

# Fourth Quarter 2018 Earnings

February 1, 2019

# Cautionary Statement and Information Related to Financial Measures

## 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 cyclicity of the chemical, polymers and refining industries; the availability, cost and price volatility of raw materials and utilities, particularly the cost of crude 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; any proposed business combination, the expected timetable for completing any proposed transactions and the receipt of any required governmental approvals, future financial and operating results, benefits and synergies of any proposed transactions, future opportunities for the combined company; 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, 2017, which can be found at [www.LyondelBasell.com](http://www.LyondelBasell.com) on the Investor Relations page and on the Securities and Exchange Commission's website at [www.sec.gov](http://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.

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.

While we also believe that free cash flow (FCF) and free cash flow yield (FCF Yield) are measures commonly used by investors, free cash flow and free cash flow yield, 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 free cash flow yield means the ratio of free cash flow to market capitalization.

Additionally, diluted earnings per share excluding certain tax adjustments is a measure that provides an indicator of value to investors. For purposes of this presentation, diluted earnings per share excluding certain tax adjustments means diluted earnings per share less a non-cash benefit due to change in tax law from the U.S. Tax Cuts and Jobs Act and a non-cash benefit from the settlement of prior year tax positions.

Reconciliations for our non-GAAP measures can be found on our website at [www.LyondellBasell.com/investorrelations](http://www.LyondellBasell.com/investorrelations).

# LyondellBasell in 2018



**\$ 4.7 billion**  
Net Income

**\$ 6.9 billion**  
EBITDA

**10.8%**  
Free Cash Flow  
Yield<sup>(1)</sup>

**27%**  
Return on Invested  
Capital

Completed acquisition of  
**A. Schulman**

Premium Polyolefin  
**Recycling JV with Suez**

Building the first world scale  
**Hyperzone HDPE** plant

Building the world's largest  
**PO/TBA** plant

Evaluation of  
**Braskem** opportunity

**Capturing margin**  
from improved markets  
and contracting in I&D

**Creating value** from  
innovation by licensing  
and deploying technology

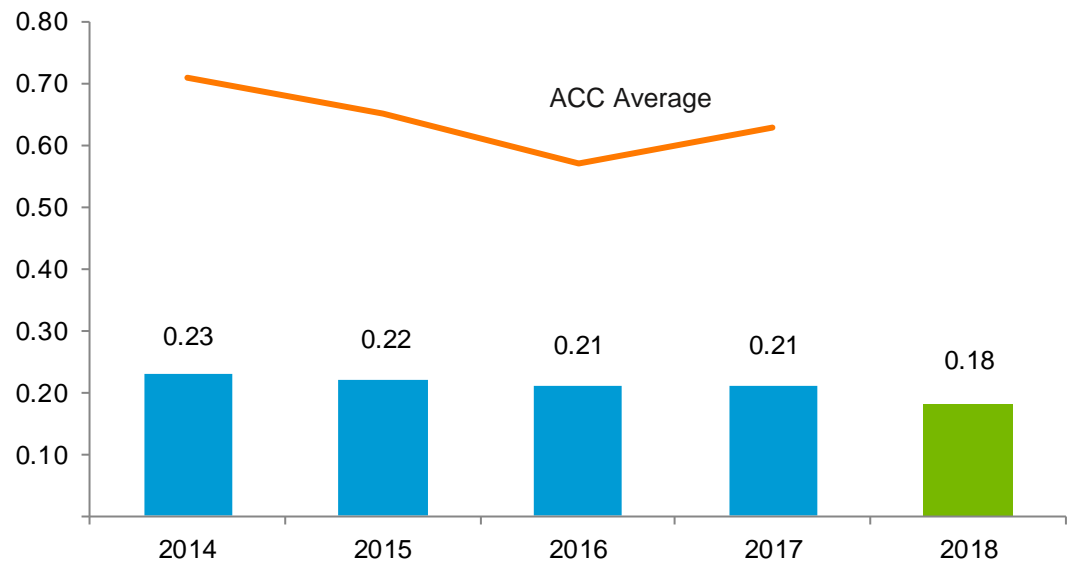
**Opportunistic share  
repurchases**  
totaling \$1.9 billion

1. Free cash flow yield is the ratio of the net cash provided by operating activities minus capital expenditures to market capitalization as of December 31, 2018.

# 2018 Was the Safest Year in LyondellBasell's History



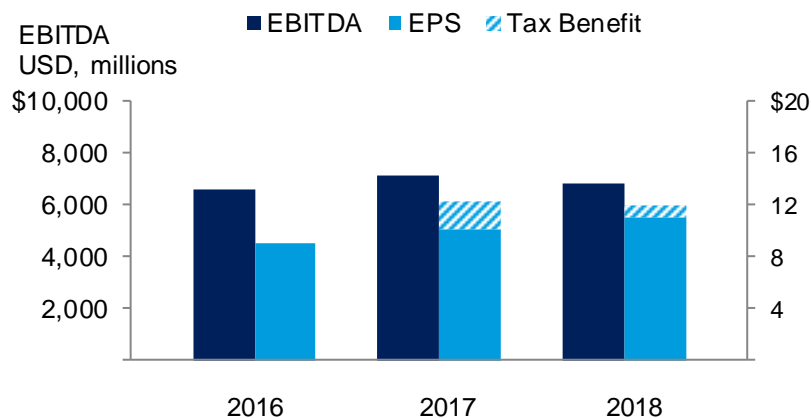
LyondellBasell Safety Injuries per 200,000 Hours Worked



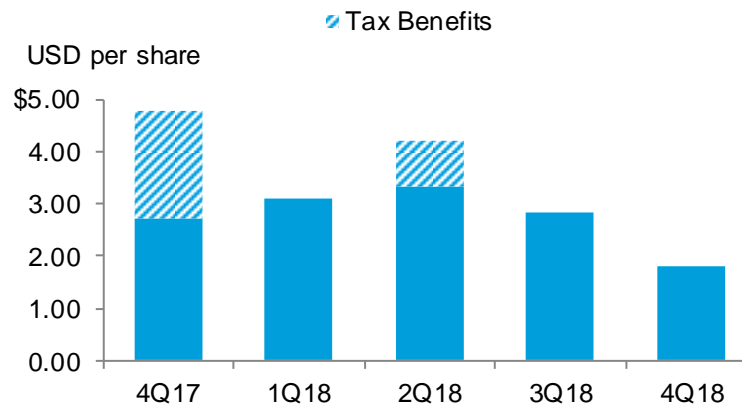
Source: American Chemistry Council (ACC), LYB. ACC data includes all available periods. Number of hours worked includes employees and contractors. Data includes safety performance from the acquisition of A. Schulman for the period August 21, 2018 forward.

# Continued Annual Earnings Stability Under Diverse Market Conditions

## LyondellBasell Profitability



## Diluted Earnings Per Share<sup>(1)</sup>



<i>\$ in millions, except per share data</i>	4Q17	3Q18	4Q18	FY 2017	FY 2018
EBITDA	\$1,726	\$1,732	\$1,212	\$7,134	\$6,867
Net Income	\$1,894	\$1,113	\$692	\$4,877	\$4,690
Diluted Earnings (\$/share)	\$4.79	\$2.85	\$1.79	\$12.23	\$12.01

## Events Impacting 4Q18 Earnings

**Macroeconomic:** 40% drop in crude oil price; typical seasonality and destocking; weakness in automotive

**LYB:** Maintenance and reliability events affecting Olefins & Polyolefins – EAI and our Houston Refinery

(1) 4Q17 results include a \$819 million one time, non-cash benefit from the U.S. tax reform that increased earnings by \$2.07 per share. 2Q18 results include a non-cash benefit from the settlement of prior-year tax positions of \$346 million that increased earnings by \$0.88 per share.

# Improvements in I&D and Technology Balance our Portfolio

## Strong:

Record I&D performance

## Durable:

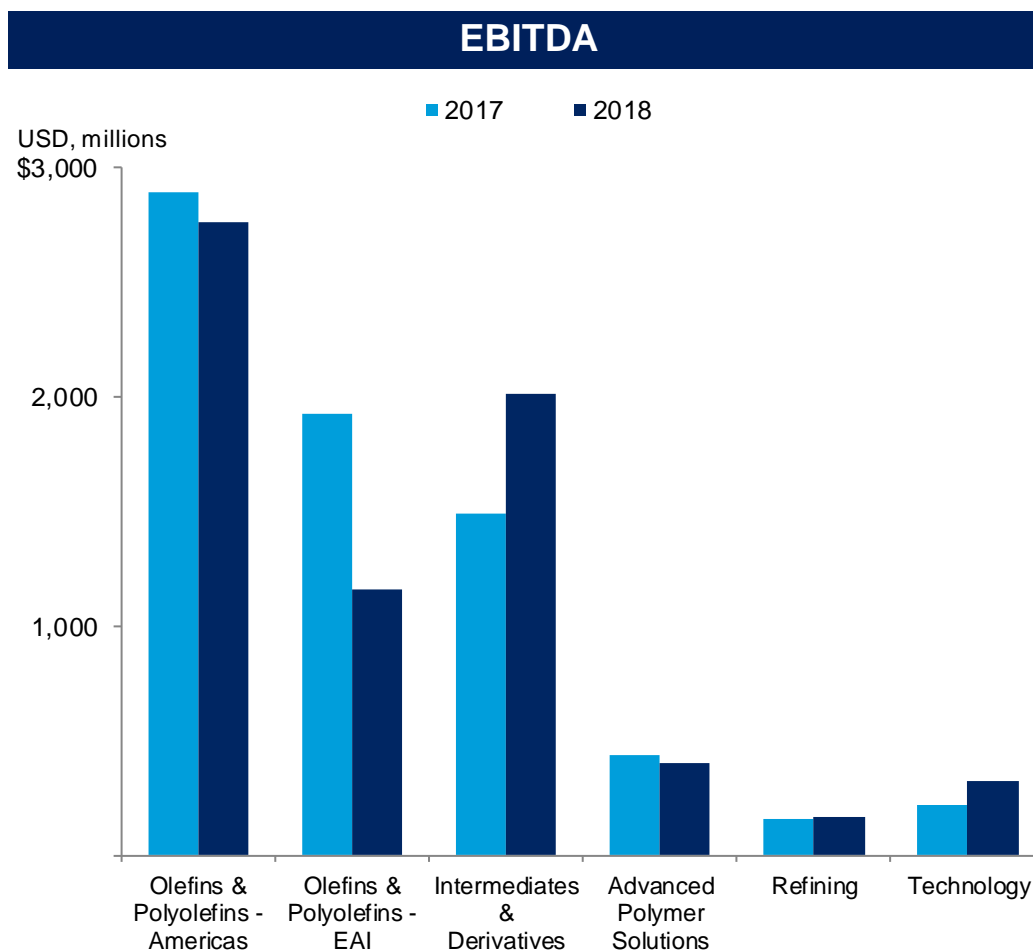
N. American PE chain margin

## Stable:

Refining operations

## Growing:

Record Technology performance



Advanced Polymer Solutions includes results from the acquisition of A. Schulman for the period August 21, 2018 forward. Results for Olefins and Polyolefins – Americas and Olefins and Polyolefins – EAI have been recast with the shift of the legacy LyondellBasell products: polypropylene compounds, *Catalloy*, and polybutene-1 to Advanced Polymer Solutions.

# Cash Generation and Deployment

## Fourth Quarter 2018

### Delivering strong results:

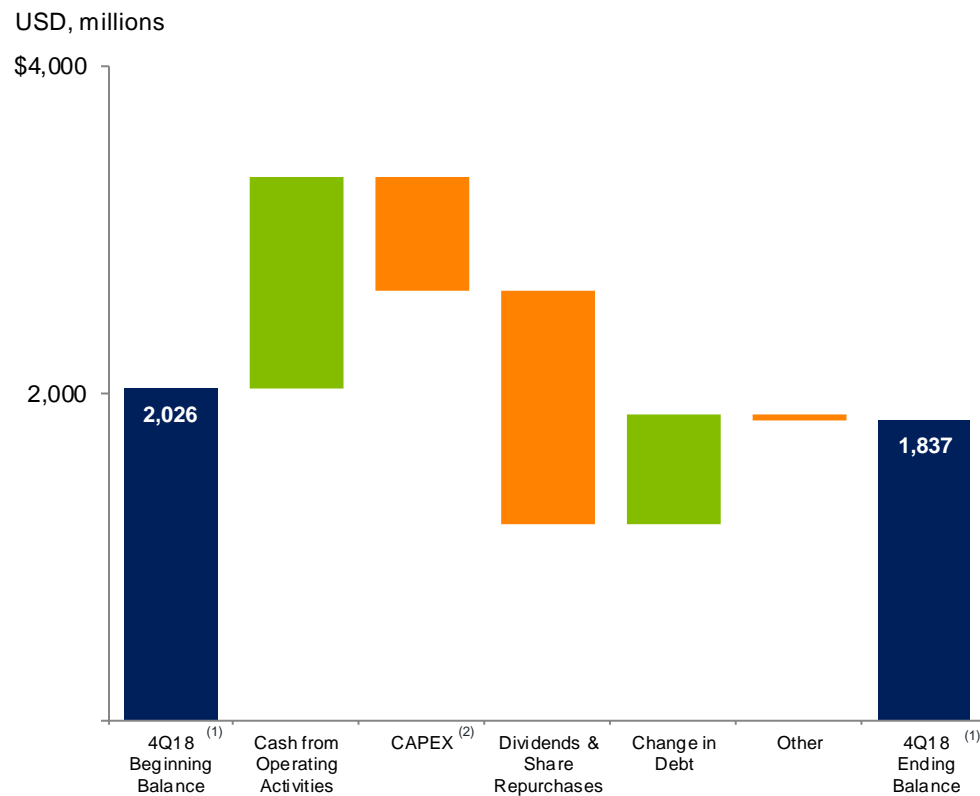
Cash from operating activities \$1.3 B

### Growing through investment:

Progressing construction on PO/TBA and *Hyperzone* HDPE

### Returning value to shareholders:

Dividends & share repurchases \$1.4 B



(1) Beginning and ending cash balances include cash, restricted cash, and liquid investments.

(2) Includes capital and maintenance turnaround spending.

# Cash Generation Funding Growth Investments and Shareholder Returns

2018 Cash from Operating Activities: **\$5.5 B**

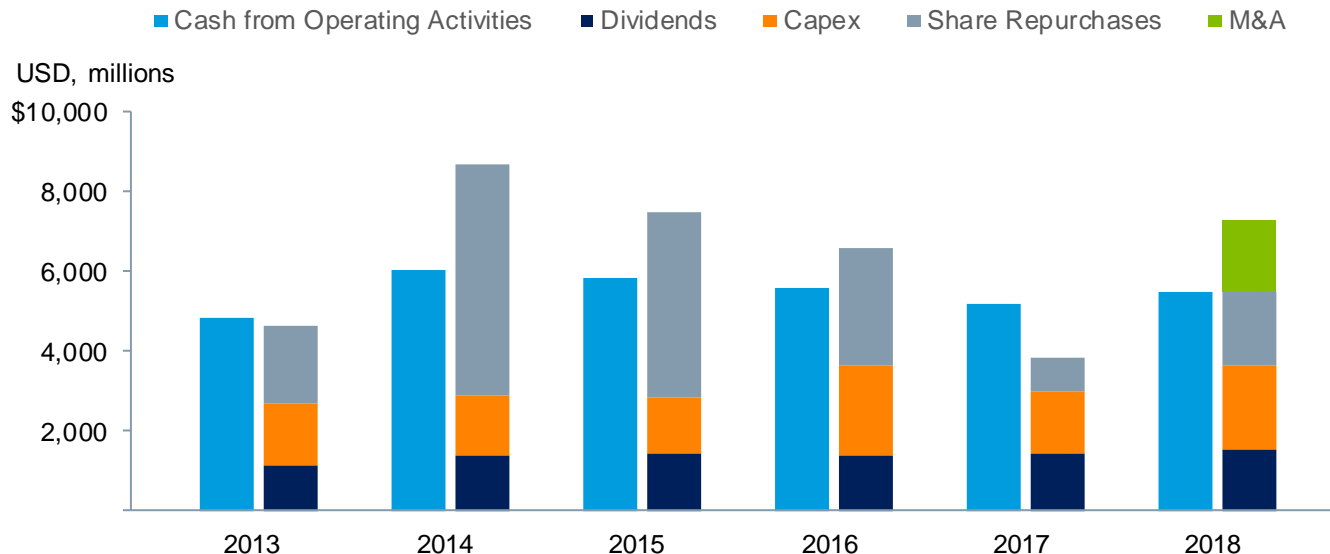


## Growing through investment:

- \$2.1 B in capex
- Acquired A. Schulman

## Returning value to shareholders:

- \$3.4 B in dividends & share repurchases
- 19.2 million shares repurchased





# LyondellBasell 2019 Guidance



## Capital

2019: ~\$2.8 B  
~40% Maintenance Capital  
~60% Profit Generating

2019-2021 Average: ~\$2.8 B

## Major Planned Maintenance

Total EBITDA Impact  
~\$160-200 MM

O&P Americas  
Q1 ~ \$30-40 MM  
Q3 ~ \$70-80 MM

Intermediates & Derivatives  
Q3 ~ \$30-40 MM  
Q4 ~ \$30-40 MM

## Other Financial Metrics

Net Cash Interest Expense  
~\$400 MM

Depreciation & Amortization  
~\$1.3 B

Pension Contribution  
~\$110 MM

Pension Expense  
~\$90 MM

Effective Tax Rate  
~20%

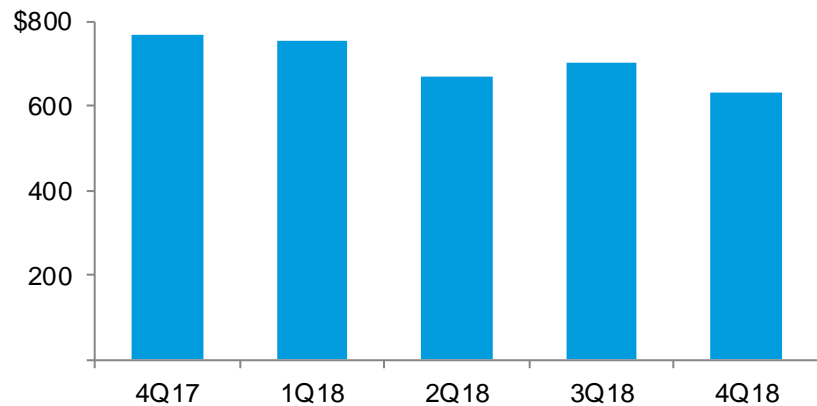
Note: All data is an LYB estimate.

# Olefins and Polyolefins – Americas

## Margin Shifts from Polyethylene to Olefins with Lower Feedstock Costs

### EBITDA

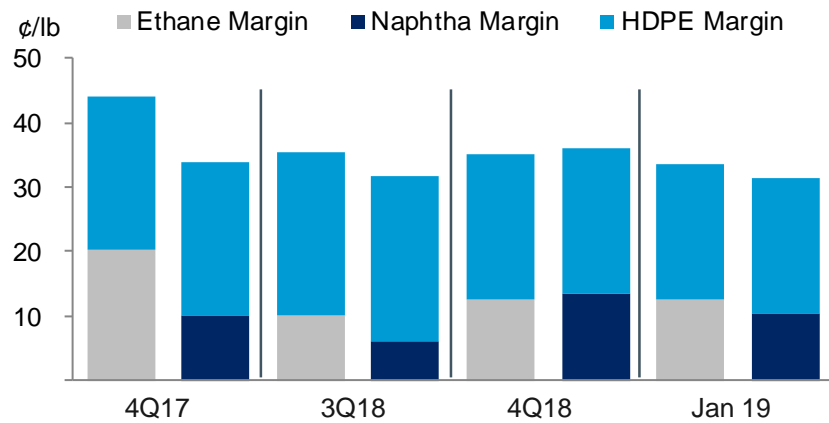
USD, millions



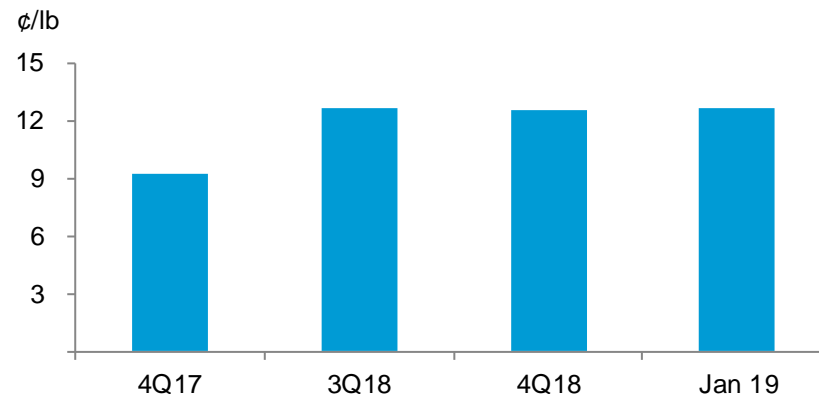
### 4Q18 Performance vs. 3Q18<sup>(1)</sup>



### U.S. Industry Ethylene Chain Margins<sup>(2)</sup>



### U.S. Industry Polypropylene Margins<sup>(2)</sup>



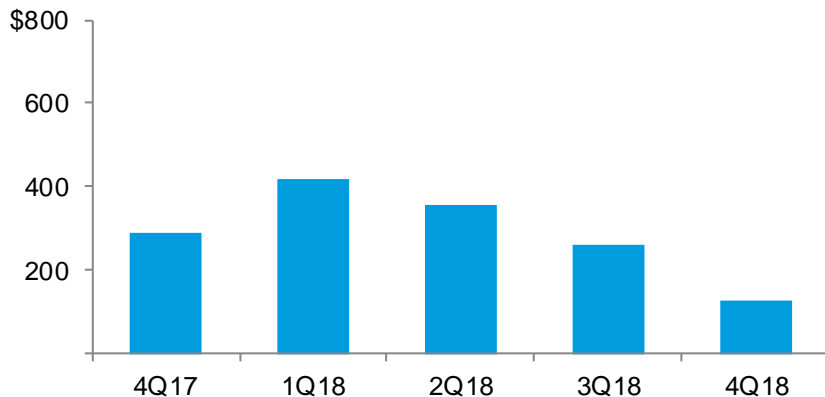
(1) Arrow direction reflects our underlying business metrics.

(2) Source: Quarterly and January 28, 2019 month-to-date average IHS industry data.

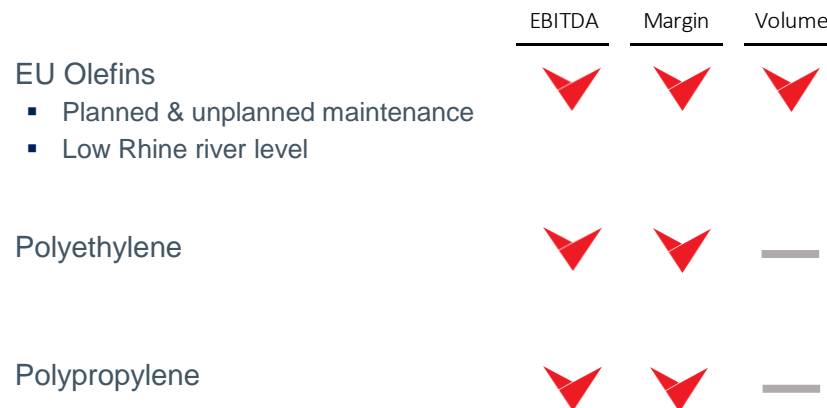
# Olefins and Polyolefins – Europe, Asia, and International Volumes and Margins Declined with Planned Maintenance

## EBITDA

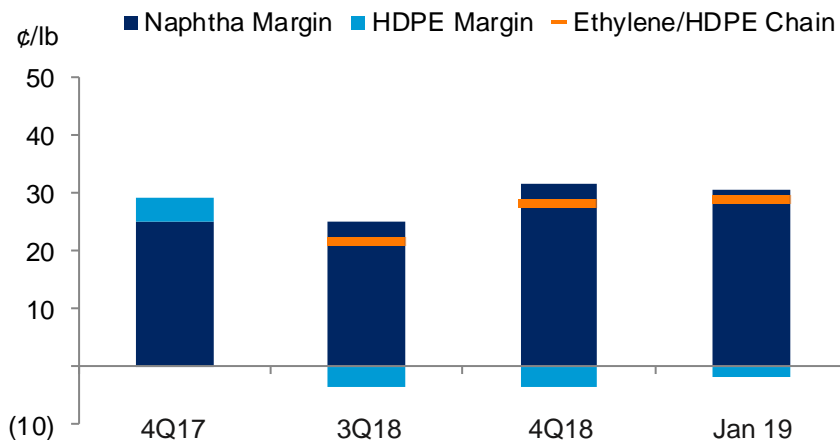
USD, millions



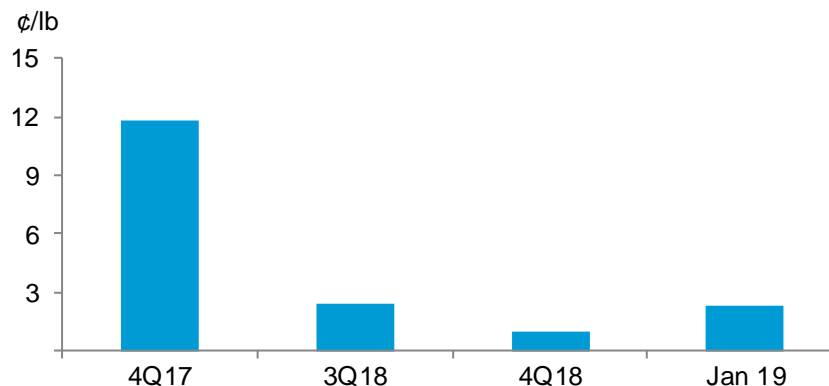
## 4Q18 Performance vs. 3Q18<sup>(1)</sup>



## EU Industry Ethylene Chain Margins<sup>(2)</sup>



## EU Industry Polypropylene Margins<sup>(2)</sup>



(1) Arrow direction reflects our underlying business metrics.

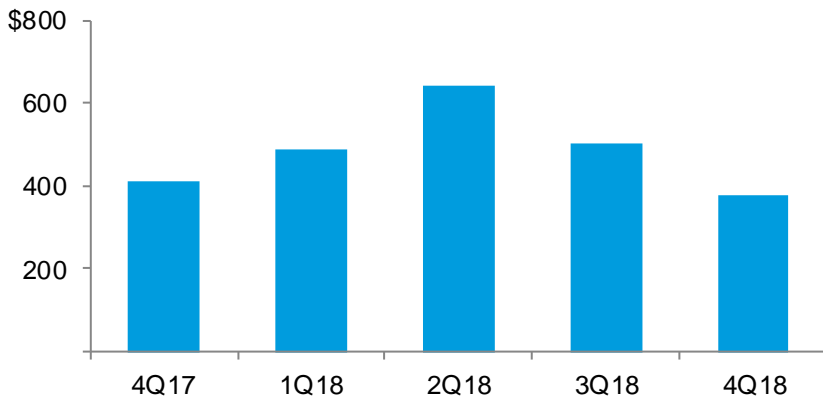
(2) Source: Quarterly and January 28, 2018 month-to-date average IHS industry data.

# Intermediates and Derivatives

## Margin Declines with Soft Seasonal Demand

### EBITDA

USD, millions

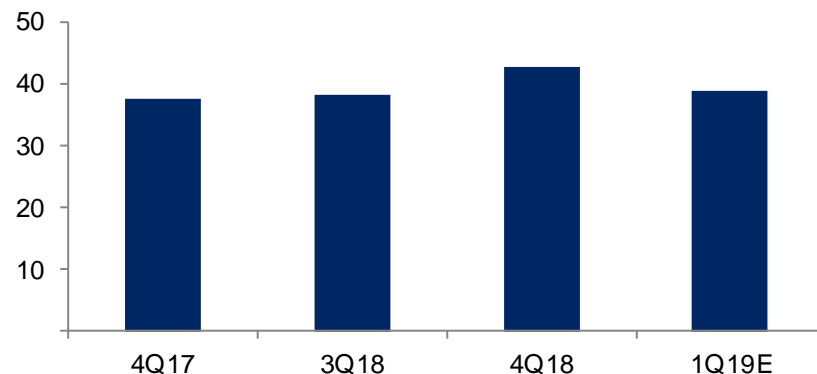


### 4Q18 Performance vs. 3Q18<sup>(1)</sup>

	EBITDA	Margin	Volume
Propylene Oxide and Derivatives	▼	▲	▼
▪ Planned maintenance			
Intermediate Chemicals	▼	▼	▼
▪ Styrene margin down 2 ¢/lb			
Oxyfuels & Related Products	▼	▼	▼
▪ Soft seasonal demand			

### Propylene Glycol Raw Material Margin<sup>(2)</sup>

¢/lb

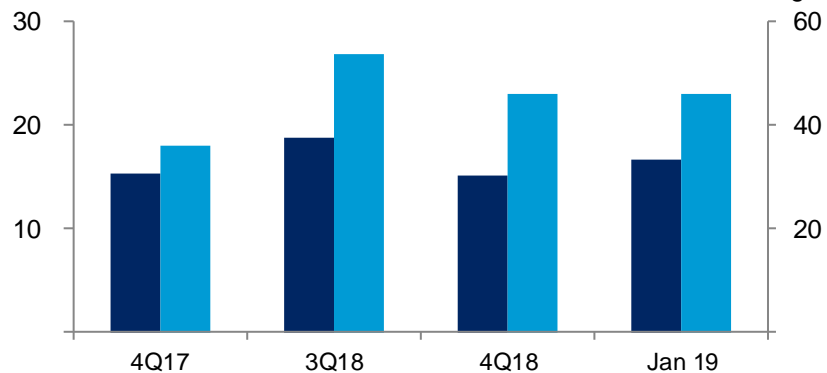


### Raw Material Margins<sup>(3)</sup>

Styrene, ¢/lb

■ NA Styrene ■ EU MTBE

MTBE, ¢/gal



(1) Arrow direction reflects our underlying business metrics.

(2) Source: ChemData January 2019 Report.

(3) Source: Platts quarterly and January 28, 2019 month-to-date averages.

# Intermediates and Derivatives

## Business Improvement Reducing the Effects of Market Moderation

### Delivering strong results in 2018:

Capturing strong market margins

Improved contracting strategies

### Market conditions moderating:

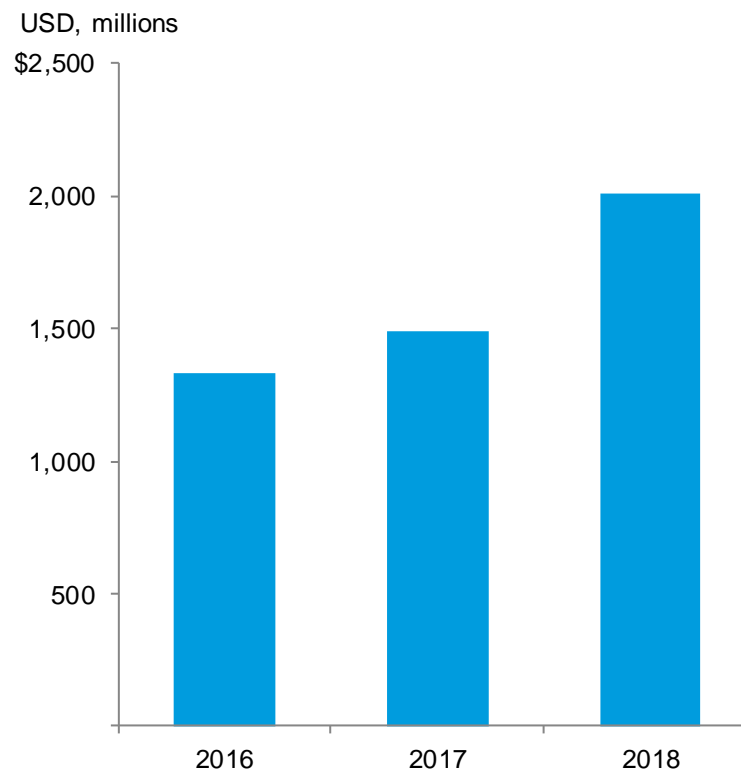
Higher industry operating rates likely in 2019

### LyondellBasell business improvement:

Contracting improvements adding ~\$100-130 MM<sup>(1)</sup> EBITDA annually, starting mid-2019

New PO/TBA plant adding ~\$400-450 MM<sup>(1)</sup> EBITDA annually, starting 2H 2021

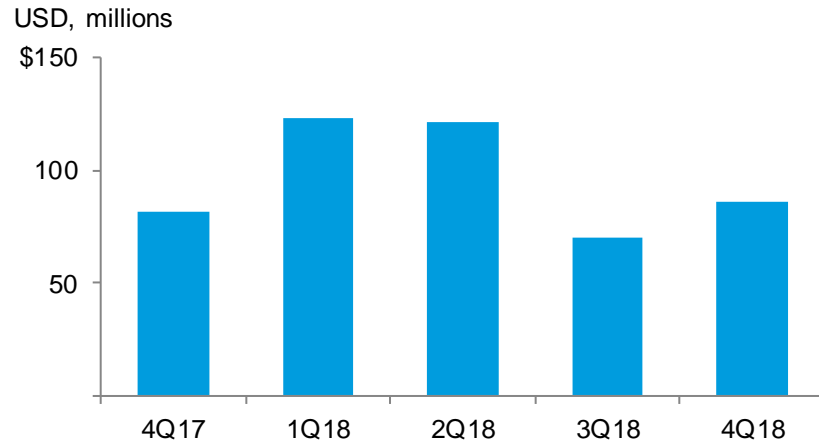
## EBITDA



(1) Estimated EBITDA is volume times 2014-2018 average margins.

# Advanced Polymer Solutions Industry Events Cause Automotive Market Declines

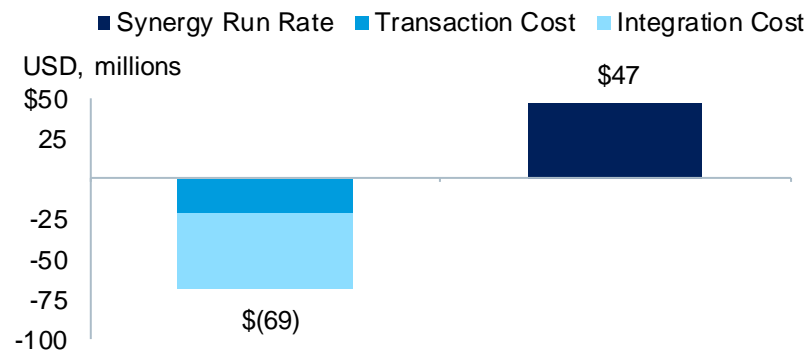
## EBITDA



## 4Q18 Performance vs. 3Q18<sup>(1)</sup>

	EBITDA	Margin	Volume
Compounding & Solutions	▲	▼	▼
<ul style="list-style-type: none"> <li>Full quarter of A. Schulman product lines</li> <li>Automotive market declines</li> </ul>			
Advanced Polymers	▼	▼	▼
<ul style="list-style-type: none"> <li>Seasonal market declines</li> </ul>			

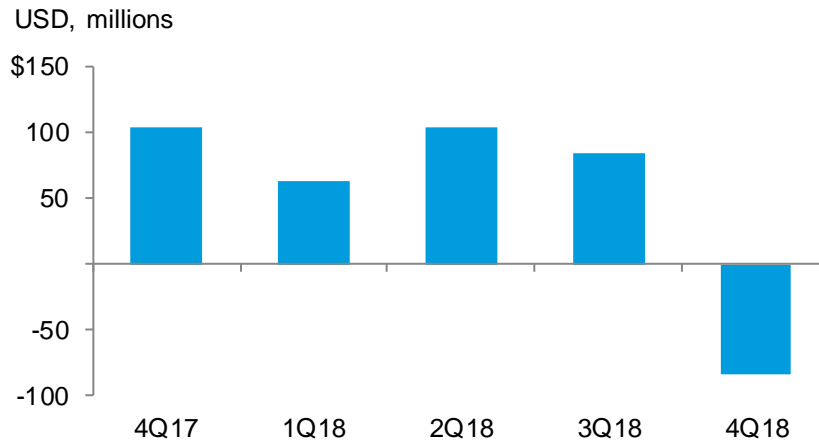
## 2018 One-time Costs and Annualized Synergy Run Rate



(1) 4Q18 EBITDA includes \$20 million of A. Schulman integration cost. Arrow direction reflects our underlying business metrics. EBITDA includes results from A. Schulman. Margin and Volume variance reflect legacy LyondellBasell businesses.

# Refining Margins Decline on Unfavorable Maya Discount and Weaker Gasoline

## EBITDA



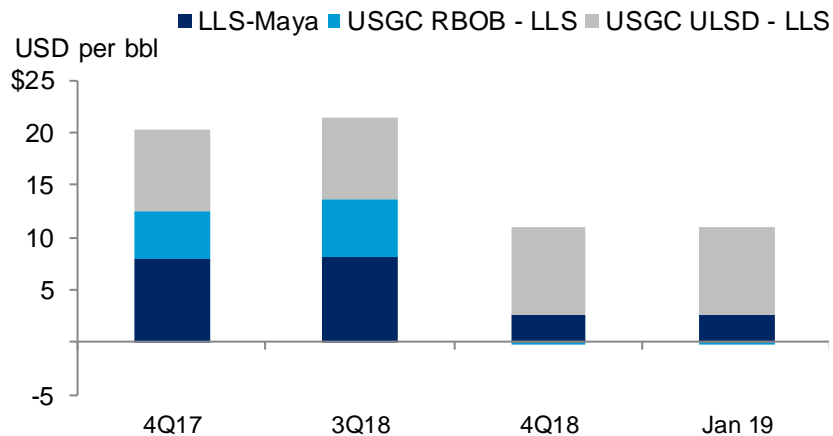
## 4Q18 Performance vs. 3Q18<sup>(1)</sup>

### Houston Refinery

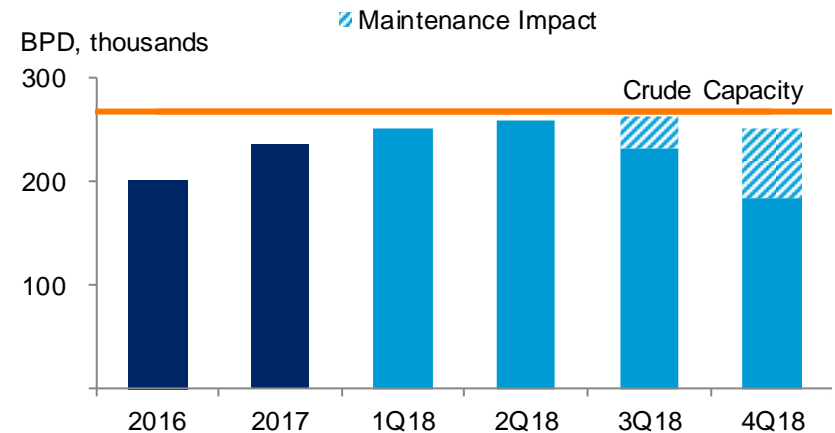
- Maya 2-1-1 down \$10.54 to \$10.89
- Crude throughput: 184 MBPD
- Volume down due to planned maintenance



## Refining Spreads<sup>(2)</sup>






## Refining Throughput



(1) Arrow direction reflects our underlying business metrics.

(2) Light Louisiana Sweet (LLS) is the referenced light crude. Data represents quarterly and January 28, 2018 month-to-date average per Platts.

# Plastics Are Indispensable....but Plastic Waste Needs to be Managed

- UN sustainable development goals
-  **2 ZERO HUNGER**  
Food packaged with plastic lasts longer, reducing food waste
  -  **3 GOOD HEALTH AND WELL-BEING**  
Plastics enable life-saving medical devices
  -  **6 CLEAN WATER AND SANITATION**  
Plastic pipes facilitate clean drinking water supplies
  -  **13 CLIMATE ACTION**  
Plastics decrease carbon emissions (e.g., lighter weight vehicles, more energy-efficient buildings), and reduce waste and disposal needs

Alternatives to plastics generally have **higher environmental and economic costs**



# A New Global Alliance Spanning the Value Chain



A new **global, CEO led, cross-sector, not-for-profit organization** with a clear mission to develop, accelerate & deploy solutions, catalyze public & private investment and engage communities to help end plastic waste in the environment



## INFRASTRUCTURE

Catalyze investment in **enhanced waste infrastructure** to prevent plastic from reaching the environment



## INNOVATION

Innovate **new materials, designs, technologies and business models** based on science and economics



## EDUCATION

Engage and collaborate with governments, businesses and consumers to **drive effective solutions**



## CLEAN UP

**Develop solutions** to address and clean up areas of existing plastic waste in the environment

# Positive Global Outlook for 2019 Despite Market Volatility

## North American feedstock volatility:

Mont Belvieu ethane has retreated with volatility expected from new cracker demand

## Cycle impacts softened:

New industry ethylene cracker additions continue to be delayed

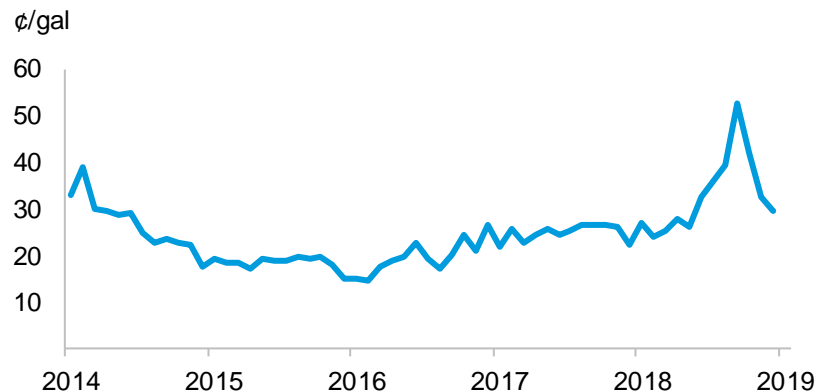
Midstream infrastructure will provide increased feedstock supply

## Global polyethylene demand growth:

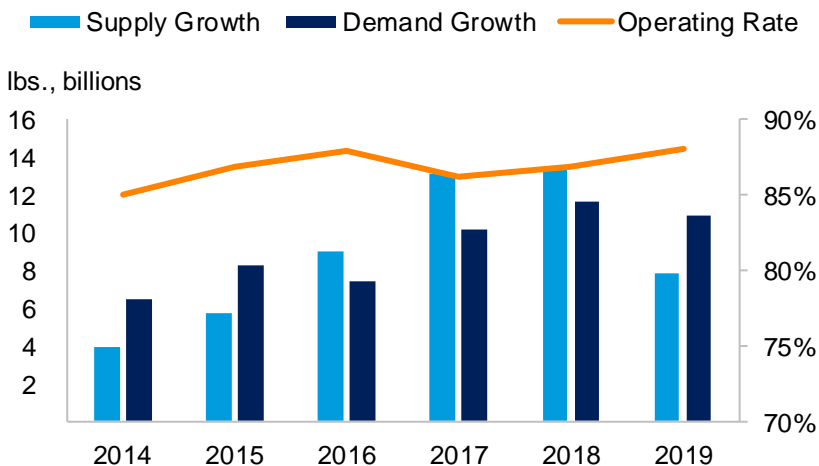
Stable at historical levels

Absorbing new North American industry capacity additions

### Mont Belvieu Ethane



### Global Polyethylene Supply and Demand



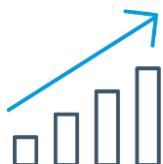
Source: IHS

# LyondellBasell 2018 Summary

## Summary



Diluted earnings per share: **\$12.01**



**Record** annual EBITDA for I&D and Technology



**Strong** cash from operating activities **\$5.5 billion** for 2018

## Advancing Growth



Completed acquisition of **A. Schulman**



Evaluating further **value-creating** M&A



Advancing **Hyperzone HDPE** and **PO/TBA** construction



Advancing **sustainable solutions**