lyondellbasell

# Third Quarter 2015 Earnings

October 23, 2015

THE RIGHT PIECES IN THE RIGHT PLACES

# Cautionary Statement

The statements in this presentation relating to matters that are not historical facts are forward-looking statements. These forward-looking statements are based upon assumptions of management which are believed to be reasonable at the time made and are subject to significant risks and uncertainties. Actual results could differ materially based on factors including, but not limited to, the business cyclicality of the chemical, polymers and refining industries; the availability, cost and price volatility of raw materials and utilities, particularly the cost of oil, natural gas, and associated natural gas liquids; competitive product and pricing pressures; labor conditions; our ability to attract and retain key personnel; operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, supplier disruptions, labor shortages, strikes, work stoppages or other labor difficulties, transportation interruptions, spills and releases and other environmental risks); the supply/demand balances for our and our joint ventures' products, and the related effects of industry production capacities and operating rates; our ability to achieve expected cost savings and other synergies; our ability to successfully execute projects and growth strategies; legal and environmental proceedings; tax rulings, consequences or proceedings; technological developments, and our ability to develop new products and process technologies; potential governmental regulatory actions; political unrest and terrorist acts; risks and uncertainties posed by international operations, including foreign currency fluctuations; and our ability to comply with debt covenants and service our debt. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section of our Form 10-K for the year ended December 31, 2014, which can be found at www.lyondellbasell.com on the Investor Relations page and on the Securities and Exchange Commission's website at www.sec.gov.

The illustrative results or returns of growth projects are not in any way intended to be, nor should they be taken as, indicators or guarantees of performance. The assumptions on which they are based are not projections and do not necessarily represent the Company's expectations and future performance. You should not rely on illustrated results or returns or these assumptions as being indicative of our future results or returns.

This presentation contains time sensitive information that is accurate only as of the date hereof. Information contained in this presentation is unaudited and is subject to change. We undertake no obligation to update the information presented herein except as required by law.

# Information Related to Financial Measures

This presentation makes reference to certain “non-GAAP” financial measures as defined in Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The non-GAAP measures we have presented include income from continuing operations excluding LCM, diluted earnings per share excluding LCM, EBITDA and EBITDA excluding LCM. LCM stands for “lower of cost or market,” which is an accounting rule consistent with GAAP related to the valuation of inventory. Our inventories are stated at the lower of cost or market. Cost is determined using the last-in, first-out (“LIFO”) inventory valuation methodology, which means that the most recently incurred costs are charged to cost of sales and inventories are valued at the earliest acquisition costs. Market is determined based on an assessment of the current estimated replacement cost and selling price of the inventory. In periods where the market price of our inventory declines substantially, cost values of inventory may be higher than the market value, which results in us writing down the value of inventory to market value in accordance with the LCM rule, consistent with GAAP. This adjustment is somewhat unique to our 2010 company formation when all assets and liabilities were measured at fair value, our use of LIFO accounting, and the recent volatility in pricing for many of our raw material and finished goods inventories. We report our financial results in accordance with U.S. generally accepted accounting principles, but believe that certain non-GAAP financial measures, such as EBITDA and earnings and EBITDA excluding LCM, provide useful supplemental information to investors regarding the underlying business trends and performance of the company's ongoing operations and are useful for period-over-period comparisons of such operations. Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the financial measures prepared in accordance with GAAP.

EBITDA, as presented herein, may not be comparable to a similarly titled measure reported by other companies due to differences in the way the measure is calculated. We calculate EBITDA as income from continuing operations plus interest expense (net), provision for (benefit from) income taxes, and depreciation & amortization. EBITDA should not be considered an alternative to profit or operating profit for any period as an indicator of our performance, or as an alternative to operating cash flows as a measure of our liquidity. We have also presented financial information herein exclusive of adjustments for LCM.

While we also believe that free cash flow (FCF) and book capital are measures commonly used by investors, free cash flow and book capital, as presented herein, may not be comparable to similarly titled measures reported by other companies due to differences in the way the measures are calculated. For purposes of this presentation, free cash flow means net cash provided by operating activities minus capital expenditures and book capital means total debt plus stockholders’ equity plus minority interests.

Reconciliations for our non-GAAP measures can be found on our website at www.lyb.com/investorrelations

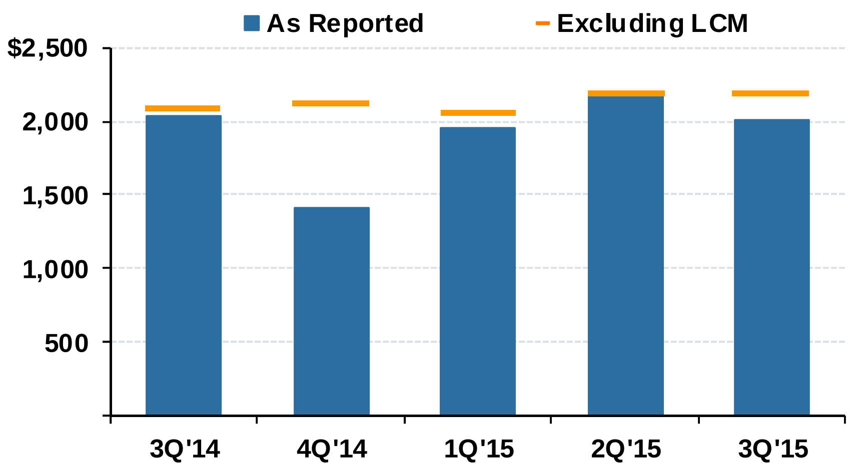
# Highlights

| ($ in millions, except per share data) | As Reported Q3'14 | As Reported Q2'15 | As Reported Q3'15 | Excluding LCM [(1)] Q3'14 | Excluding LCM [(1)] Q2'15 | Excluding LCM [(1)] Q3'15 |
|---|---|---|---|---|---|---|
| EBITDA | $2,035 | $2,186 | $2,001 | $2,080 | $2,177 | $2,182 |
| Income from Continuing Operations | $1,260 | $1,326 | $1,189 | $1,288 | $1,320 | $1,303 |
| Diluted Earnings ($ / share) from Continuing Operations | $2.46 | $2.81 | $2.55 | $2.51 | $2.79 | $2.80 |

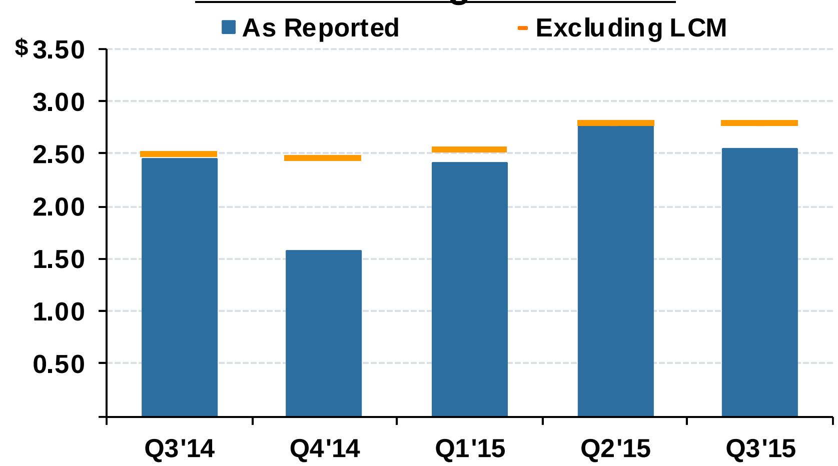
**LTM EBITDA[(2)]: $8.5 Billion • LTM Diluted Earnings per Share: $10.60**

*($ in millions)*

## EBITDA



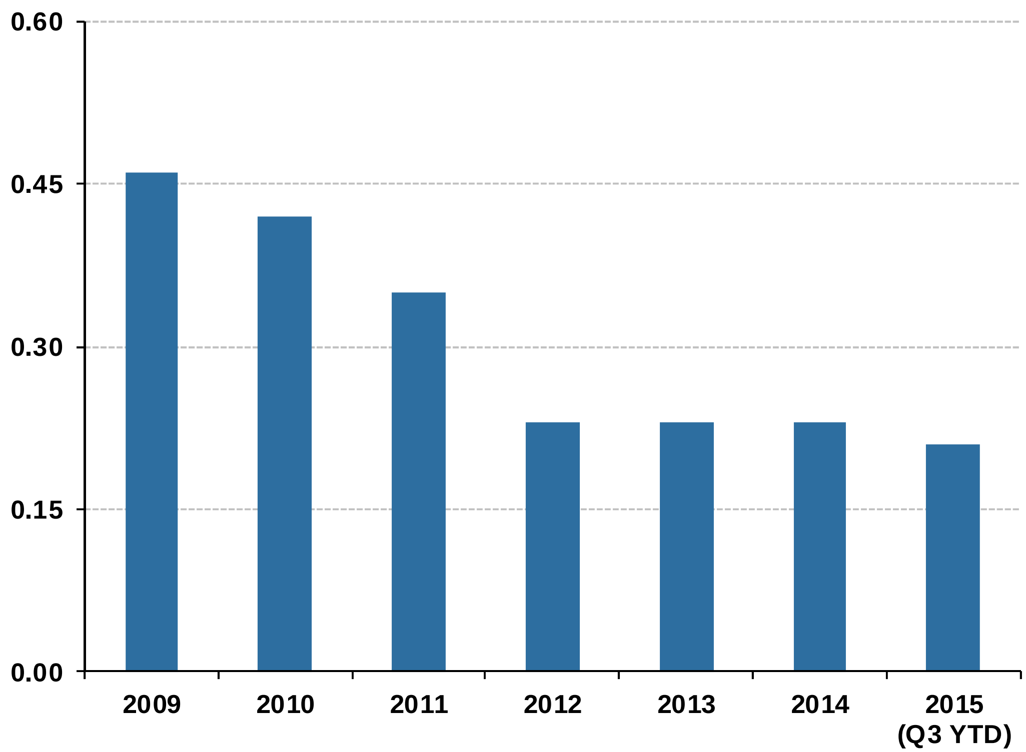

## Diluted Earnings Per Share




(1) LCM stands for "lower of cost or market." An explanation of LCM and why we have excluded it from our financial information in this presentation can be found on the third page of this presentation under "Information Related to Financial Measures."
(2) Calculated using EBITDA results excluding the impact of the LCM adjustments

# LyondellBasell Safety Performance

## Safety - Injuries per 200,000 Hours Worked[1]

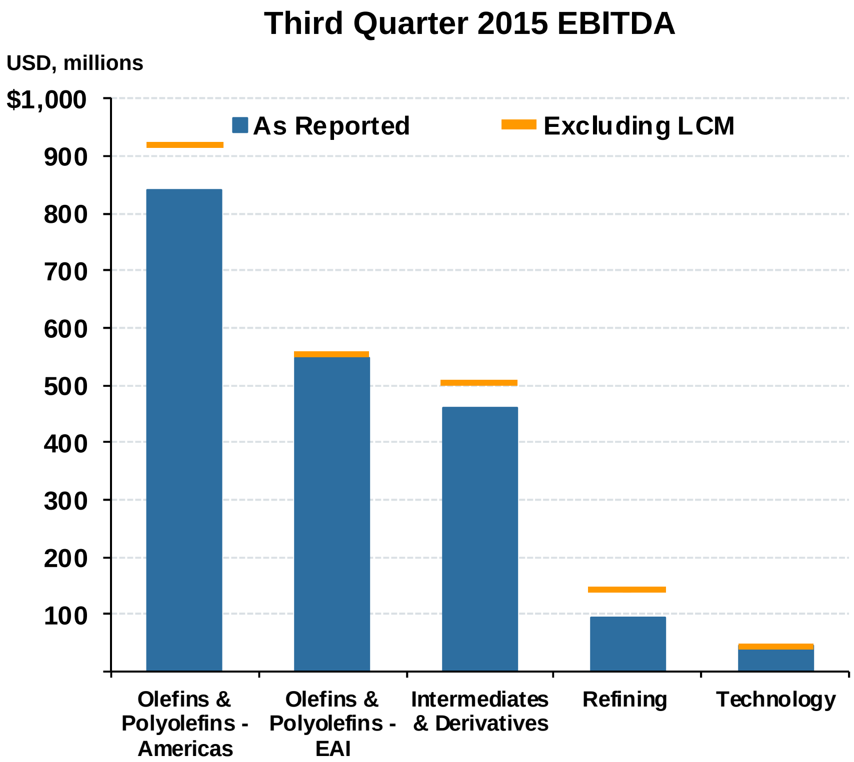



(1) Includes employees and contractors.

# Third Quarter 2015 and LTM Segment EBITDA

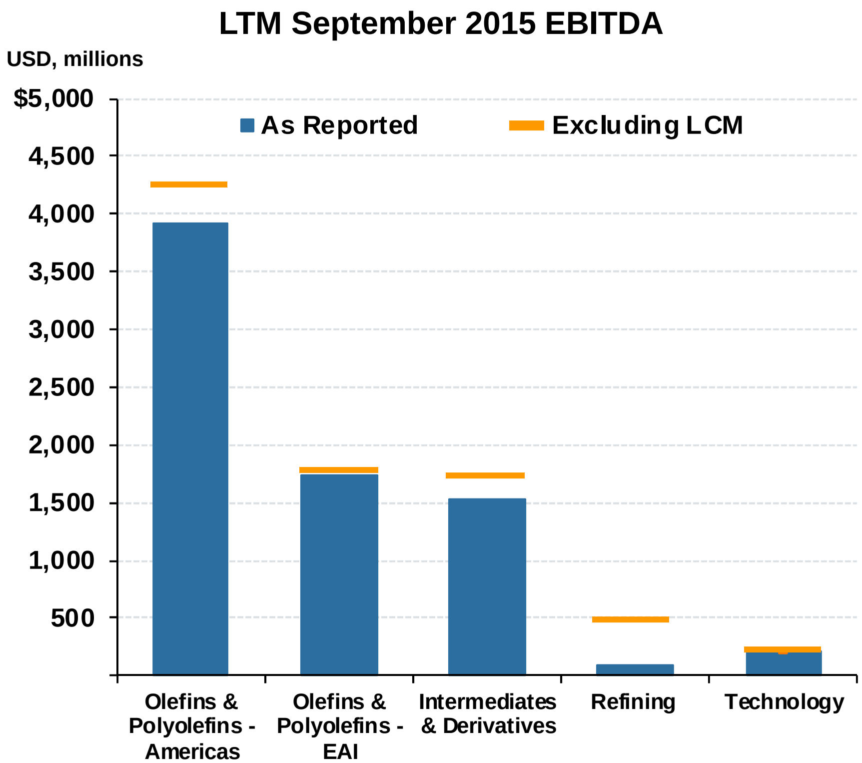
## Third Quarter 2015

| | EBITDA | Op. Income |
|---|---|---|
| As Reported | 2,001 | 1,650 |
| As Adjusted for LCM | 2,182 | 1,831 |




## LTM September 2015

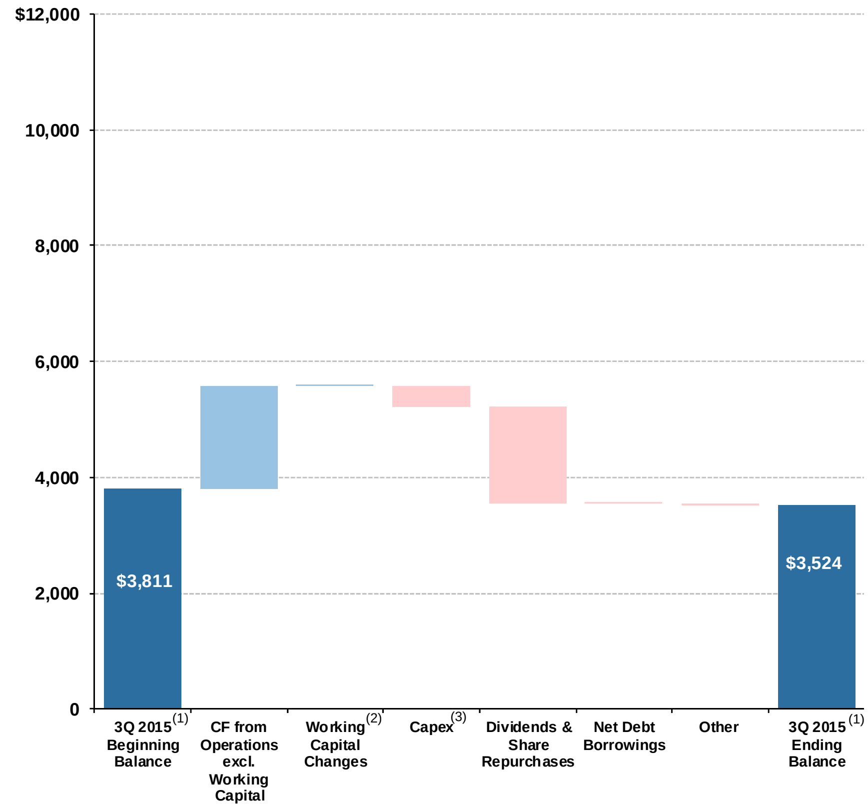
| | EBITDA | Op. Income |
|---|---|---|
| As Reported | 7,545 | 6,147 |
| As Adjusted for LCM | 8,524 | 7,126 |



# Cash Flow

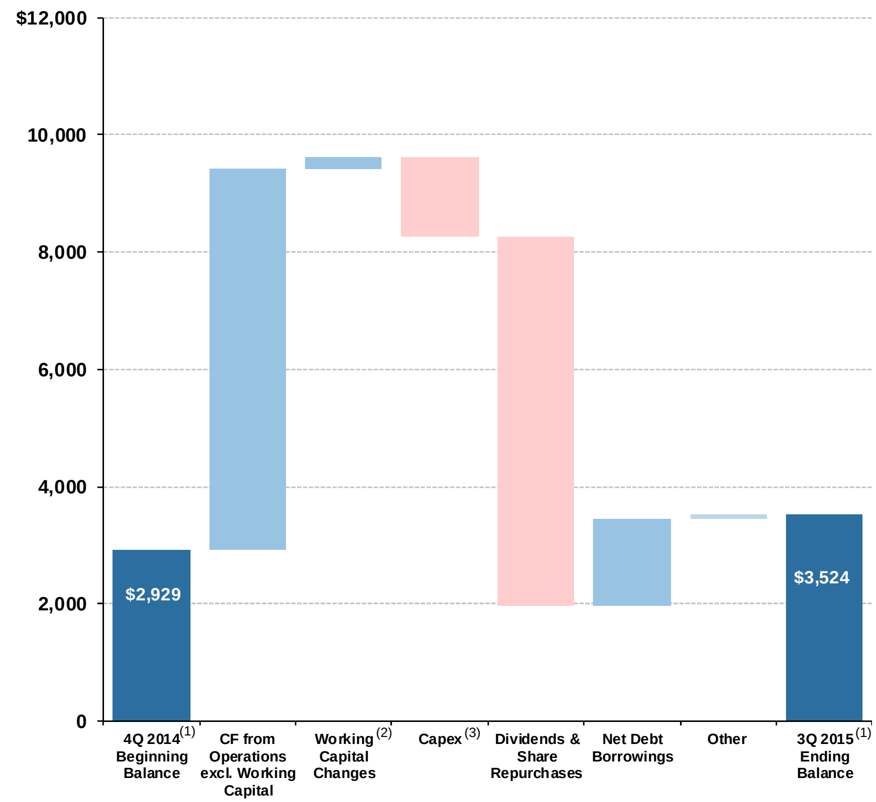
## Q3 2015

USD, millions




## LTM September 2015

USD, millions

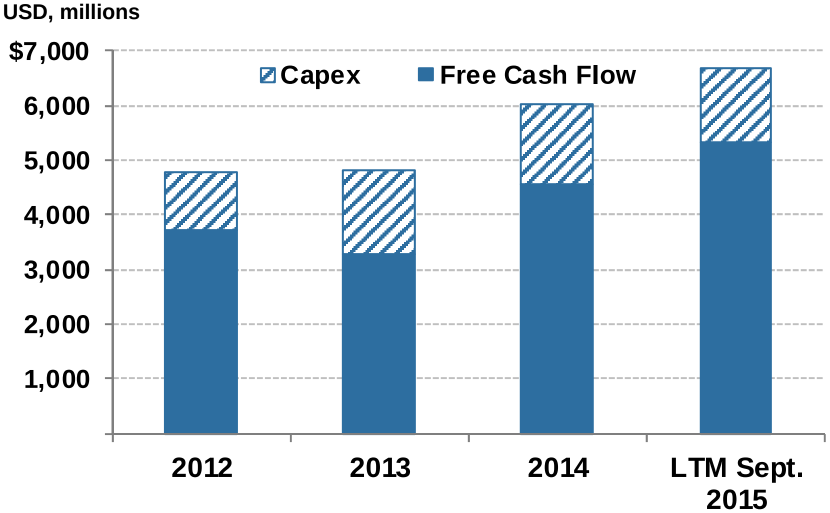



**~ $6.7 billion in cash from operations generated over the last 12 months**

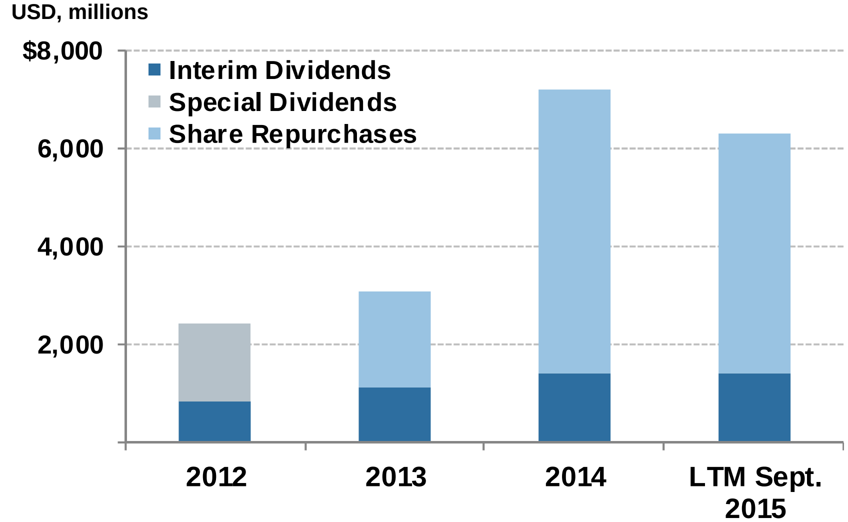
(1) Beginning and ending cash balances include cash and liquid investments; (2) Includes accounts receivable, inventories and accounts payable; (3) Includes capital and maintenance turnaround spending.

# Strong Cash Generation, Share Repurchases & Dividends

## Cash From Operations




## Dividends & Share Repurchases




## Key Statistics

**<u>Snapshot at September 30, 2015</u>**

**LTM FCF[1]: $5.3 billion**

**LTM Capex: $1.4 billion**

**Cash[2]: $3.5 billion**

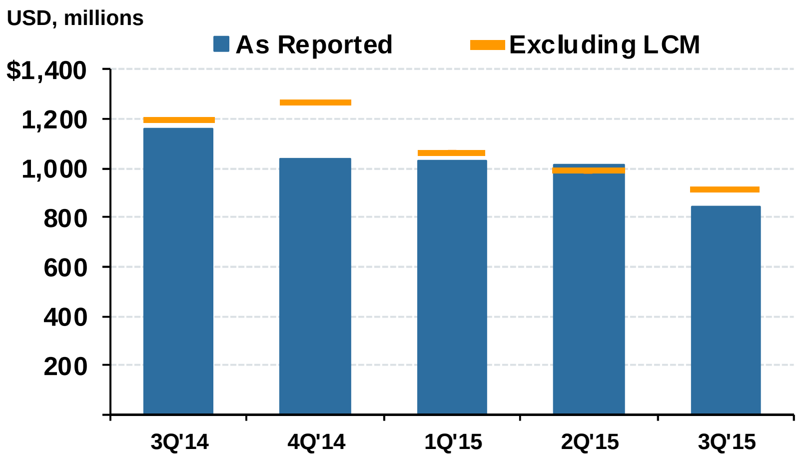
**Total Debt/LTM EBITDA[3]: 1.0x**

- **15.5 million shares (3.3% of total) purchased during the third quarter**
- **$4.9 billion in share repurchases during the last 12 months**

(1) Free Cash Flow = Cash from Operations – Capital Expenditures
(2) Cash balances include cash and liquid investments
(3) EBITDA excludes LCM adjustments

# Olefins & Polyolefins – Americas
# Highlights and Business Drivers – 3Q'15

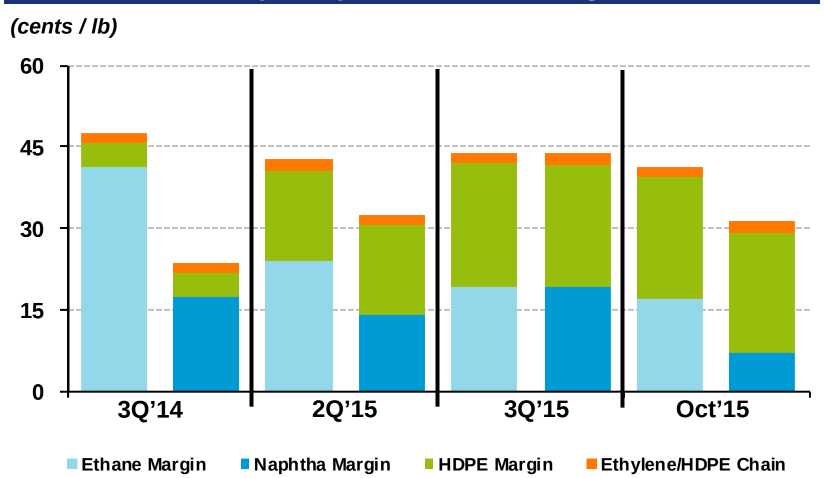
## EBITDA



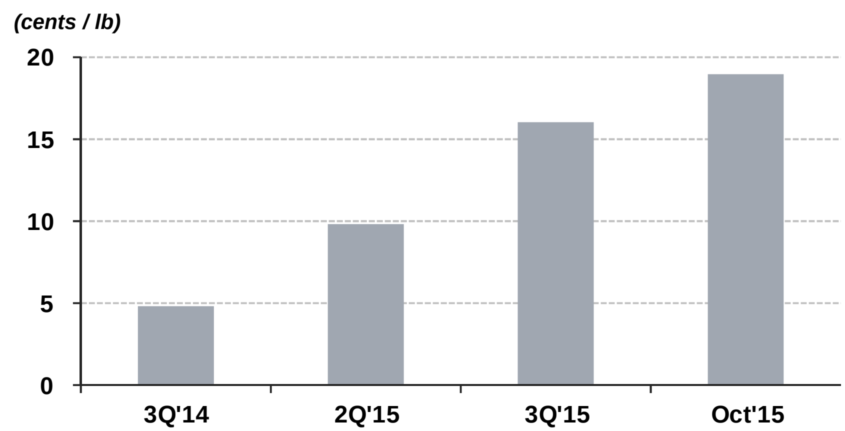

## Performance vs. 2Q'15(1)

| | EBITDA | Margin | Volume |
|---|---|---|---|
| **U.S. Olefins** | ↓ | ↓ | ↑ |
| • Ethylene pricing down ~6 ¢/lb. | | | |
| • Volume up ~2% following Q2 maintenance | | | |
| **Polyethylene** | ↑ | ↑ | ↔ |
| • Spread up ~ 2 ¢/lb. | | | |
| • Volume flat | | | |
| **Polypropylene (includes *Catalloy*)** | ↑ | ↑ | ↓ |
| • Spreads up ~4 ¢/lb. | | | |
| • Volume down ~5% | | | |

## Industry Ethylene Chain Margins(2)



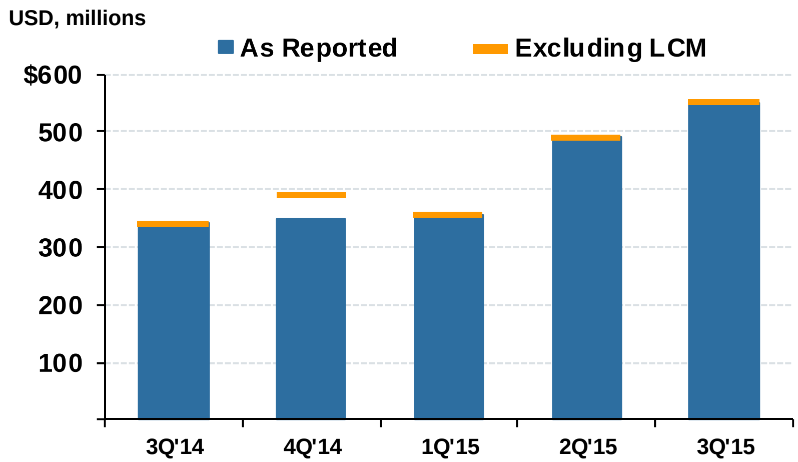

## Industry Polypropylene Margins(2)




(1) The direction of the arrows reflects our underlying business metrics. (2) Source: Quarterly average industry data from IHS.

# Olefins & Polyolefins – Europe, Asia, International Highlights and Business Drivers – 3Q’15

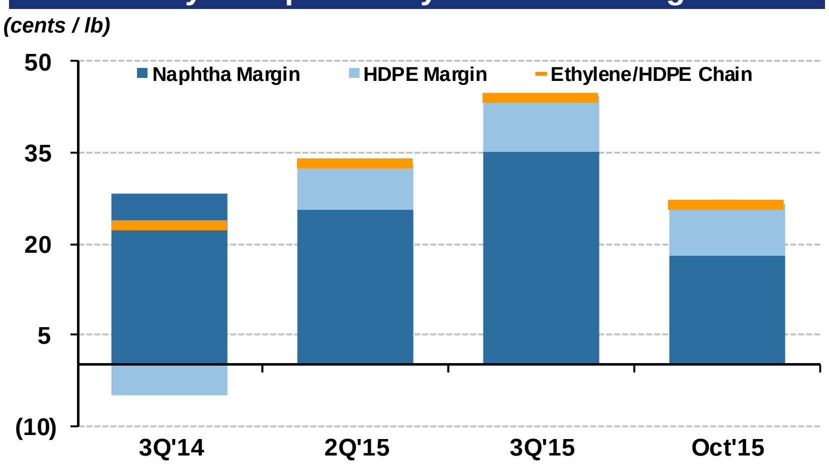
## EBITDA



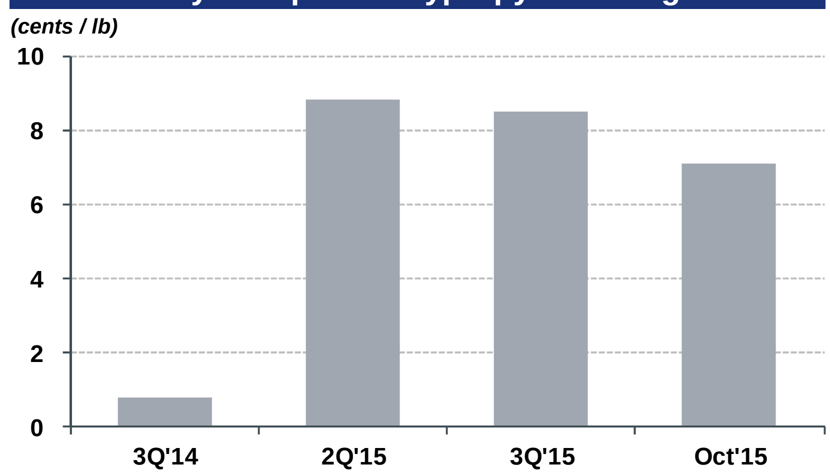

## Performance vs. 2Q’15[(1)]

| | EBITDA | Margin | Volume |
|---|---|---|---|
| **EU Olefins**<br>• Ethylene margin up ~6 ¢/lb. due to lower cost of ethylene production<br>• Advantaged feedstocks ~65% | ↑ | ↑ | ↓ |
| **Polyethylene**<br>• Volume down ~4%<br>• Spread flat, higher costs | ↓ | ↓ | ↓ |
| **Polypropylene (includes *Catalloy*)**<br>• PP spread up ~2 ¢/lb.<br>• Volume up ~9% | ↑ | ↑ | ↑ |
| **JV equity income** | ↔ | | |

## Industry European Ethylene Chain Margins[(2)]




## Industry European Polypropylene Margins[(2)]

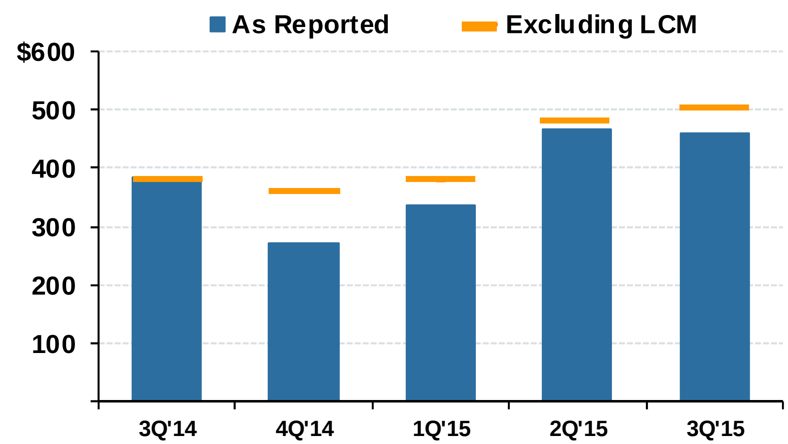



(1) The direction of the arrows reflects our underlying business metrics. (2) Source: Quarterly average industry data from IHS.

# Intermediates & Derivatives
# Highlights and Business Drivers – 3Q'15

## EBITDA

USD, millions

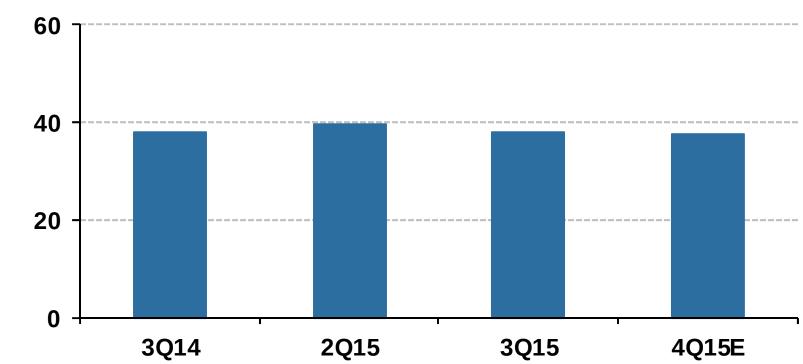



## Performance vs. 2Q'15(1)

| | EBITDA | Margin | Volume |
|---|---|---|---|
| **Propylene Oxide and Derivatives**<br>• Higher margins driven by lower feedstocks and other variable costs | ↑ | ↑ | ↔ |
| **Intermediates**<br>• Higher Styrene and C4 Chemical volume<br>• Lower Acetyls volume due to La Porte turnaround | ↑ | ↑ | ↑ |
| **Oxyfuels**<br>• Volume lower on timing of shipments<br>• Seasonal decline in margin | ↓ | ↓ | ↓ |

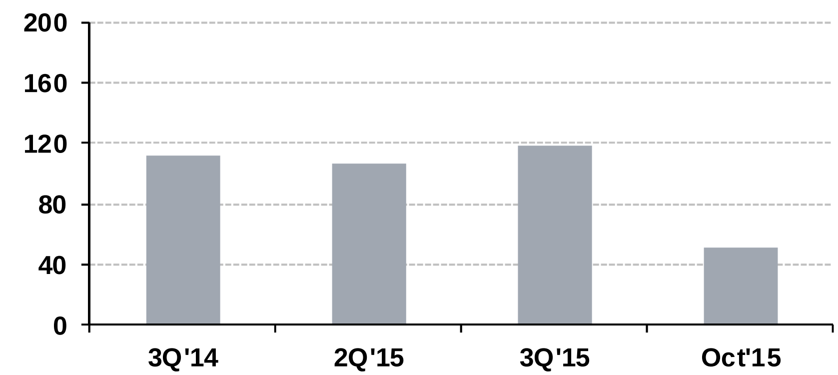
## P-Glycol Raw Material Margins (per Chemdata)(2)

*(cents / lb)*




## EU MTBE Raw Material Margins (per Platts)(2)

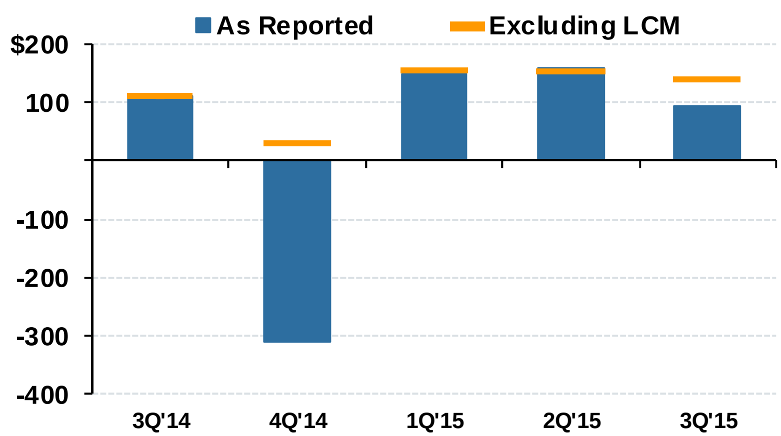
*(cents / gallon)*




(1) The direction of the arrows reflects our underlying business metrics. (2) Source: Quarterly average industry data from IHS.

# Refining Highlights and Business Drivers – 3Q'15

## EBITDA

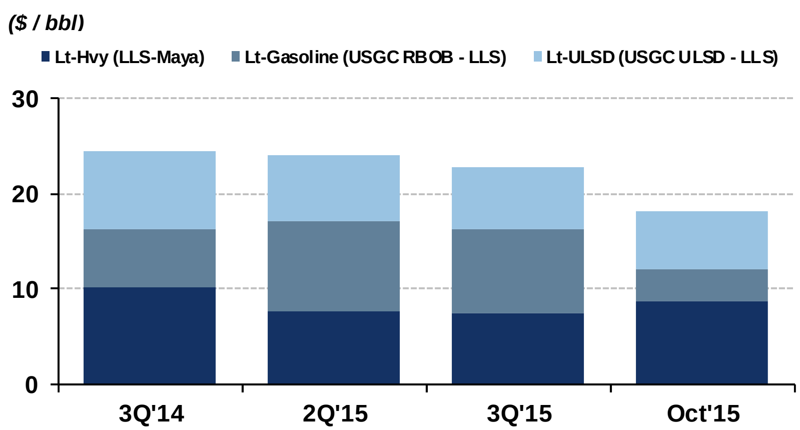



## Performance vs. 2Q'15[1]

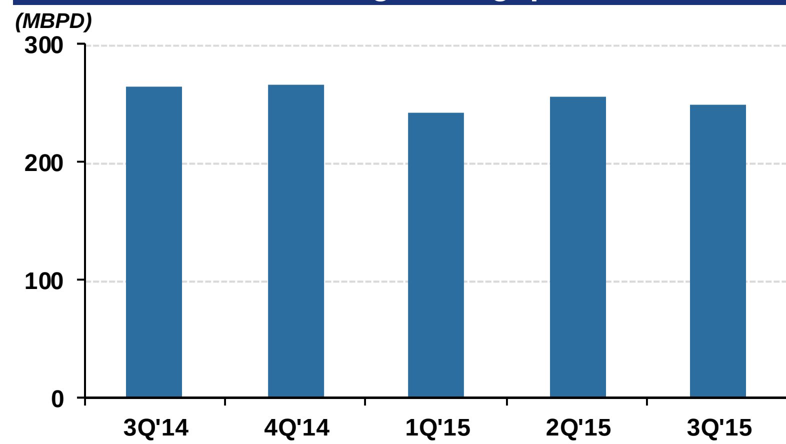
| | EBITDA | Margin | Volume |
|---|---|---|---|
| Houston Refinery | ↓ | ↓ | ↓ |

- Maya 2-1-1: $22.77 per bbl, down ~$1 from 2Q'15
- Crude throughput: 249 MBPD, down 6 MBPD from 2Q'15

## Refining Spreads (per Platts)[2]




## Refining Throughput




(1) The direction of the arrows reflects our underlying business metrics. (2) Light Louisiana Sweet (LLS) is the referenced light crude. Data represents quarterly average;

# Third Quarter Summary and Outlook

## Third Quarter Summary[(1)]

- EBITDA results steady, averaging ~$2 billion for the past six quarters
- Ethylene industry conditions adjusted toward a balanced market, with industry margins ending the quarter lower than where they began
- O&P Americas continued to benefit from higher polyolefin margins helping to mitigate a decline in ethylene
- O&P EAI results driven higher by a lower cost of ethylene production
- I&D results steady as strong chemical results offset seasonally lower Oxyfuels
- Refining results declined slightly

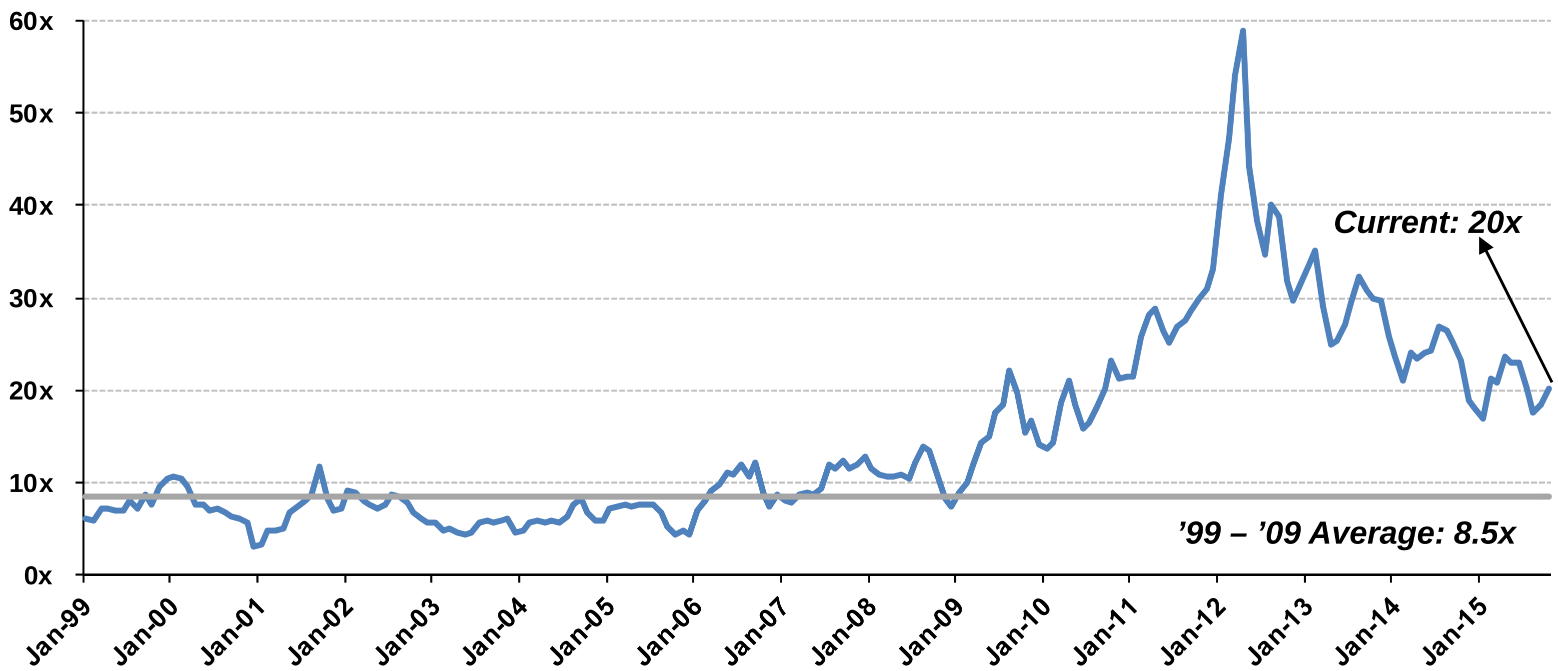
## Near-Term Outlook

- Balanced global ethylene industry supply and demand
- Natural gas and NGL supply, inventory, and price remain favorable
- Thus far, sales volumes remain similar to the third quarter pace
- Typically experience seasonal declines in oxyfuels, polyolefins, and refining during Q4
- Maintenance activity on-going at Münchsmünster Germany Olefins, French PO/TBA, La Porte Acetyls, and the Houston Refinery

(1) Comments exclude the impacts of the LCM inventory adjustments

# Shale Advantage: Healthy Oil to Gas Ratio

## Historic Oil/Gas Ratio

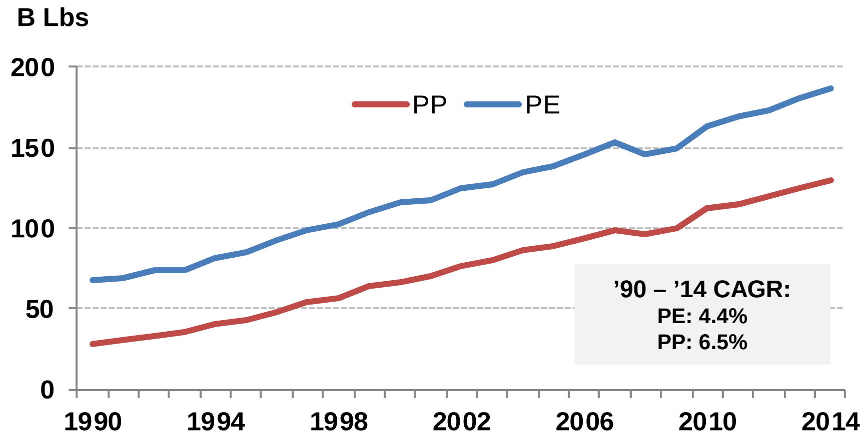



**Current oil to gas ratio remains healthy and well above the pre-shale average**

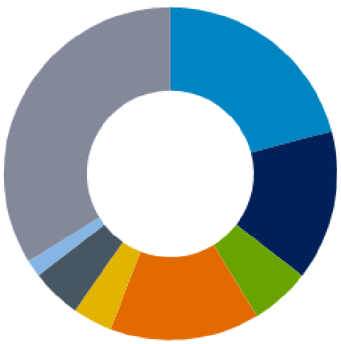
# LYB Portfolio and Economic Sensitivity:
# LYB End-Use Markets Generate Volumetric Stability

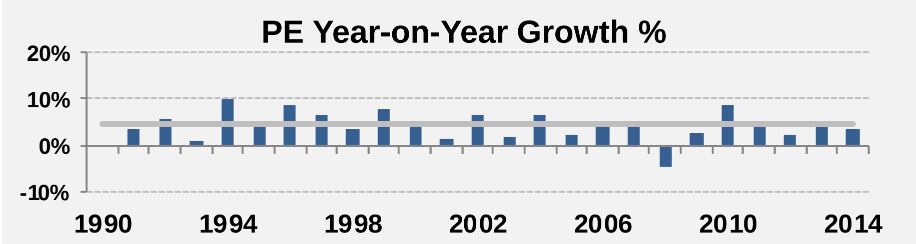
## Durable / Non-Durable Revenue(1)

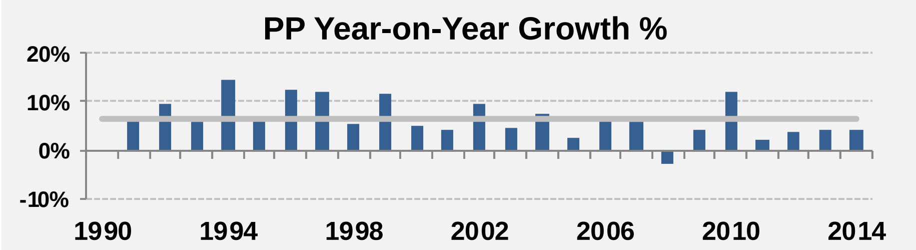

## World PE and PP Demand




## Revenue by End Use(1)

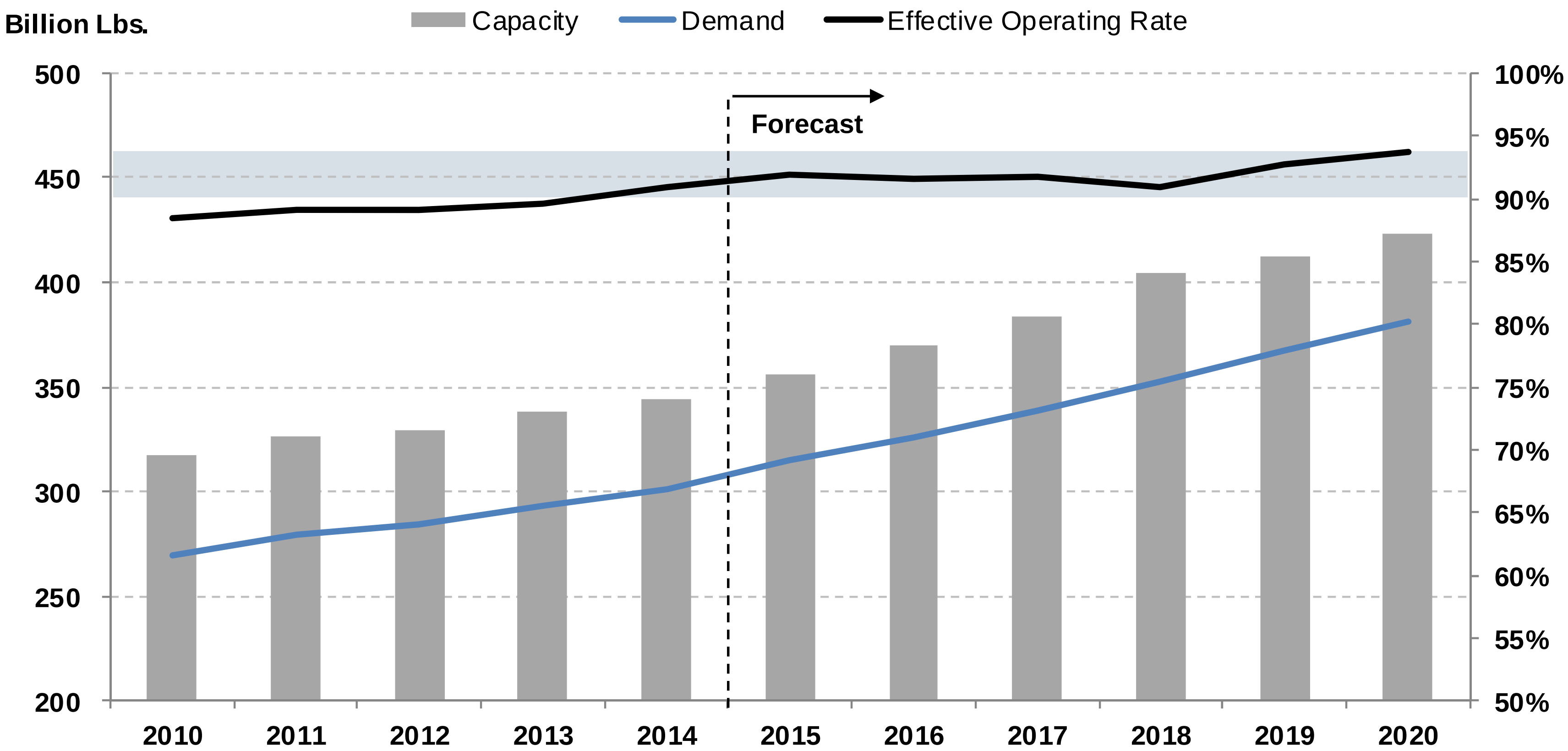



Source: Internal LYB Estimates and IHS.
(1) Based on 2014 annual revenues. Excludes Technology segment revenues.

# Global Ethylene Supply/Demand Outlook




- **Industry operating rates in 2016 are very similar to 2015**
- **Accelerating demand or unplanned outages could lead to tighter markets**

Source: LYB, IHS
Note: Effective Operating Rate is calculated assuming 4% industry downtime.

# Looking Forward: Continued Constructive Outlook

## Shale Advantage

- Abundant natural gas and NGL supply
- Continued favorable oil / gas ratio

## LYB Portfolio and Economic Sensitivity

- Two thirds of LYB portfolio is consumable / non-durable
- Polyolefins history suggests increasing demand in the spring
- China concerns focused toward large durable goods

## Ethylene Industry Supply / Demand and Seasonality

- Balanced to tight global markets
- Typical spring seasonal demand uptick
- Significant spring maintenance schedule
- Unplanned industry outages have been a common occurrence in recent years

**Potential setup for 1H’16 to parallel 1H’15**