

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

## Westlake Chemical Corporation Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from Analyst for Mark Connelly - Credit Suisse.

#### Analyst for Mark Connelly - Credit Suisse

Is it the FIFO impact was around \$0.07 per share, is that correct?

#### M. Steven Bender

No, no. In the first quarter there was no FIFO impact at all, neither gain nor loss in the first quarter. And the numbers you're referring to I think are the one-time items that we had, which totaled \$7.1 million or \$0.07.

#### Analyst for Mark Connelly - Credit Suisse

Now with the number of expansions underway on the Vinyl side, how would you characterize the timing of these start-ups, with your expectation on the health of the market at that time? That is would you potentially delay start-up if you thought the market proved more negative than you had expected?

#### Albert Chao

One of the important segments of the Vinyls expansion is a chlor-alkali capacity expansion. We are net buyers of chlorine, and today the chlor-alkalis business has bulk of the profit margins in the whole Vinyls chain. And that will definitely help us to increase our profit margin in that sector.

And second part is we have a PVC expansion as today we are selling some of our VCMs, which without expansion we would be able to utilize more of the VCM internally to be more fully integrated. And likewise, our expansion in our PVC pipe facility, one is right next to our PVC pipe plant in Calvert City, which is a large diameter pipe I mentioned earlier. And the large diameter pipe is still the best segment in the pipe sector.

And the fourth one is our Yucca, Arizona pipe plant expansion. Since we only serve west of the Rockies, this is our plan to serve the Western part of the U.S., which has no plants there. And so this will expand our coverage to really the whole U.S.

#### Analyst for Mark Connelly - Credit Suisse

Have you been seeing more opportunities for one type of polyethylene resin in the export markets? Say for example, more interest in low density versus linear low or how has the actual composition of your exports looked in terms of resin?

**Albert Chao**

Well I think in both sections, it seems Westlake has more the highest proportion of LDPE, low density polyethylene, in the total polyethylene business. We would export more LDPE than linear low. LDPE commands a higher price and higher margin than linear low, domestically and in foreign markets.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.