gains, net	(96)	(1,334)
Changes in operating assets and liabilities		
Accounts receivable—third parties	(4,959)	(4,541)
Net accounts receivable—Westlake	5,088	68,556
Inventories	586	53
Prepaid expenses and other current assets	(177)	(144)
Accounts payable	(4,267)	1,026
Accrued and other liabilities	2,279	5,018
Other, net	(208)	(10,590)
Net cash provided by operating activities	<u>330,004</u>	<u>401,916</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(30,047)	(56,607)
Maturities of investments with Westlake under the Investment Management Agreement	270,050	—
Investments with Westlake under the Investment Management Agreement	(285,000)	(119,000)
Other	—	1,801
Net cash used for investing activities	<u>(44,997)</u>	<u>(173,806)</u>
Cash flows from financing activities		
Net proceeds from equity offering	—	110,739
Proceeds from debt payable to Westlake	3,648	155,257
Repayment of debt payable to Westlake	—	(272,765)
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(258,824)	(263,480)
Quarterly distributions to unitholders	(39,798)	(29,512)
Net cash used for financing activities	<u>(294,974)</u>	<u>(299,761)</u>
Net decrease in cash and cash equivalents	(9,967)	(71,651)
Cash and cash equivalents at beginning of period	27,008	88,900
Cash and cash equivalents at end of period	<u>\$ 17,041</u>	<u>\$ 17,249</u>

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

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

1. Description of Business and Basis of Presentation

Description of Business

Westlake Chemical Partners LP (the "Partnership") is a Delaware limited partnership formed in March 2014 to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, the Partnership completed its initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests. On September 29, 2017, the Partnership completed its secondary offering of 5,175,000 common units at a price of \$22.00 per unit.

In connection with the IPO, the Partnership acquired a 10.6% interest in Westlake Chemical OpCo LP ("OpCo") and a 100% interest in Westlake Chemical OpCo GP LLC ("OpCo GP"), which is the general partner of OpCo. On April 29, 2015, the Partnership purchased an additional 2.7% newly-issued limited partner interest in OpCo for approximately \$135,341, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. On September 29, 2017, the Partnership purchased an additional 5.0% newly-issued limited partner interest in OpCo for approximately \$229,207, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. The remaining 81.7% limited partner interest in OpCo is owned by Westlake Chemical Corporation.

OpCo owns three ethylene production facilities and a common carrier ethylene pipeline.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim periods. Accordingly, certain information and footnotes required for complete financial statements under generally accepted accounting principles in the United States ("U.S. GAAP") have not been included. These interim consolidated financial statements should be read in conjunction with the December 31, 2017 consolidated financial statements and notes thereto of the Partnership included in the annual report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K"), filed with the SEC on March 1, 2018. These financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the notes to the consolidated financial statements of the Partnership for the fiscal year ended December 31, 2017 with the exceptions of those accounting standards adopted in 2018 as discussed in Note 1.

References to "Westlake" refer collectively to Westlake Chemical Corporation and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

The Partnership holds an 18.3% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 81.7% limited partner interest in OpCo is owned by Westlake, which has no rights to direct the activities that most significantly impact the economic performance of OpCo. As a result of the fact that substantially all of OpCo's activities are conducted on behalf of Westlake, and the fact that OpCo exhibits disproportionality of voting rights to economic interest, OpCo was deemed to be a variable interest entity. The Partnership, through its ownership of OpCo's general partner, has the power to direct the activities that most significantly impact the economic performance of OpCo, and it also has the obligation or right to absorb losses or receive benefits from OpCo that could potentially be significant to OpCo. As such, the Partnership was determined to be OpCo's primary beneficiary and therefore consolidates OpCo's results of operations and financial position. Westlake's retained interest of 81.7% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

In the opinion of the Partnership's management, the accompanying unaudited consolidated interim financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Partnership's financial position as of September 30, 2018, its results of operations for the three and nine months ended September 30, 2018 and 2017 and the changes in its cash position for the nine months ended September 30, 2018 and 2017.

Results of operations and changes in cash position for the interim periods presented are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2018 or any other interim period. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Recent Accounting Pronouncements

Leases (ASU No. 2016-02)

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update on a new lease standard that will supersede the existing lease guidance. The standard requires a lessee to recognize assets and liabilities related to long-term leases that are classified as operating leases under current guidance on its balance sheet. An asset would be recognized related to the right to use the underlying asset and a liability would be recognized related to the obligation to make lease payments over the term of the lease. The standard also requires expanded disclosures related to leases. The accounting standard will be effective for reporting periods beginning after December 15, 2018. The standard requires adoption using a modified retrospective approach and allows for the election of certain transition practical expedients. The accounting standards update allows for certain transition expedients for leases that commenced prior to the adoption of the new standard. Under the optional transition expedients an entity is not required to reassess (1) whether any expired or existing lease contracts are or contain leases, (2) the classification of leases as operating or capital leases and (3) whether any initial direct costs qualify for capitalization under the new accounting standard. These expedients are required to be elected as a group. The accounting standards update also allows the use of hindsight to determine lease term when considering lease renewal or termination options.

During 2018, the FASB issued additional authoritative guidance that provides an optional transition method which allows entities to continue applying the existing lease guidance in the comparative periods and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The FASB also issued an accounting standards update that allows entities to apply their existing policy for accounting for land easements that exist as of, or expired before, the effective date of the new lease standard. The Partnership is in the process of evaluating the transition method and other expedients it may elect.

The accounting standard will be effective for reporting periods beginning after December 15, 2018. The Partnership is in the process of reviewing its existing lease agreements and evaluating the impact that the new accounting guidance will have on the Partnership's consolidated financial position, results of operations and cash flows.

Credit Losses (ASU No. 2016-13)

In June 2016, the FASB issued an accounting standards update providing new guidance for the accounting for credit losses on loans and other financial instruments. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The standard also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The accounting standard will be effective for reporting periods beginning after December 15, 2019 and is not expected to have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

Fair Value Measurement (ASU No. 2018-13)

In August 2018, the FASB issued an accounting standards update to modify the disclosure requirements on fair value measurements. The amendments are effective beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until the effective date. Most amendments should be applied retrospectively but certain amendments should be applied prospectively. The Partnership is in the process of evaluating the impact that the new accounting guidance will have on the Partnership's consolidated financial position, results of operations and cash flows.

Intangibles - Goodwill and Other (ASU No. 2018-15)

In August 2018, the FASB issued an accounting standards update to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The amendments are effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Partnership adopted the standard on October 1, 2018, prospectively, and the adoption did not have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Recently Adopted Accounting Standards

Revenue from Contracts with Customers (ASU No. 2014-09)

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that supersedes virtually all previously issued revenue recognition guidance. The new accounting guidance creates a framework by which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities are required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation and determining when an entity satisfies its performance obligations. The standard allows for "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period.

The Partnership adopted ASC No. 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), effective January 1, 2018. The Partnership applied the modified retrospective transition method to all contracts that were not completed as of the adoption date. Periods prior to January 1, 2018 were not adjusted and are reported under the accounting standards that were in place during those periods. There was no cumulative effect to the Partnership's consolidated January 1, 2018 balance sheet for the adoption of this accounting standard. There was no impact of ASC 606 adoption on the financial statements for the nine months ended September 30, 2018 as compared with the guidance that was in effect prior to January 1, 2018.

Revenue is recognized when OpCo transfers control of inventories to customers. Amounts recognized as revenues reflect the consideration to which OpCo expects to be entitled in exchange for those inventories. The Partnership and OpCo incorporate production volume and production cost forecasts in the estimated transaction prices from sales to Westlake under the Ethylene Sales Agreement.

The Partnership recognizes revenue and accounts receivable upon transferring control of inventories to its customers. Ethylene sold to Westlake under the Ethylene Sales Agreement is transferred to Westlake immediately after production and recognized in sales. Control of inventories sold to third parties generally transfers upon shipment to the customer. The Partnership excludes taxes collected on behalf of customers from the estimated contract price. Provisions for discounts, rebates and returns are incorporated in the estimate of variable consideration and reflected as reduction to revenue in the same period as the related sales.

The Partnership does not disclose the value of unsatisfied performance obligations because its contracts with customers (i) have an original expected duration of one year or less or (ii) have only variable consideration which is allocated to wholly unsatisfied performance obligations that is calculated based on market prices at a specified date and is allocated to wholly unsatisfied performance obligations.

The Partnership generates a substantial majority of its revenue from sales to Westlake under the Ethylene Sales Agreement (discussed in Note 2 to the 2017 Form 10-K). The Ethylene Sales Agreement is intended to generate a long-term, fixed cash margin per pound. Partnership's direct commodity price risk is limited to the sales to third parties. Refer to the Partnership's Consolidated Statement of Operations for the disaggregation of net sales to Westlake and net sales to third parties.

Cash Flows (ASU No. 2016-15)

In August 2016, the FASB issued an accounting standards update providing new guidance on the classification of certain cash receipts and payments including debt extinguishment costs, debt prepayment costs, settlement of zero-coupon debt instruments, contingent consideration payments, proceeds from the settlement of insurance claims and life insurance policies and distributions received from equity method investees in the statement of cash flows. This update is required to be applied using the retrospective transition method to each period presented unless it is impracticable to be applied retrospectively. In such situation, this guidance is to be applied prospectively. The accounting standard became effective for reporting periods beginning after December 15, 2017. The Partnership adopted this accounting standard effective January 1, 2018, and the adoption did not have any impact on the Partnership's consolidated financial position, results of operations and cash flow.

Business Combinations (ASU No. 2017-01)

In January 2017, the FASB issued an accounting standards update to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the FASB ASC Topic 606, Revenue from contracts with customers. The accounting standard became effective for reporting periods beginning after December 15, 2017. The Partnership adopted this accounting standard effective January 1, 2018, and the adoption did not have any impact on the Partnership's consolidated financial position, results of operations and cash flow.

Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (ASU No. 2017-05)

In February 2017, the FASB issued an accounting standards update to clarify the scope of guidance related to other income—gains and losses from the derecognition of nonfinancial assets, and to add guidance for partial sales of nonfinancial assets. The new guidance clarifies that an in substance nonfinancial asset is an asset or group of assets for which substantially all of the fair value consists of nonfinancial assets and the group or subsidiary is not a business. The guidance also outlines that when an entity transfers its controlling interest in a nonfinancial asset, but retains a noncontrolling interest, it will measure the retained interest at fair value resulting in full gain or loss recognition upon sale of the controlling interest. The accounting standard became effective for reporting periods beginning after December 15, 2017. The Partnership adopted this accounting standard effective January 1, 2018, and the adoption did not have any impact on the Partnership's consolidated financial position, results of operations and cash flow.

2. Accounts Receivable—Third Parties

Accounts receivable—third parties consist of the following:

	September 30, 2018	December 31, 2017
Trade customers	\$ 23,676	\$ 18,794
Allowance for doubtful accounts	(1,209)	(711)
	22,467	18,083
Other	77	—
Accounts receivable, net—third parties	\$ 22,544	\$ 18,083

3. Inventories

Inventories consist of the following:

	September 30, 2018	December 31, 2017
Finished products	\$ 4,596	\$ 5,244
Feedstock, additives and chemicals	408	346
Inventories	\$ 5,004	\$ 5,590

4. Property, Plant and Equipment

Depreciation expense on property, plant and equipment of \$21,960 and \$23,525 is included in cost of sales in the consolidated statements of operations for the three months ended September 30, 2018 and 2017, respectively. Depreciation expense on property, plant and equipment of \$66,161 and \$69,189 is included in cost of sales in the consolidated statements of operations for the nine months ended September 30, 2018 and 2017, respectively.

5. Other Assets

Amortization expense on other assets of \$4,932 and \$5,528 is included in costs of sales in the consolidated statements of operations for the three months ended September 30, 2018 and 2017, respectively. Amortization expense on other assets of \$16,015 and \$17,313 is included in costs of sales in the consolidated statements of operations for the nine months ended September 30, 2018 and 2017, respectively.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

6. Distributions and Net Income Per Limited Partner Unit

On October 31, 2018, the board of directors of Westlake Chemical Partners GP LLC ("Westlake GP"), the Partnership's general partner, declared a quarterly cash distribution for the period from July 1, 2018 through September 30, 2018 of \$0.4207 per unit. This distribution is payable on November 26, 2018 to the unitholders of record as of November 9, 2018.

On July 27, 2018, the Partnership Agreement was amended to revise the minimum quarterly distribution thresholds for the Partnership's incentive distribution rights. The amended Partnership Agreement provides that the Partnership will distribute cash each quarter to all the unitholders, pro-rata, until each unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
	Unitholders	IDR Holders
Above \$1.2938 up to \$1.4063	85.0%	15.0%
Above \$1.4063 up to \$1.6875	75.0%	25.0%
Above \$1.6875	50.0%	50.0%

The Partnership's distribution for the three months ended September 30, 2018 did not exceed the \$1.2938 per unit threshold, and, as a result, no distribution was made with respect to the Partnership's incentive distribution rights to Westlake, as the holder of the Partnership's incentive distribution rights.

Prior to the amendment, the Partnership Agreement provided that the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, would receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
	Unitholders	IDR Holders
Above \$0.3163 up to \$0.3438	85.0%	15.0%
Above \$0.3438 up to \$0.4125	75.0%	25.0%
Above \$0.4125	50.0%	50.0%

The distributions are declared subsequent to quarter end; therefore, the table below represents total distributions declared from earnings of the related periods pertaining to such distributions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income attributable to the Partnership	\$ 12,412	\$ 13,385	\$ 37,464	\$ 33,124
Less:				
Limited partners' distributions declared on common units	13,566	12,107	39,559	22,454
Limited partners' distributions declared on subordinated units	—	—	—	9,133
Distributions declared with respect to the incentive distribution rights	—	498	733	1,052
Net income in excess of distribution (Distribution in excess of net income)	\$ (1,154)	\$ 780	\$ (2,828)	\$ 485

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Net income per unit applicable to common limited partner units is computed by dividing the respective limited partners' interest in net income by the weighted-average number of common units outstanding for the period. Because the Partnership has more than one class of participating securities, it uses the two-class method when calculating the net income per unit applicable to limited partners. The classes of participating securities include common units and incentive distribution rights. Net income attributable to the Partnership is allocated to the unitholders in accordance with their respective ownership percentages in preparation of the consolidated statement of equity. However, when distributions related to the incentive distribution rights are made, net income equal to the amount of those distributions is first allocated to the general partner before the remaining net income is allocated to the unitholders based on their respective ownership percentages. Basic and diluted net income per unit is the same because the Partnership does not have any potentially dilutive units outstanding for the periods presented.

The 12,686,115 subordinated units, all of which were owned by Westlake, were converted into common units during the third quarter of 2017 and were considered converted as of July 1, 2017 for purposes of calculating net income per unit. Therefore, the subordinated units did not share in the distribution of cash generated nor did the Partnership allocate any earnings to the subordinated unitholders for the determination of net income per unit subsequent to June 30, 2017.

	Three Months Ended September 30, 2018		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 13,566	\$ —	\$ 13,566
Distribution in excess of net income	(1,154)	—	(1,154)
Net income	<u>\$ 12,412</u>	<u>\$ —</u>	<u>\$ 12,412</u>
Weighted average units outstanding:			
Basic and diluted	<u>32,242,210</u>		<u>32,242,210</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 0.38</u>		

	Three Months Ended September 30, 2017		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 12,107	\$ 498	\$ 12,605
Net income in excess of distribution	780	—	780
Net income	<u>\$ 12,887</u>	<u>\$ 498</u>	<u>\$ 13,385</u>
Weighted average units outstanding:			
Basic and diluted	<u>27,172,230</u>		<u>27,172,230</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 0.47</u>		

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

	Nine Months Ended September 30, 2018		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution declared	\$ 39,559	\$ 733	\$ 40,292
Distribution in excess of net income	(2,828)	—	(2,828)
Net income	\$ 36,731	\$ 733	\$ 37,464
Weighted average units outstanding:			
Basic and diluted	32,238,663		32,238,663
Net income per limited partner unit:			
Basic and diluted	\$ 1.14		

	Nine Months Ended September 30, 2017			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	\$ 22,454	\$ 9,133	\$ 1,052	\$ 32,639
Net income in excess of distribution (distribution in excess of net income)	624	(139)	—	485
Net income	\$ 23,078	\$ 8,994	\$ 1,052	\$ 33,124
Weighted average units outstanding:				
Basic and diluted	18,686,701	8,410,941		27,097,642
Net income per limited partner unit:				
Basic and diluted	\$ 1.23	\$ 1.07		

Distribution Per Common Unit

Distributions per common unit for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Distributions per common unit	\$ 0.4088	\$ 0.3650	\$ 1.1927	\$ 1.0649

7. Partners' Equity

Following the Partnership's cash distribution for the second quarter of 2017, the requirement under the Partnership's partnership agreement for the conversion of all subordinated units was satisfied. As a result, effective August 30, 2017, the 12,686,115 subordinated units owned by Westlake were converted into common units on a one-for-one basis and thereafter participate on terms equal with all other common units in distributions of available cash. As discussed in Note 6, the subordinated units were considered converted as of July 1, 2017 for purposes of calculating net income per unit and, therefore, the subordinated units did not share in the distribution of cash generated nor did the Partnership allocate any earnings to the subordinated unitholders for the determination of net income per unit subsequent to June 30, 2017.

On September 29, 2017, the Partnership completed its secondary offering of 5,175,000 common units at a price of \$22.00 per unit. Net proceeds to the Partnership from the sale of the units were \$110,739, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3,111.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

8. Related Party Transactions

The Partnership and OpCo regularly enter into related party transactions with Westlake. See below for a description of transactions with related parties.

Sales to Related Parties

OpCo sells ethylene to Westlake under the Ethylene Sales Agreement. Additionally, the Partnership and OpCo from time to time provide other services or products for which each charges Westlake a fee.

Sales to related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales—Westlake	\$ 313,381	\$ 258,049	\$ 802,085	\$ 711,968

Cost of Sales from Related Parties

Charges for goods and services purchased by the Partnership and OpCo from Westlake and included in cost of sales relate primarily to feedstock purchased under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement.

Charges from related parties in cost of sales were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Feedstock purchased from Westlake and included in cost of sales	\$ 178,493	\$ 110,241	\$ 403,833	\$ 313,231
Other charges from Westlake and included in cost of sales	28,693	23,954	83,636	74,896
Total	\$ 207,186	\$ 134,195	\$ 487,469	\$ 388,127

Services from Related Parties Included in Selling, General and Administrative Expenses

Charges for services purchased by the Partnership from Westlake and included in selling, general and administrative expenses primarily relate to services Westlake performs on behalf of the Partnership under the Omnibus Agreement, including the Partnership's finance, legal, information technology, human resources, communication, ethics and compliance and other administrative functions.

Charges from related parties included within selling, general and administrative expenses were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Services received from Westlake and included in selling, general and administrative expenses	\$ 4,655	\$ 6,633	\$ 17,947	\$ 20,311

Goods and Services from Related Parties Capitalized as Assets

Charges for goods and services purchased by the Partnership and OpCo from Westlake which were capitalized as assets relate primarily to the services of Westlake employees under the Services and Secondment Agreement.

Charges from related parties for goods and services capitalized as assets were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Goods and services purchased from Westlake and capitalized as assets	\$ 846	\$ 619	\$ 1,988	\$ 3,131

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Receivable under the Investment Management Agreement

On August 1, 2017, the Partnership, OpCo and Westlake executed an investment management agreement (the "Investment Management Agreement") that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. Accrued interest of \$703 and \$340 was included in the receivable under the Investment Management Agreement balance at September 30, 2018 and December 31, 2017, respectively. Total interest earned related to the Investment Management Agreement was \$703 and \$9 for the three months ended September 30, 2018 and 2017, respectively. The interest earned related to the Investment Management Agreement was \$1,861 and \$9 for the nine months ended September 30, 2018 and 2017, respectively.

The Partnership's receivable under the Investment Management Agreement was as follows:

	September 30, 2018	December 31, 2017
Receivable under the Investment Management Agreement	\$ 151,875	\$ 136,510

Accounts Receivables

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake under the Ethylene Sales Agreement.

The Partnership's accounts receivable from Westlake were as follows:

	September 30, 2018	December 31, 2017
Accounts receivable—Westlake	\$ 65,628	\$ 43,884

Accounts Payable to Related Parties

The Partnership's accounts payable to Westlake result primarily from feedstock purchases under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement and the Omnibus Agreement.

The related party accounts payable balances were as follows:

	September 30, 2018	December 31, 2017
Accounts payable—Westlake	\$ 41,274	\$ 14,027

Debt Payable to Related Parties

See Note 9 for a description of related party debt payable balances. Interest on related party debt payable balances for the three months ended September 30, 2018 and 2017 was \$5,639 and \$6,190, respectively, and for the nine months ended September 30, 2018 and 2017 was \$16,052 and \$17,592, respectively. Interest on related party debt payable is presented as interest expense—Westlake in the consolidated statements of operations. Interest capitalized as a component of property, plant and equipment on related party debt was \$63 and \$7 for the three months ended September 30, 2018 and 2017, respectively, and for the nine months ended September 30, 2018 and 2017 was \$108 and \$426, respectively. At September 30, 2018 and December 31, 2017, accrued interest on related party debt was \$5,712 and \$4,590, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheets.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Debt payable to related parties was as follows:

	September 30, 2018	December 31, 2017
Long-term debt payable to Westlake	\$ 477,608	\$ 473,960

Major Customer and Concentration of Credit Risk

During the three months ended September 30, 2018 and 2017, Westlake accounted for approximately 86.2% and 87.0%, respectively, of the Partnership's net sales. During the nine months ended September 30, 2018 and 2017, Westlake accounted for approximately 84.4% and 82.4%, respectively, of the Partnership's net sales.

Income Taxes

During the three and nine months ended September 30, 2018, the Partnership reimbursed \$418 of income tax payments to Westlake.

General

In 2015, the Partnership entered into an interest rate contract with Westlake to fix the London Interbank Offered Rate ("LIBOR") component of the interest rate for a portion of the MLP Revolver balance. The interest rate contract expired in August 2018.

OpCo has two site lease agreements with Westlake, and each has a term of 50 years. Pursuant to the site lease agreements, OpCo pays Westlake one dollar per site per year.

9. Long-term Debt Payable to Westlake

Long-term debt payable to Westlake consists of the following:

	September 30, 2018	December 31, 2017
OpCo Revolver (variable interest rate of LIBOR plus 2.0%, original scheduled maturity of September 25, 2023)	\$ 224,064	\$ 220,416
MLP Revolver (variable interest rate of LIBOR plus 2.0%, original scheduled maturity of April 29, 2021)	253,544	253,544
	\$ 477,608	\$ 473,960

On September 25, 2018, the OpCo Revolver was amended to extend the maturity date from August 4, 2019 to September 25, 2023 and revise the applicable margin from 3% to 2%.

The weighted average interest rate on all long-term debt was 4.34% and 3.74% at September 30, 2018 and December 31, 2017, respectively.

As of September 30, 2018, the Partnership was in compliance with all of the covenants under the OpCo Revolver and the MLP Revolver.

10. Fair Value Measurements

The Partnership reports certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Under the accounting guidance for fair value measurements, inputs used to measure fair value are classified in one of three levels:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

The Partnership has financial assets and liabilities subject to fair value measures. These financial assets and liabilities include accounts receivable, net, accounts payable and long-term debt payable to Westlake, all of which are recorded at carrying value. The amounts reported in the consolidated balance sheets for accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments. The carrying and fair values of the Partnership's long-term debt at September 30, 2018 and December 31, 2017 are summarized in the table below. The Partnership's long-term debt includes the OpCo Revolver and the MLP Revolver at September 30, 2018. The fair value of debt is determined based on the present value of expected future cash flows using a discounted cash flow methodology. Because the Partnership's valuation methodology used for long-term debt requires the use of significant unobservable inputs, the inputs used to measure the fair value of the Partnership's long-term debt are classified as Level 3 within the fair value hierarchy. Inputs used to estimate the fair values of the Partnership's long-term debt include the selection of an appropriate discount rate.

	September 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
OpCo Revolver	\$ 224,064	\$ 229,622	\$ 220,416	\$ 228,180
MLP Revolver	253,544	255,008	253,544	258,234

11. Supplemental Information

Accrued Liabilities

Accrued liabilities were \$18,911 and \$15,697 at September 30, 2018 and December 31, 2017, respectively. The accrued interest, accrued maintenance and accrued taxes, which are components of accrued liabilities, were \$5,712, \$5,323 and \$4,156, respectively, at September 30, 2018, and \$4,590, \$3,698 and \$1,422, respectively, at December 31, 2017. No other component of accrued liabilities was more than five percent of total current liabilities.

Non-cash Investing Activity

The change in capital expenditure accrual resulted in a decrease in additions to property, plant and equipment by \$1,380 for the nine months ended September 30, 2018. The change in capital expenditure accrual resulted in an increase in additions to property, plant and equipment by \$894 for the nine months ended September 30, 2017.

12. Commitments and Contingencies

The Partnership is subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require the Partnership to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. These laws include the federal Clean Air Act, the federal Water Pollution Control Act, the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Toxic Substances Control Act and various other federal, state and local laws and regulations. Under CERCLA, an owner or operator of property may be held strictly liable for remediating contamination without regard to whether that person caused the contamination, and without regard to whether the practices that resulted in the contamination were legal at the time they occurred. Because the Partnership's production sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on the Partnership. Westlake will indemnify the Partnership for liabilities that occurred or existed prior to August 4, 2014.

The Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

13. Subsequent Events

At-The-Market Program

On October 4, 2018, the Partnership and Westlake Chemical Partners GP LLC, the general partner of the Partnership, entered into an Equity Distribution Agreement with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC to offer and sell the Partnership's common units, from time to time, up to an aggregate offering amount of \$50,000.

Ethylene Sales Agreement

On November 1, 2018, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement in order to provide OpCo with the option to curtail up to approximately 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the accompanying consolidated financial statements and the notes thereto and the consolidated financial statements and notes thereto included in Westlake Chemical Partners LP's annual report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K"), as filed with the SEC on March 1, 2018. Unless otherwise indicated, references in this report to "we," "our," "us" or like terms, refer to Westlake Chemical Partners LP (the "Partnership"), Westlake Chemical OpCo LP ("OpCo") and Westlake Chemical OpCo GP LLC ("OpCo GP"). References to "Westlake" refer to Westlake Chemical Corporation and its consolidated subsidiaries other than the Partnership, OpCo GP and OpCo. The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

Partnership Overview

We are a Delaware limited partnership formed by Westlake to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, we closed our initial public offering (the "IPO") of 12,937,500 common units. In connection with the IPO, we acquired a 10.6% interest in OpCo and a 100% interest in OpCo GP, which is the general partner of OpCo. On April 29, 2015, we purchased an additional 2.7% newly-issued limited partner interest in OpCo, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. On September 29, 2017, we completed a secondary public offering of 5,175,000 common units and purchased an additional 5.0% newly-issued limited partner interest in OpCo, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. The 12,686,115 subordinated units of the Partnership, all of which were previously owned by Westlake, were converted into common units of the Partnership on August 30, 2017.

Currently, our sole revenue generating asset is our 18.3% limited partner interest in OpCo, a limited partnership formed by Westlake and us in anticipation of the IPO to own and operate an ethylene production business. We control OpCo through our ownership of its general partner. Westlake retains the remaining 81.7% limited partner interest in OpCo as well as a significant interest in us through its ownership of our general partner, 43.8% of our limited partner units (consisting of 14,122,230 common units) and our incentive distribution rights. OpCo's assets include (1) two ethylene production facilities ("Petro 1" and "Petro 2" and, collectively, "Lake Charles Olefins") at Westlake's Lake Charles, Louisiana site; (2) one ethylene production facility ("Calvert City Olefins") at Westlake's Calvert City, Kentucky site; and (3) a 200-mile common carrier ethylene pipeline (the "Longview Pipeline") that runs from Mont Belvieu, Texas to Westlake's Longview, Texas facility.

How We Generate Revenue

We generate revenue primarily by selling ethylene and the resulting co-products we produce. OpCo and Westlake have entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which we generate a substantial majority of our revenue. The Ethylene Sales Agreement is a long-term, fee-based agreement with a minimum purchase commitment and includes variable pricing based on OpCo's actual feedstock and natural gas costs and estimated other costs of producing ethylene (including OpCo's estimated operating costs and a five-year average of OpCo's expected future maintenance capital expenditures and other turnaround expenditures based on OpCo's planned ethylene production capacity for the year), plus a fixed margin per pound of \$0.10 less revenue from co-products sales.

Westlake has an option to take 95% of volumes in excess of the minimum commitment on an annual basis under the Ethylene Sales Agreement if we produce more than our planned production. Under the Ethylene Sales Agreement, the price for the sale of such excess ethylene to Westlake is based on a formula similar to that used for the minimum purchase commitment, with the exception of certain fixed costs. In addition, under the Ethylene Sales Agreement, if production costs billed to Westlake on an annual basis are less than 95% of the actual production costs incurred by OpCo during the contract year, OpCo is entitled to recover the shortfall in such production costs (proportionate to the volume sold to Westlake) in the subsequent year ("Shortfall"). The Shortfall is recognized during the period in which the related operating, maintenance or turnaround activities occur.

Operating Expenses, Maintenance Capital Expenditures and Turnaround Costs

Our management seeks to maximize the profitability of our operations by effectively managing operating expenses, maintenance capital expenditures and turnaround costs. Our operating expenses are comprised primarily of feedstock costs and natural gas, labor expenses (including contractor services), utility costs (other than natural gas) and turnaround and maintenance expenses. With the exception of feedstock, including natural gas, and utilities-related expenses, operating expenses generally remain relatively stable across broad ranges of production volumes but can fluctuate from period to period depending on the circumstances, particularly maintenance and turnaround activities. Our maintenance capital expenditures and turnaround costs are comprised primarily of maintenance of our ethylene production facilities and the amortization of capitalized turnaround costs. These capital expenditures relate to the maintenance and integrity of our facilities. We capitalize the costs of major maintenance activities, or turnarounds, and amortize the costs over the period until the next planned turnaround of the affected facility.

Operating expenses, maintenance capital expenditures and turnaround costs are built into the price per pound of ethylene charged to Westlake under the Ethylene Sales Agreement. Because the expenses other than feedstock costs and natural gas are based on forecasted amounts and remain a fixed component of the price per pound of ethylene sold under the Ethylene Sales Agreement for any given 12-month period, our ability to manage operating expenses, maintenance expenditures and turnaround cost may directly affect our profitability and cash flows. The impact on profitability is partially mitigated by the fact that we recognize any Shortfall as revenue in the period such costs and expenses are incurred. We seek to manage our operating and maintenance expenses on our ethylene production facilities by scheduling maintenance and turnarounds over time to avoid significant variability in our operating margins and minimize the impact on our cash flows, without compromising our commitment to safety and environmental stewardship. In addition, we reserve cash on an annual basis from what we would otherwise distribute to minimize the impact of turnaround costs in the year of incurrence. The purchase price under the Ethylene Sales Agreement is not designed to cover capital expenditures for expansions.

MLP Distributable Cash Flow and EBITDA

We use each of MLP distributable cash flow and EBITDA to analyze our performance. We define distributable cash flow as net income plus depreciation, amortization and disposition of property, plant and equipment, less contributions for turnaround reserves and maintenance capital expenditures. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake'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;
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of MLP distributable cash flow and EBITDA provides useful information to investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to MLP distributable cash flow are net income and net cash provided by operating activities. MLP distributable cash flow should not be considered as an alternative to GAAP net income or net cash provided by operating activities. MLP distributable cash flow has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by operating activities. The GAAP measures most directly comparable to EBITDA are net income and net cash provided by operating activities, but EBITDA should not be considered an alternative to such GAAP measures. EBITDA has important limitations as an analytical tool because it excludes (1) interest expense, which is a necessary element of our costs and ability to generate revenues because we have borrowed money to finance our operations, (2) depreciation, which is a necessary element of our costs and ability to generate revenues because we use capital assets and (3) income taxes, which was a necessary element

of the operations of our predecessor. MLP distributable cash flow and EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. See reconciliations for each of MLP distributable cash flow and EBITDA under "Results of Operations" below.

Recent Developments

On November 1, 2018, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement in order to provide OpCo with the option to curtail up to approximately 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic.

On October 4, 2018, the Partnership and Westlake Chemical Partners GP LLC, the general partner of the Partnership, entered into an Equity Distribution Agreement (the "ATM Agreement") with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC (collectively, the "Managers"). Pursuant to the terms of the ATM Agreement, the Partnership may offer and sell common units representing limited partner interests in the Partnership from time to time to or through the Managers, as the Partnership's sales agents or as principals, having an aggregate offering amount of up to \$50.0 million. The Partnership intends to use the net proceeds of sales of the common units for general partnership purposes, including the funding of potential drop-downs and other acquisitions.

On September 25, 2018, the OpCo Revolver was amended to extend the maturity date from August 4, 2019 to September 25, 2023 and revise the applicable margin from 3% to 2%.

On July 27, 2018, the Partnership Agreement was amended to revise the minimum quarterly distribution thresholds for the Partnership's incentive distribution rights to Westlake. The amended Partnership Agreement provides that the Partnership will distribute cash each quarter to all the unitholders, pro-rata, until each unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the percentage allocations per the amendment. For more information on the Partnership's amended distribution allocation percentages, see Note 6 to the Partnership's consolidated financial statements.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(dollars in thousands)				
Revenue				
Net sales—Westlake	\$ 313,381	\$ 258,049	\$ 802,085	\$ 711,968
Net co-product, ethylene and other sales—third parties	50,269	38,726	147,812	152,368
Total net sales	363,650	296,775	949,897	864,336
Cost of sales	269,743	201,372	666,367	571,401
Gross profit	93,907	95,403	283,530	292,935
Selling, general and administrative expenses	5,909	6,805	20,417	21,519
Income from operations	87,998	88,598	263,113	271,416
Other income (expense)				
Interest expense—Westlake	(5,639)	(6,190)	(16,052)	(17,592)
Other income, net	668	162	1,742	1,844
Income before income taxes	83,027	82,570	248,803	255,668
Income tax provision (benefit)	(772)	325	(186)	925
Net income	83,799	82,245	248,989	254,743
Less: Net income attributable to noncontrolling interest in OpCo	71,387	68,860	211,525	221,619
Net income attributable to Westlake Chemical Partners LP	\$ 12,412	\$ 13,385	\$ 37,464	\$ 33,124
MLP distributable cash flow ⁽¹⁾	\$ 15,024	\$ 15,478	\$ 45,500	\$ 37,892
EBITDA ⁽²⁾	\$ 115,558	\$ 117,813	\$ 347,031	\$ 359,762

(1) See "Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities" below.

(2) See "Reconciliation of EBITDA to Net Income and Net Cash Provided by Operating Activities" below.

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales prices and volume percentage change from prior-year period	+17.7%	+4.9%	+5.1%	+4.8%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Average industry prices ⁽¹⁾				
Ethane (cents/lb)	14.3	8.8	10.8	8.3
Propane (cents/lb)	23.5	18.2	21.5	16.6
Ethylene (cents/lb) ⁽²⁾	17.3	24.7	18.6	27.8

(1) Industry pricing data was obtained through IHS Markit ("IHS"). We have not independently verified the data.

(2) Represents average North American spot prices of ethylene over the period as reported by IHS.

Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities

The following table presents reconciliations of MLP distributable cash flow to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Net cash provided by operating activities	\$ 109,433	\$ 139,630	\$ 330,004	\$ 401,916
Gain (loss) from disposition of fixed assets	(26)	(2,734)	(593)	(2,627)
Changes in operating assets and liabilities and other	(25,608)	(54,651)	(80,422)	(144,546)
Net Income	83,799	82,245	248,989	254,743
Add:				
Depreciation, amortization and disposition of property, plant and equipment	26,918	31,790	82,769	89,239
Less:				
Contribution to turnaround reserves	(4,250)	(7,778)	(12,602)	(22,641)
Maintenance capital expenditures	(8,380)	(9,827)	(22,184)	(28,081)
Incentive distribution rights	—	(498)	(733)	(1,052)
Distributable cash flow attributable to noncontrolling interest in OpCo	(83,063)	(80,454)	(250,739)	(254,316)
MLP distributable cash flow	\$ 15,024	\$ 15,478	\$ 45,500	\$ 37,892

Reconciliation of EBITDA to Net Income and Net Cash Provided by Operating Activities

The following table presents reconciliations of EBITDA to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(dollars in thousands)			
Net cash provided by operating activities	\$ 109,433	\$ 139,630	\$ 330,004	\$ 401,916
Gain (loss) from disposition of fixed assets	(26)	(2,734)	(593)	(2,627)
Changes in operating assets and liabilities and other	(25,608)	(54,651)	(80,422)	(144,546)
Net Income	83,799	82,245	248,989	254,743
Add:				
Depreciation and amortization	26,892	29,053	82,176	86,502
Interest expense	5,639	6,190	16,052	17,592
Income tax provision (benefit)	(772)	325	(186)	925
EBITDA	\$ 115,558	\$ 117,813	\$ 347,031	\$ 359,762

Summary

For the quarter ended September 30, 2018, net income was \$83.8 million on net sales of \$363.7 million. This represents an increase in net income of \$1.6 million as compared to the quarter ended September 30, 2017 net income of \$82.2 million on net sales of \$296.8 million. Net income for the third quarter of 2018 as compared to the third quarter of 2017 was higher primarily as a result of increased ethylene sales volumes to Westlake, higher pipeline services fee income and the state income tax benefit, partially offset by lower ethylene sales to third parties. Net income attributable to Westlake Chemical Partners LP for the quarter ended September 30, 2018 was \$12.4 million as compared to \$13.4 million for the quarter ended September 30, 2017, a decrease of \$1.0 million, which was primarily due to lower margins on third party ethylene sales, partially offset by the state income tax benefit. Net sales for the third quarter of 2018 increased by \$66.9 million as compared to net sales for the third quarter of 2017 mainly due to increased sales volumes and prices for ethylene to Westlake and for co-products to third-parties and higher pipeline services fee income, partially offset by lower ethylene sales to third parties. Income from operations was \$88.0 million for the third quarter of 2018 as compared to \$88.6 million for the third quarter of 2017. Income from operations for the third quarter of 2018 decreased mainly as a result of lower third party ethylene sales margins, mostly offset by an increase in ethylene sales volumes to Westlake and higher pipeline services fee income, as compared to the third quarter of 2017.

For the nine months ended September 30, 2018, net income was \$249.0 million on net sales of \$949.9 million. This represents a decrease in net income of \$5.7 million as compared to the nine months ended September 30, 2017 net income of \$254.7 million on net sales of \$864.3 million. Net income was lower primarily as a result of lower margins on third party ethylene sales, partially offset by higher ethylene sales volumes to Westlake, higher pipeline services fee income, lower interest expense and the state income tax benefit. Net income attributable to Westlake Chemical Partners LP for the nine months ended September 30, 2018 was \$37.5 million as compared to \$33.1 million for the nine months ended September 30, 2017, an increase of \$4.3 million, which was primarily due to a 5% increase in the Partnership's interest in OpCo, effective as of July 1, 2017 and increased production, partially offset by lower margins on third party ethylene sales. Net sales for the nine months ended September 30, 2018 increased by \$85.6 million as compared to net sales for the nine months ended September 30, 2017 mainly due to increased ethylene sales volumes and sales prices to Westlake and increased sales volumes of co-product to third parties, partially offset by lower third party ethylene sales. Income from operations was \$263.1 million for the nine months ended September 30, 2018 as compared to \$271.4 million for the nine months ended September 30, 2017. Income from operations for the nine months ended September 30, 2018 decreased mainly as a result of lower third party ethylene sales margins, partially offset by higher ethylene sales to Westlake, as compared to the nine months ended September 30, 2017.

RESULTS OF OPERATIONS

Third Quarter 2018 Compared with Third Quarter 2017

Net Sales. Total net sales increased by \$66.9 million, or 22.5%, to \$363.7 million in the third quarter of 2018 from \$296.8 million in the third quarter of 2017. The overall increase in sales volumes resulted from higher ethylene sales volumes to Westlake and higher co-products sales volumes to third parties and increased pipeline services fees for the third quarter of 2018, contributing to a 4.9% increase in net sales, as compared to the third quarter of 2017. The overall average sales price in the third quarter of 2018 contributed to a 17.7% increase in net sales primarily due to increased sales prices for sales to Westlake per the terms of the Ethylene Sales Agreement and increased sales prices for co-products to third parties compared to the third quarter of 2017.

Gross Profit. Gross profit decreased to \$93.9 million for the third quarter of 2018 from \$95.4 million for the third quarter of 2017. The gross profit margin in the third quarter of 2018 was 25.8%, as compared to 32.1% for the third quarter of 2017. The third quarter of 2018 gross profit margin was lower mainly due to a decline in third party ethylene sales, partially offset by overall higher sales volumes to Westlake as a result of higher overall production at our facilities and higher pipeline services fee income, as compared to the third quarter of 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$0.9 million, or 13.2%, to \$5.9 million in the third quarter of 2018 as compared to \$6.8 million in the third quarter of 2017. The decrease was mainly attributable to a decline in the allocation of general and administrative fees, partially offset by an increase in allowance for doubtful debt accounts in the third quarter of 2017.

Interest Expense. Interest expense decreased by \$0.6 million to \$5.6 million in the third quarter of 2018 from \$6.2 million in the third quarter of 2017, largely due to a lower average debt balance in the third quarter of 2018, mostly offset by a higher interest rate on debt due to an increase in the London Interbank Offered Rate ("LIBOR") in the 2018 period. The lower debt balance was due to the partial repayment of borrowings under the OpCo Revolver and full repayment of the August 2013 Promissory Notes during the third quarter of 2017, in both cases using the funds generated from the secondary equity offering.

Other Income. The increase in other income in the third quarter of 2018 as compared to the third quarter of 2017 was primarily due to the interest income related to the investment management agreement executed on August 1, 2017 between the Partnership, OpCo and Westlake that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake ("Investment Management Agreement").

Provision for Income Taxes. Provision for income taxes decreased to a benefit of \$0.8 million in the third quarter of 2018 as compared to a provision of \$0.3 million in the third quarter of 2017. The decrease was mainly attributable to the revaluation of state deferred income tax liability as a result of a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow decreased by \$0.5 million to \$15.0 million in the third quarter of 2018 from \$15.5 million in the third quarter of 2017. The decrease in MLP distributable cash flow in the third quarter of 2018, as compared to the prior-year period, was primarily a result of a lower margins on third party sales, partially offset by an increase in overall production at our facilities, lower maintenance capital expenditures and the elimination of the Partnership's distributions to Westlake that resulted from the July 2018 amendment to the Partnership's target distribution tiers.

EBITDA. EBITDA decreased by \$2.3 million to \$115.6 million in the third quarter of 2018 from \$117.8 million in the third quarter of 2017. The decrease in EBITDA as compared to the prior-year period was primarily due to the decline in ethylene sales to third-parties, partially offset by higher sales volumes as a result of higher overall production at our facilities.

Nine Months Ended September 30, 2018 Compared with Nine Months Ended September 30, 2017

Net Sales. Total net sales increased by \$85.6 million, or 9.9%, to \$949.9 million in the nine months ended September 30, 2018 from \$864.3 million in the nine months ended September 30, 2017. The overall increase in sales volumes for the nine months ended September 30, 2018 contributed to a 4.8% increase in net sales, as compared to the nine months ended September 30, 2017, which was mainly due to higher ethylene sales volumes to Westlake, higher co-products sales volumes to third parties and higher pipeline services fees income. The average sales price contributed to an increase in net sales by 5.1% in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily as a result of higher sales prices to Westlake per the terms of the Ethylene Sales Agreement.

Gross Profit. Gross profit decreased to \$283.5 million for the nine months ended September 30, 2018 from \$292.9 million for the nine months ended September 30, 2017. The gross profit margin in the nine months ended September 30, 2018 was 29.8%, as compared to 33.9% for the nine months ended September 30, 2017. The nine months ended September 30, 2018 gross profit margin was lower mainly due to lower third party ethylene sales, partially offset by higher sales volumes to Westlake as a result of higher overall production at our facilities and higher pipeline services fee income, as compared to the nine months ended September 30, 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$1.1 million, or 5.1%, to \$20.4 million in the nine months ended September 30, 2018 as compared to \$21.5 million in the nine months ended September 30, 2017. The decrease was mainly attributable to lower general and administrative expense allocations, partially offset by an increase in allowance for doubtful accounts in the nine months ended September 30, 2018, as compared to the prior-year period.

Interest Expense. Interest expense decreased by \$1.5 million to \$16.1 million in the nine months ended September 30, 2018 from \$17.6 million in the nine months ended September 30, 2017, due to a lower average debt balance in the nine months ended September 30, 2018, which was mostly offset by a higher interest rate on debt due to an increase in LIBOR in the 2018 period. The lower debt balance was due to the partial repayment of borrowings under the OpCo Revolver and full repayment of the August 2013 Promissory Notes during the third quarter of 2017, in both cases using the funds generated from the secondary equity offering.

Other Income. The slight decrease in other income in the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 was primarily due to the recognition in the nine months ended September 30, 2017 of an insurance recovery received for the 2016 Calvert City Olefins facility unplanned shut-down, which was mostly offset by interest income earned under the Investment Management Agreement in the nine months ended September 30, 2018.

Provision for Income Taxes. Provision for income taxes decreased to a benefit of \$0.2 million in the nine months ended September 30, 2018 as compared to a provision of \$0.9 million in the nine months ended September 30, 2017. The decrease was mainly attributable to the revaluation of state deferred income tax liability as a result of a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$7.6 million to \$45.5 million in the nine months ended September 30, 2018 from \$37.9 million in the nine months ended September 30, 2017. The increase in MLP distributable cash flow in the nine months ended September 30, 2018 as compared to the prior-year period was primarily due to the 5% increase in the Partnership's interest in OpCo, effective as of July 1, 2017, an increase in overall production at our facilities, lower maintenance capital expenditures and the elimination of the Partnership's distributions to Westlake that resulted from the July 2018 amendment to the Partnership's target distribution tiers, partially offset by lower margins on third party sales.

EBITDA. EBITDA decreased by \$12.7 million to \$347.0 million in the nine months ended September 30, 2018 from \$359.8 million in the nine months ended September 30, 2017. The decrease in EBITDA as compared to the prior-year period was primarily due to lower third party sales, partially offset by higher sales volumes as a result of higher overall production at our facilities.

CASH FLOW DISCUSSION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

Operating Activities

Operating activities provided cash of \$330.0 million in the first nine months of 2018 compared to cash provided by operating activities of \$401.9 million in the first nine months of 2017. The \$71.9 million decrease in cash flows from operating activities was mainly due to lower operating income and an increase in use of cash in working capital during the nine months ended September 30, 2018 as compared to the prior-year period. Changes in components of working capital, which we define for the purposes of this cash flow discussion as accounts receivable—Westlake, accounts receivable, net—third parties, inventories, prepaid expenses and other current assets less accounts payable—Westlake, accounts payable—third parties and accrued liabilities, used cash of \$1.5 million in the first nine months of 2018 as compared to \$70.1 million of cash provided in the first nine months of 2017, resulting in an overall unfavorable change of \$71.6 million. The unfavorable change in working capital was mainly attributable to the unfavorable changes in the accounts receivable—Westlake balance. The cash provided in the first nine months of 2017 primarily related to the recovery of the Shortfall that was recognized in 2016 as an accounts receivable from Westlake.

Investing Activities

Net cash used for investing activities during the first nine months of 2018 was \$45.0 million as compared to net cash used for investing activities of \$173.8 million in the first nine months of 2017, mainly due to lower capital expenditures at our facilities and lower net cash investments under the Investment Management Agreement in the first nine months of 2018 as compared to the prior-year period. Capital expenditures during the first nine months of 2018 were primarily related to planned and unplanned outages at our facilities while those during the same period in 2017 primarily reflected capital expenditures incurred for the Calvert City expansion project.

Financing Activities

Net cash used for financing activities during the first nine months of 2018 was \$295.0 million as compared to net cash used for financing activities of \$299.8 million in the first nine months of 2017. The cash outflows during the first nine months of 2018 were related to the distribution of \$258.8 million to Westlake and of \$39.8 million to other unitholders by the Partnership. The distributions in the first nine months of 2018 were partially offset by borrowings under the OpCo Revolver of \$3.6 million. The cash outflows during the first nine months of 2017 were related to the distribution of \$263.5 million to Westlake and of \$29.5 million to other unitholders by the Partnership and the repayment of \$272.8 million of borrowings under the OpCo Revolver. The distributions and repayment in the first nine months of 2017 were partially offset by borrowings under the OpCo Revolver of \$37.1 million, borrowings under the MLP Revolver of \$118.2 million and net proceeds from the common units offering of \$110.7 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

Pursuant to the terms of the ATM Agreement, the Partnership may offer and sell the Partnership's common units from time to time to or through the Managers, as the Partnership's sales agents or as principals, having an aggregate offering amount of up to \$50.0 million. The Partnership intends to use the net proceeds of sales of the common units, if any, for general partnership purposes, including the funding of potential drop-downs and other acquisitions.

Based on the terms of our cash distribution policy, we expect that we will distribute to our partners most of the excess cash generated by our operations. To the extent we do not generate sufficient cash flow to fund capital expenditures, we expect to fund them primarily from external sources, including borrowing directly from Westlake, as well as future issuances of equity and debt interests.

The Partnership maintains separate bank accounts, but Westlake continues to provide treasury services on our behalf under the Services and Secondment Agreement. Our sources of liquidity include cash generated from operations, the OpCo Revolver, the MLP Revolver and, if necessary and possible under then current market conditions, the issuance of additional common units representing limited partner interests of the Partnership, other classes of units representing limited partners interests of the Partnership or debt securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and long-term capital expenditure requirements and to make quarterly cash distributions. Westlake may also provide other direct and indirect financing to us from time to time although it is not required to do so.

In order to fund non-annual turnaround expenditures, we cause OpCo to reserve approximately \$30.0 million during each twelve-month period for turnaround activities. Each of OpCo's ethylene production facilities requires turnaround maintenance approximately every five years. By reserving additional cash annually, we intend to reduce the variability in OpCo's cash flow. Westlake's purchase price for ethylene purchased under the Ethylene Sales Agreement includes a component (adjusted annually) designed to cover, over the long term, substantially all of OpCo's turnaround expenditures.

Our cash is generated from cash distributions from OpCo. OpCo was a restricted subsidiary and subsidiary guarantor under Westlake's credit facility and the indentures governing its senior notes until August 2016. The guarantees were released in August 2016. OpCo still remains a restricted subsidiary under supplemental indentures governing three series of Westlake's senior notes totaling \$253.5 million in aggregate principal amount. These supplemental indentures prohibit Westlake from allowing OpCo to make distributions to us if any default or event of default (as defined in such supplemental indentures) exists. Westlake's credit facility does not prevent OpCo from making distributions to us.

On October 31, 2018, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.4207 per unit payable on November 26, 2018 to unitholders of record as of November 9, 2018, which equates to a total amount of approximately \$13.6 million per quarter, or approximately \$54.2 million per year in aggregate, based on the number of common units outstanding on September 30, 2018. We do not have a legal or contractual obligation to pay distributions on a quarterly basis or any other basis at our minimum quarterly distribution rate or any other rate.

Capital Expenditures

Westlake has historically funded expansion capital expenditures related to Lake Charles Olefins and Calvert City Olefins. During the nine months ended September 30, 2018 and 2017, Westlake loaned OpCo \$3.6 million and \$155.3 million, respectively. The \$3.6 million was used to fund working capital needs in the first nine months of 2018, while \$56.6 million of the \$155.3 million amount was used to fund the expansion capital expenditures in the first nine months of 2017. Total capital expenditures for the nine months ended September 30, 2018 were \$30.0 million. We expect that Westlake will loan additional cash to OpCo to fund its expansion capital expenditures in the future, but Westlake is under no obligation to do so.

Cash and Cash Equivalents

As of September 30, 2018, our cash and cash equivalents totaled \$17.0 million. In addition, we have cash invested under the Investment Management Agreement (as described below) and a revolving credit facility with Westlake available to supplement cash if needed, as described under "Indebtedness" below.

In August 2017, the Partnership, OpCo and Westlake executed the Investment Management Agreement that authorized Westlake to invest the Partnership and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. The Partnership had \$151.2 million of cash invested under the Investment Management Agreement at September 30, 2018.

Indebtedness

OpCo Revolver

In connection with the IPO, OpCo entered into a \$600.0 million revolving credit facility with Westlake (the "OpCo Revolver") that may be used to fund growth projects and working capital needs. As of September 30, 2018, outstanding borrowings under the OpCo Revolver totaled \$224.1 million and bore interest at the LIBOR rate plus 2.0%, which is accrued in arrears quarterly. On September 25, 2018, the OpCo Revolver was amended to extend the scheduled maturity date from August 4, 2019 to September 25, 2023 and revise the applicable margin from 3% to 2%.

MLP Revolver

In 2015, we entered into a senior, unsecured revolving credit agreement with Westlake Chemical Finance Corporation, an affiliate of Westlake (the "MLP Revolver"). The MLP Revolver has a borrowing capacity of \$600 million and is scheduled to mature in 2021. Borrowings under the MLP Revolver bear interest at LIBOR plus a spread ranging from 2.0% to 3.0% (depending on our consolidated leverage ratio), payable quarterly. The MLP Revolver provides that we may pay all or a portion of the interest on any borrowings in kind, in which case any such amounts would be added to the principal amount of the loan. The MLP Revolver requires that we maintain a consolidated leverage ratio of either (1) during any one-year period following certain types of acquisitions (including acquisitions of additional interests in OpCo), 5.50:1.0 or less, or (2) during any other period, 4.50:1.0 or less. The MLP Revolver also contains certain other customary covenants. The repayment of borrowings under the MLP Revolver is subject to acceleration upon the occurrence of an event of default. As of September 30, 2018, outstanding borrowings under the MLP Revolver totaled \$253.5 million. We intend to use the MLP Revolver to purchase additional limited partnership interests in OpCo in the future, in the event OpCo desires to sell such additional interests to us, for other acquisitions and for general corporate purposes.

Off-Balance Sheet Arrangements

None.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects," "will" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Forward-looking statements relate to matters such as:

- the amount of ethane that we are able to process, which could be adversely affected by, among other things, operating difficulties;
- the volume of ethylene that we are able to sell;
- the price at which we are able to sell ethylene;
- industry market outlook, including prices and margins in third-party ethylene and co-products sales;
- the parties to whom we will sell ethylene and on what basis;
- volumes of ethylene that Westlake may purchase, in addition to the minimum commitment under the Ethylene Sales Agreement;
- timing, funding and results of capital projects;
- our intended minimum quarterly distributions and the manner of making such distributions;
- our ability to meet our liquidity needs;
- timing of and amount of capital expenditures;
- the Partnership's At-the-Market program and the use of any net proceeds from any sales under that program;
- potential loans from Westlake to OpCo to fund OpCo's expansion capital expenditures in the future;
- expected mitigation of exposure to commodity price fluctuations;
- turnaround activities and the variability of OpCo's cash flow;
- compliance with present and future environmental regulations and costs associated with environmentally related penalties, capital expenditures, remedial actions and proceedings, including any new laws, regulations or treaties that may come into force to limit or control carbon dioxide and other greenhouse gas emissions or to address other issues of climate change; and
- effects of pending legal proceedings.

We have based these statements on assumptions and analysis in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe were appropriate in the circumstances when the statements were made. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such statements. These statements are subject to a number of assumptions, risks and uncertainties, including those described under "Risk Factors" in the 2017 Form 10-K and the following:

- general economic and business conditions;
- the cyclical nature of the chemical industry;
- the availability, cost and volatility of raw materials and energy;
- uncertainties associated with the United States and worldwide economies, including those due to political tensions and unrest in the Middle East, the Commonwealth of Independent States (including Ukraine) and elsewhere;
- current and potential governmental regulatory actions in the United States and regulatory actions and political unrest in other countries, including environmental regulations;
- industry production capacity and operating rates;
- the supply/demand balance for our product;
- 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;
- our ability to integrate acquired businesses;
- foreign currency exchange risks;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of these factors are beyond our ability to control or predict. Any of the 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 or projecting any future results based on such statements or present or prior earnings levels. 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

A substantial portion of the Partnership's products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. However, our direct exposure to commodity price risk is limited to approximately 5% of our total ethylene production, which is the portion sold to third parties. We believe we have substantially mitigated our indirect exposure to commodity price fluctuations during the term of the Ethylene Sales Agreement through the minimum commitment and the cost-plus based pricing.

Interest Rate Risk

We are exposed to interest rate risk with respect to our outstanding debt, all of which is variable rate debt. At September 30, 2018, we had variable rate debt of \$477.6 million outstanding, all of which was owed to wholly-owned subsidiaries of Westlake, \$224.1 million of which currently accrues interest at a variable rate of LIBOR plus 200 basis points and the remaining \$253.5 million of which currently accrues interest at a variable rate of LIBOR plus 200 basis points. The interest rate contract with Westlake to fix the LIBOR component of the interest rate for a portion of the MLP revolver, which was entered into in August 2015, expired in August 2018. The weighted average variable interest rate of our debt as of September 30, 2018 was 4.3%. We will continue to be subject to interest rate risk with respect to our variable rate debt as well as the risk of higher interest cost if and when this debt is refinanced. A hypothetical increase in our average interest rate on variable rate debt by 100 basis points would increase our annual interest expense by approximately \$4.8 million, based on the September 30, 2018 debt balance.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 or 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures are effective with respect to (i) the accumulation and communication to our management, including our Chief Executive Officer and our Chief Financial Officer, of information required to be disclosed by us in the reports that we submit under the Exchange Act, and (ii) the recording, processing, summarizing and reporting of such information within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The 2017 Form 10-K, filed on March 1, 2018, contained a description of various legal proceedings in which we are involved, including environmental proceedings. See below and Note 12 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q for a description of certain of those proceedings, which information is incorporated by reference herein. In addition, under the Omnibus Agreement, Westlake Chemical Corporation ("Westlake") has agreed to indemnify the Partnership for certain environmental and other liabilities relating to OpCo's processing facilities and related assets.

Potential Flare Modifications. For several years, the Environmental Protection Agency ("EPA") has been conducting an enforcement initiative against petroleum refineries and petrochemical plants with respect to emissions from flares. On April 21, 2014, Westlake received a Clean Air Act Section 114 Information Request from the EPA which sought information regarding flares at the Calvert City and Lake Charles facilities. The EPA has informed Westlake that the information provided leads the EPA to believe that some of the flares are out of compliance with applicable standards. The EPA has indicated that it is seeking a consent decree that would obligate Westlake to take corrective actions relating to the alleged noncompliance. The Partnership believes the resolution of these matters may require the payment of a monetary sanction in excess of \$100,000.

Risk Management Program Investigation. The EPA has conducted inspections and information requests to assess compliance with Risk Management Program requirements under the Clean Air Act at the Calvert City facility. The EPA has identified concerns with the facility's compliance under the Risk Management Program and Release Prevention regulations in connection with certain emissions release events between 2011 and 2015. Westlake has engaged in communications with EPA Region 4 to resolve these concerns. Westlake has reached agreement in principle with the EPA to resolve all concerns for a penalty of \$196,000, a portion of which may be offset by Westlake undertaking a Supplemental Environmental Project, which the EPA and Westlake are currently evaluating.

Kentucky Notices of Violation. The Kentucky Energy and Environment Cabinet ("KEEC") has indicated that it intends to proceed with enforcement on two Notices of Violation ("NOVs") received by the Calvert City facility in December 2016 and May 2017. The NOVs allege violations of state and federal air requirements in connection with the operation of the olefins unit at the facility. In August 2018, the parties agreed to resolve the matter by entering into an order under which we will be obligated to undertake certain corrective actions and pay a penalty of \$175,000 to resolve all alleged violations.

In addition to the matters described above, the Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

Item 1A. Risk Factors

For a discussion of risk factors, please read Item 1A, "Risk Factors" in the 2017 Form 10-K. There have been no material changes from those risk factors.

Item 5. Other Information

Entry into a Material Definitive Agreement

On November 1, 2018, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement in order to provide OpCo with the option to curtail up to approximately 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic. A description of the relationship between OpCo and Westlake is included under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and such description is incorporated by reference herein.

This summary of the amendment is qualified by reference to the full text of the amendment, a copy of which is filed as Exhibit 10.2 to this report, and is incorporated herein by reference.

Item 6. Exhibits

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
1.1	<u>Equity Distribution Agreement, dated October 4, 2018, by and among Westlake Chemical Partners LP, Westlake Chemical Partners GP LLC, UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 1.1 to Westlake Partners' Current Report on Form 8-K filed on October 5, 2018, File No. 001-36567)</u>
3.1	<u>Amendment No. 2 to the first Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners, LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on July 30, 2018 (file No. 01-36567))</u>
10.1†	<u>First Amendment to Amended and Restated Senior Unsecured Revolving Credit Agreement</u>
10.2†	<u>Second Amendment to Ethylene Sales Agreement</u>
31.1†	<u>Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer)</u>
31.2†	<u>Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer)</u>
32.1#	<u>Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)</u>
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document

† Filed herewith.

Furnished herewith.

herein shall have the respective meanings given to such terms in Section 1.1 of the Credit Agreement, as amended hereby.

1.2 The rules of interpretation set forth in Sections 1.2 and 1.3 of the Credit Agreement shall apply to this Amendment in all respects.

SECTION 2. AMENDMENT

2.1 The defined term “Applicable Margin” is hereby deleted in its entirety and replaced with the following:

“Applicable Margin” shall mean 2.0% per annum.

2.2 The defined term “Maturity Date” is hereby deleted in its entirety and replaced with the following:

“Maturity Date” shall mean September 25, 2023.

SECTION 3. EFFECTIVENESS

3.1 This Amendment shall become effective upon the execution and delivery of this Amendment by the Borrower and the Lenders.

SECTION 4. MISCELLANEOUS

4.1 *Full Force and Effect.* Except as specifically amended hereby, all of the terms and conditions of the Credit Agreement are unaffected and shall continue to be in full force and effect and shall be binding on the parties hereto in accordance with their respective terms. Each reference to the Credit Agreement therein or in any other agreement, document or instrument executed and delivered pursuant to the Credit Agreement shall mean and constitute a reference to the Credit Agreement as amended hereby. Except as specifically set forth in this Amendment, nothing in this Amendment shall be construed as modifying any other term or condition of the Credit Agreement or operate as a waiver of, or in prejudice to, any right, power or remedy of the Lender under the Credit Agreement, any applicable law or any existing or future Default or Event of Default.

4.2 *Headings.* Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

4.3 *Counterparts.* This Amendment may be executed in any number of counterparts, each of which shall be enforceable against the party executing such counterpart, and all of which together shall constitute one instrument. Each counterpart may be delivered in original, facsimile or electronic (e.g., “.pdf”) form.

4.4 *Governing Law.* This Amendment shall be construed in accordance with and governed by the law of the State of New York.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

WESTLAKE CHEMICAL OPCO LP

By: Westlake Chemical OpCo GP LLC, its general partner
as Borrower

By: /S/ M. STEVEN BENDER

Name: Mark Steven Bender

Title: Senior Vice President, Chief Financial Officer and
Treasurer

WESTLAKE POLYMERS LLC

By: Westlake Chemical Investments, Inc., its manager
as Lender

By: /S/ JEFFREY HOLY

Name: Jeffrey Holy

Title: Vice President and Treasurer

WESTLAKE LONGVIEW CORPORATION

as Lender

By: /S/ M. STEVEN BENDER

Name: Mark Steven Bender

Title: Executive Vice President and Chief Financial Officer

[\(Back To Top\)](#)

Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

SECOND AMENDMENT TO ETHYLENE SALES AGREEMENT

This **SECOND AMENDMENT** (this “*Amendment*”), dated as of November 1, 2018, and effective as of January 1, 2018, to the **ETHYLENE SALES AGREEMENT**, dated as of August 4, 2014, as amended by that certain First Amendment dated as of August 4, 2016 and effective as of January 1, 2016 (as amended, the “*Agreement*”), is entered into by and among **WESTLAKE CHEMICAL OPCO LP**, a Delaware limited partnership (“*Seller*”), and **WPT LLC**, a Delaware limited liability company, **WESTLAKE VINYLs, INC.**, a Delaware corporation, and **WESTLAKE PETROCHEMICALS LLC**, a Delaware limited liability company (each, a “*Buyer Party*,” and collectively, “*Buyer*”). Seller and Buyer hereinafter are referred to each individually as a “*Party*” and collectively as the “*Parties*.”

WITNESSETH:

WHEREAS, the Parties entered into the Agreement in 2014 in order to provide for the purchase by Buyer and the sale by Seller of certain Ethylene produced by Seller at its Plants; and

WHEREAS, the Parties entered into the First Amendment to the Agreement in 2016 to reflect certain modifications and clarifications to better reflect the original intent of the Parties, including amendments to reflect the interplay of the obligations of the Parties under the Agreement and the obligations under the Services Agreement with respect to Poly Purge of Buyer or its affiliates reprocessed by Seller at its Plants; and

WHEREAS, Section 17.8 of the Agreement provides that the Agreement may be amended only by a written agreement of all the Parties, designated on its face an “Amendment” or “Addendum” to the Agreement; and

WHEREAS, the Parties have determined to amend the Agreement to reflect certain modifications to the Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agrees as follows:

Article 1

GENERAL

1.1 **Defined Terms.** Capitalized terms not otherwise defined herein shall have the meanings set forth therefor in the

Agreement.

ARTICLE 2
AMENDMENTS OF AGREEMENT

2.1 Section 1.1 of the Agreement is hereby amended to add or restate the following definitions therein:

“**Annual Minimum Quantity**” shall have the meaning set forth in Section 4.1(b).

“**Annual Production**” shall mean for any Contract Year the sum of (x) the aggregate quantities of Production during such Contract Year, regardless of whether purchased by Buyer, and (y) any amount of Ethylene not produced as a result of Curtailed Production during such Contract Year.

“**Curtailed Production**” shall mean for any Month up to the amount of production of Ethylene that Seller elects to curtail for such Month by prompt written notice to Buyer based on Seller’s reasonable determination that its sales of Ethylene to Third Parties for such Month would be uneconomic during such Month because the marginal variable cost of producing such amount of Ethylene is expected to exceed the sales revenue that would be received by Seller for such amount of production; *provided, however*, that Curtailed Production for any Month shall not exceed approximately 5% of the pro rata amount of Annual Planned Output for the applicable Contract Year. For the avoidance of doubt, the amount of Curtailed Production for any Month in a Contract Year shall not be adjusted based on the amount of Ethylene subsequently produced by Seller during any other Month in such Contract Year.

2.2 Section 4.1(a)(i) of the Agreement is hereby amended and restated in its entirety as follows:

“(i) the Annual Minimum Quantity (as defined below); and”

2.3 Section 4.1(a)(ii) of the Agreement is hereby amended to (a) delete the words “the limit of 95% of any Excess Quantity pursuant to” and (b) replace the language “(such Production, regardless of whether purchased by Buyer, the “**Annual Production**”), not to exceed 3.8 billion pounds in a given Contract Year” with the following text: “; *provided*, that Annual Production shall not exceed 3.8 billion pounds in a given Contract Year”.

2.4 Section 4.1(b) of the Agreement is hereby amended and restated in its entirety as follows:

“(b) The Annual Minimum Quantity for any Contract Year shall be equal to (i) the quantity of the Annual Planned Production notified to Buyer under Section 3.1 in respect of the relevant Contract Year, *plus* or *minus*, as applicable, (ii) the following adjustments: (A) upward or downward if it determines, in its reasonable discretion, that any such adjustment is appropriate in order to account for operating conditions, (B) downward by the amount of any Curtailed Production during such Contract Year, and (C)

downward by the aggregate quantities of Ethylene sold by Seller to Third Parties during such Contract Year (such amount, as adjusted pursuant to clauses (A)-(C), the “**Annual Minimum Quantity**”); *provided* that the aggregate amount of any Curtailed Production and the aggregate quantities of Ethylene sold by Seller to Third Parties under clauses (B) and (C) in any Contract Year shall not be less than approximately 5% of Annual Output for such Contract Year.”

2.5 The first sentence of Section 4.1(d) of the Agreement is hereby amended and restated as follows: “During any Contract Year, Seller shall be entitled (but not obligated) to produce Ethylene in excess of (i) the Annual Planned Production applicable to such Contract Year *less* (ii) the aggregate amount of any Curtailed Production during such Contract Year, if applicable (such excess amount, the “**Excess Quantity**”).”

2.6 Section 5.3(a)(i) of the Agreement is amended to insert the following text after the words “due to reasons other than”:

“Curtailed Production or”

ARTICLE 3 MISCELLANEOUS

3.1 This Amendment shall be subject to and governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Amendment to the laws of another state.

3.2 Except as hereby amended, the Agreement shall remain in full force and effect.

3.3 This Amendment, the Agreement and the Related Agreements (including any exhibits or schedules hereto or thereto) constitute the entire agreement of the Parties relating to the matters contained herein and therein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein and therein.

3.4 This Amendment may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Amendment to be signed as of the date first written above.

SELLER:

WESTLAKE CHEMICAL OPCO LP

By: Westlake Chemical OpCo GP LLC,
its general partner

By: /S/ LAWRENCE E. TEEL

Name: Lawrence E. Teel

Title: Principal Operating Officer

BUYER:

WPT LLC

By: Westlake Chemical Investments, Inc.,
its Manager

By: /S/ M. STEVEN BENDER

Name: Mark Steven Bender

Title: EVP & CFO

WESTLAKE VINYL, INC.

By: /S/ M. STEVEN BENDER

Name: Mark Steven Bender

Title: EVP & CFO

WESTLAKE PETROCHEMICALS LLC

By: Westlake Chemical Investments, Inc.,
its Manager

By: /S/ M. STEVEN BENDER

Name: Mark Steven Bender

Signature Page to Second Amendment to Ethylene Sales Agreement

[\(Back To Top\)](#)

Section 4: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

[\(Back To Top\)](#)

Section 5: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)

[\(Back To Top\)](#)

Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Westlake Chemical Partners LP (the "Partnership") on Form 10-Q for the fiscal quarter ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Chao, President, Chief Executive Officer and Director of the Partnership, and I, M. Steven Bender, Executive Vice President, Chief Financial Officer and Director of the Partnership, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Partnership.

Date: November 6, 2018

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

Date: November 6, 2018

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)

[\(Back To Top\)](#)