



lyondellbasell

## Second Quarter 2015 Earnings

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July 28, 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 cyclicalities 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](http://www.lyondellbasell.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. 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](http://www.lyb.com/investorrelations)

# Highlights

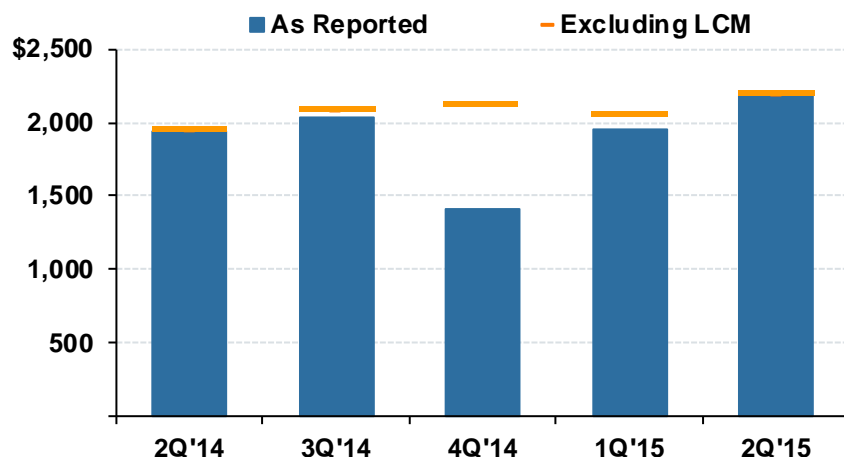


(\$ in millions, except per share data)	As Reported			Excluding LCM <sup>(1)</sup>		
	Q2'14	1Q'15	Q2'15	Q2'14	1Q'15	Q2'15
EBITDA	\$1,941	\$1,952	\$2,186	\$1,941	\$2,044	\$2,177
Income from Continuing Operations	\$1,173	\$1,167	\$1,326	\$1,173	\$1,225	\$1,320
Diluted Earnings (\$ / share) from Continuing Operations	\$2.22	\$2.42	\$2.81	\$2.22	\$2.54	\$2.79

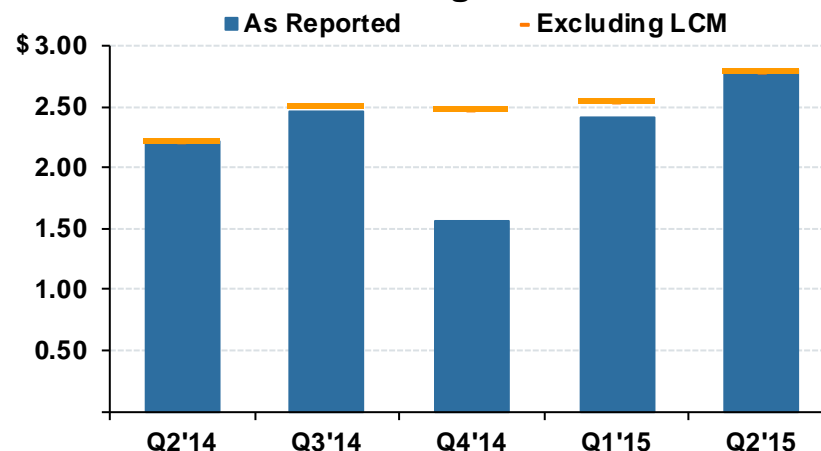
**Q2 EPS Growth ~25% vs. Q2'14<sup>(2)</sup> • EBITDA in Excess of \$2 Billion for 4<sup>th</sup> Consecutive Quarter<sup>(2)</sup>**

(\$ in millions)

## EBITDA



## Diluted Earnings Per Share



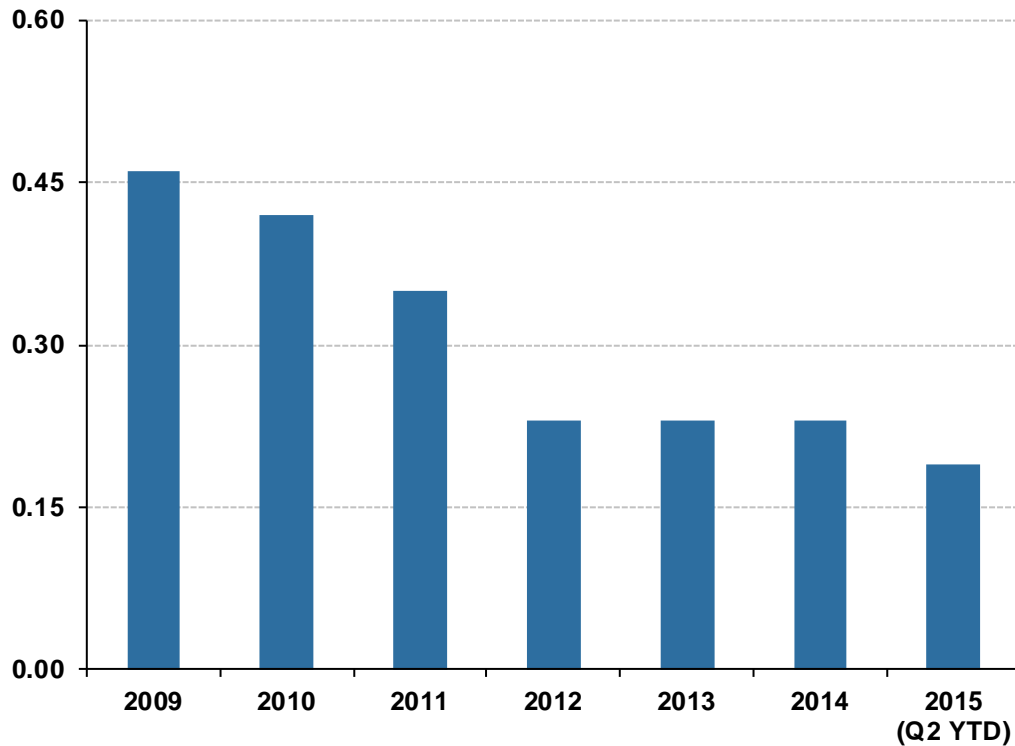
(1) LCM stands for "lower of cost or market." An explanation of LCM and why we have excluded it from our financial information in this presentation can be found on the third page of this presentation under "Information Related to Financial Measures."

(2) Calculated using EBITDA results excluding the impact of the LCM adjustments

# LyondellBasell Safety Performance



## Safety - Injuries per 200,000 Hours Worked<sup>(1)</sup>



1) Includes employees and contractors.

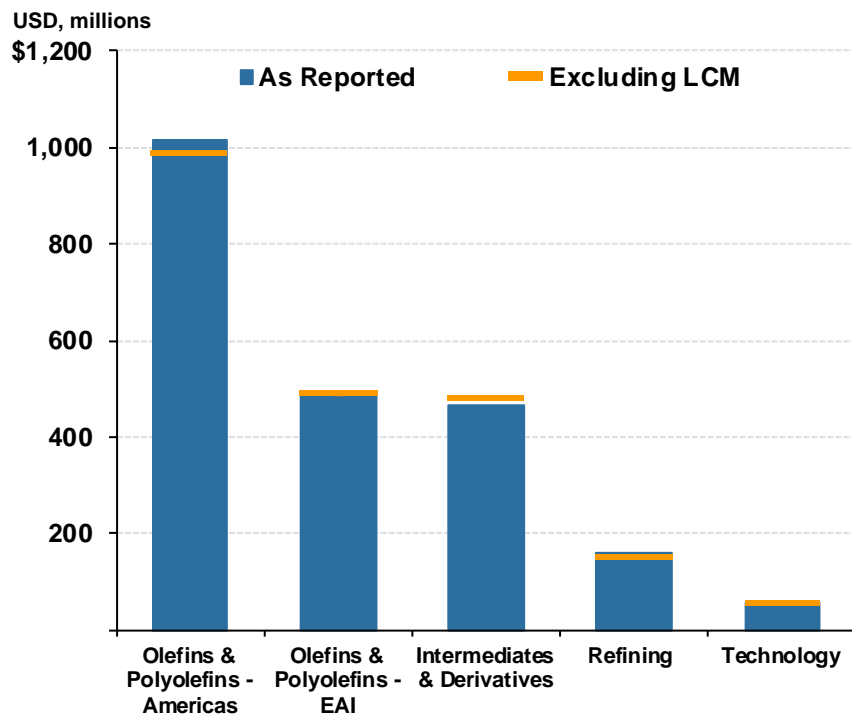


# Second Quarter 2015 and LTM Segment EBITDA

## Second Quarter 2015

	EBITDA	Op. Income
As Reported	2,186	1,845
As Adjusted for LCM	2,177	1,836

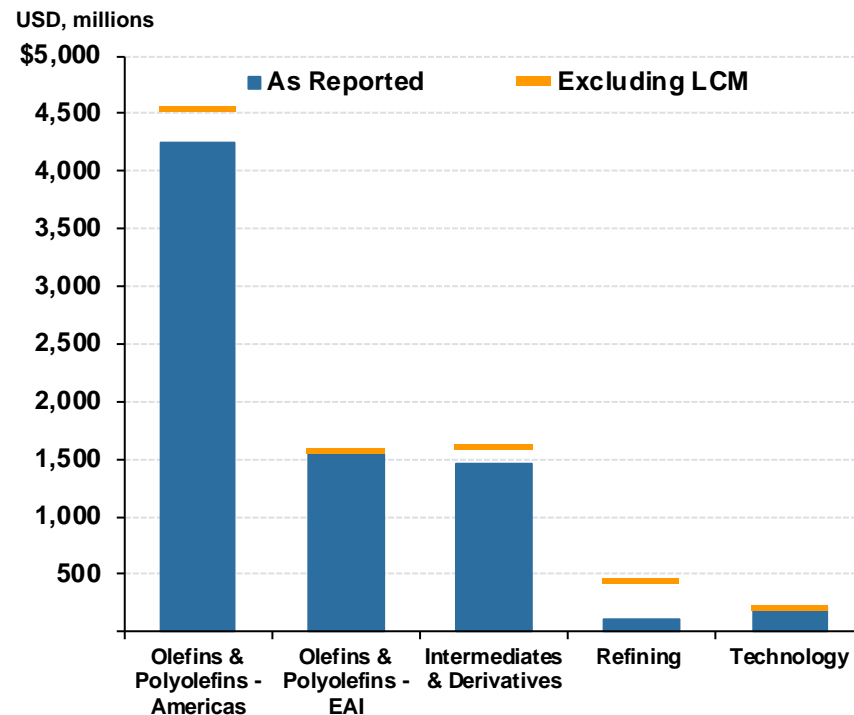
### Second Quarter 2015 EBITDA



## LTM June 2015

	EBITDA	Op. Income
As Reported	7,579	6,203
As Adjusted for LCM	8,422	7,046

### LTM June 2015 EBITDA

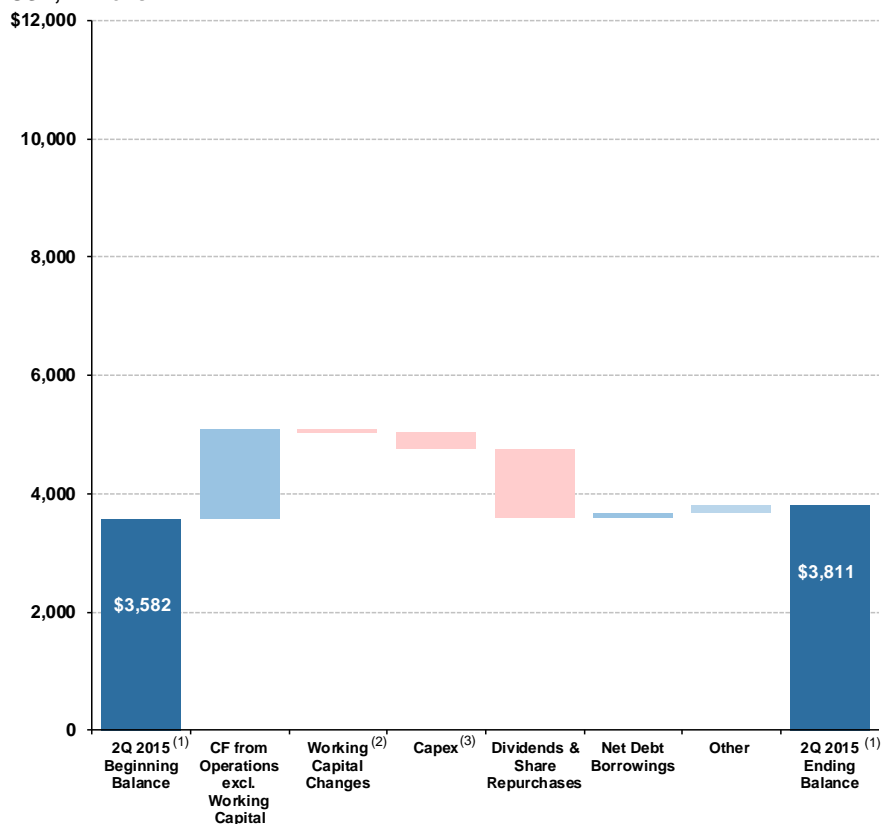


# Cash Flow



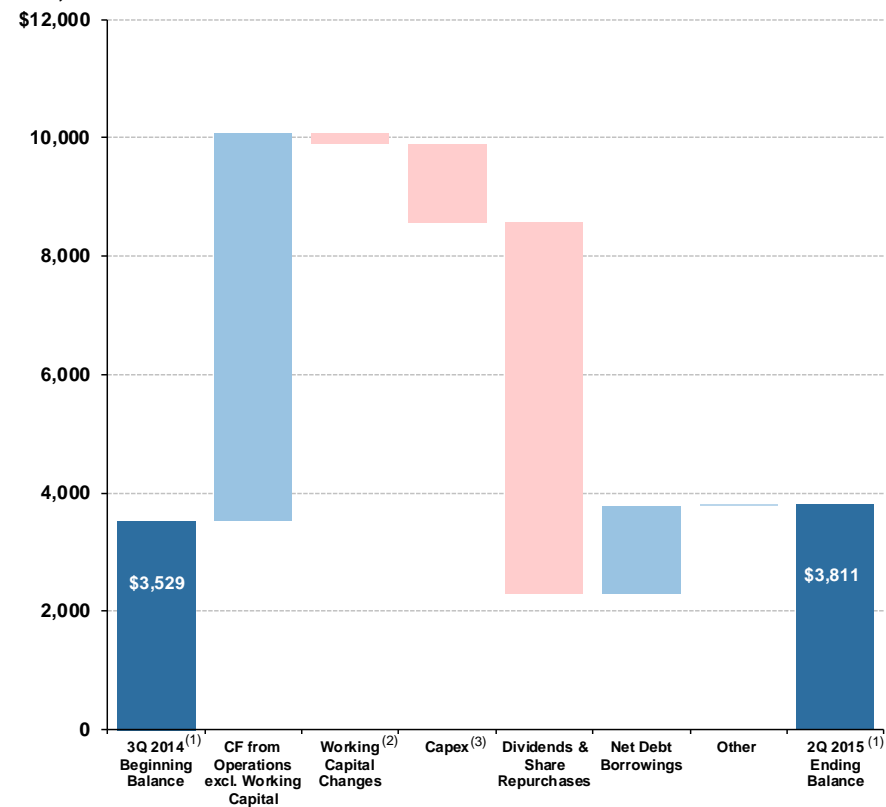
## Q2 2015

USD, millions



## LTM June 2015

USD, millions



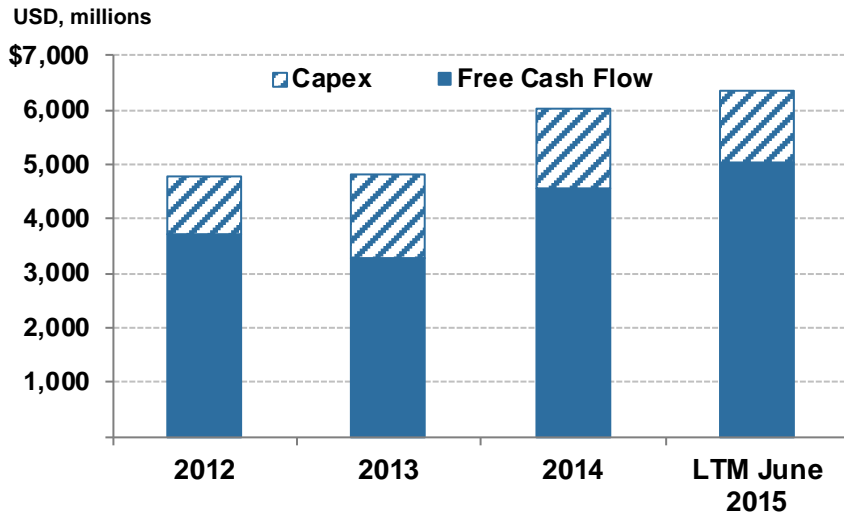
**~ \$6.5 billion in cash from operations generated over the last 12 months**

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.

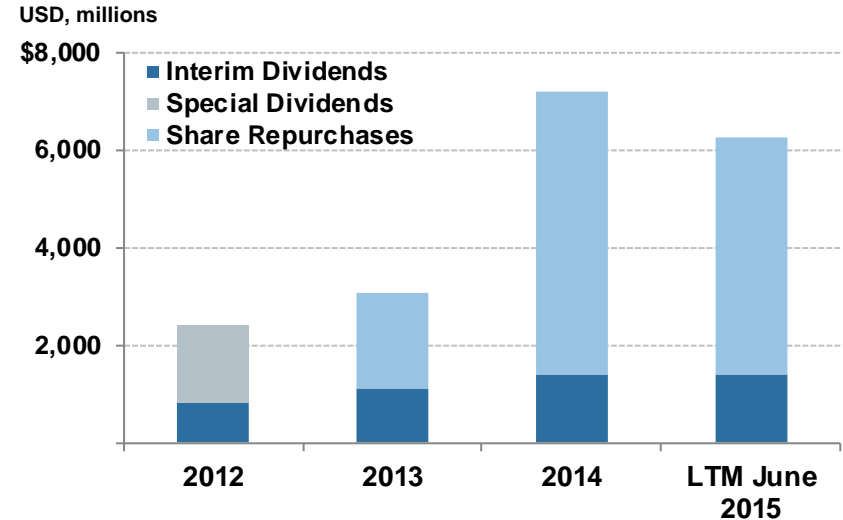
# Strong Cash Generation, Share Repurchases & Dividends



## Cash From Operations



## Dividends & Share Repurchases



## Key Statistics

### Snapshot at June 30, 2015

**LTM FCF: \$5.0 billion**  
**LTM Capex: \$1.3 billion**  
**Cash<sup>(1)</sup>: \$3.8 billion**  
**Total Debt/LTM EBITDA<sup>(2)</sup>: 1.0x**  
**Total Debt/Book Capital: 51%**

(1) Cash balances include cash and liquid investments

(2) EBITDA excludes LCM adjustments

- Third 10% share repurchase approval granted by shareholders
- Quarterly dividend increased 11% during the quarter

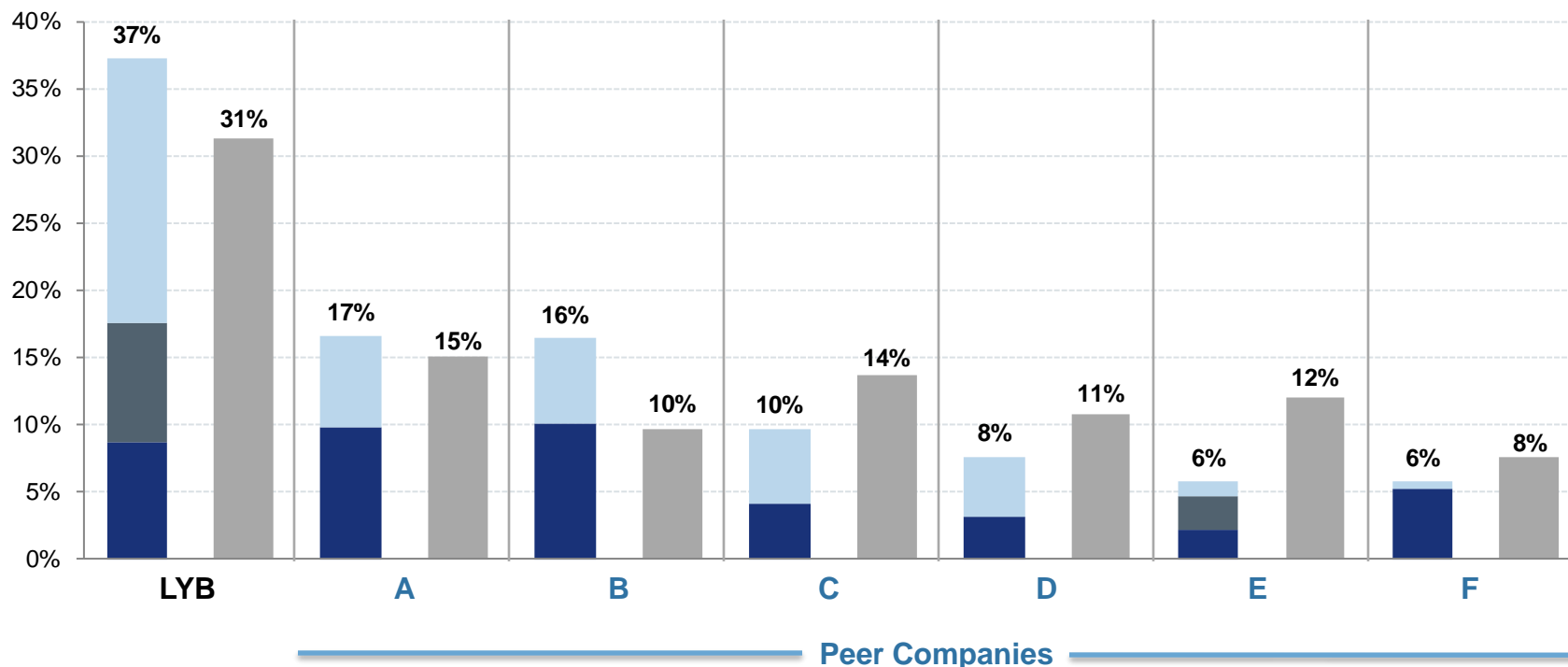


# Industry Leading Cash Returns to Shareholders



## 2011 - Q1'15 Shareholder Returns of Capital as % of Enterprise Value

■ Regular Dividend ■ Special Dividend ■ Share Repurchase ■ Free Cash Flow



**Exceeding peers in absolute cash returned and as a percentage of enterprise value**

Source: SEC filings, Bloomberg, CapitalIQ

Enterprise Value as per CapitalIQ as of March 31, 2015.

Peer Companies include Celanese, Dow, DuPont, Eastman, Huntsman, Westlake and are listed here alphabetically and not in order of the chart above

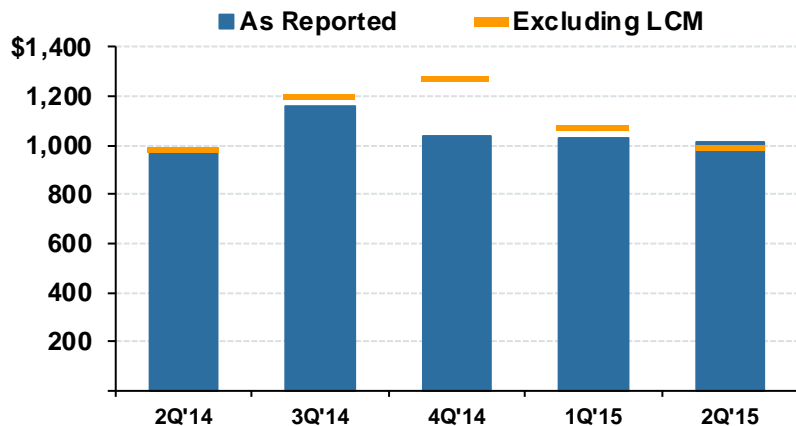
# Olefins & Polyolefins – Americas

## Highlights and Business Drivers – 2Q'15



### EBITDA

USD, millions



### Performance vs. 1Q'15<sup>(2)</sup>

#### U.S. Olefins

- Margin lower due to lower co-product prices and higher cost of liquid feedstock
- Operating rates 95% during Q2'15

EBITDA    Margin    Volume



#### Polyethylene

- Volume up ~6%
- Spread unchanged



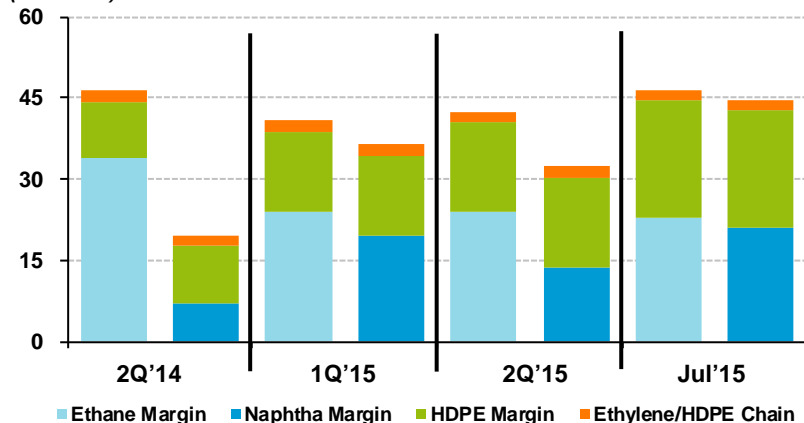
#### Polypropylene (includes *Catalloy*)

- Volume up ~11%



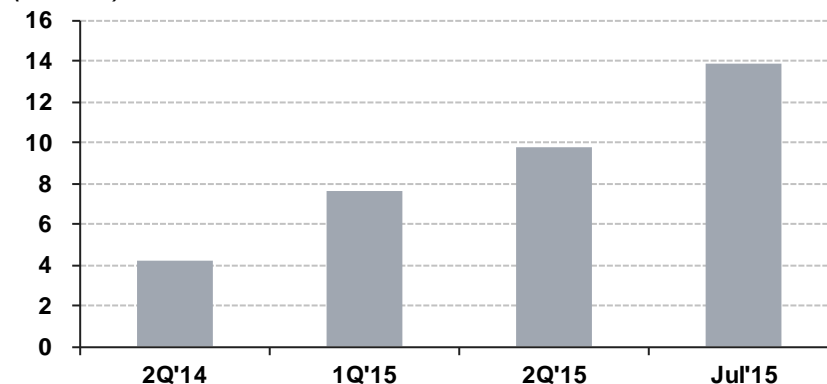
### Industry Ethylene Chain Margins<sup>(1)</sup>

(cents / lb)



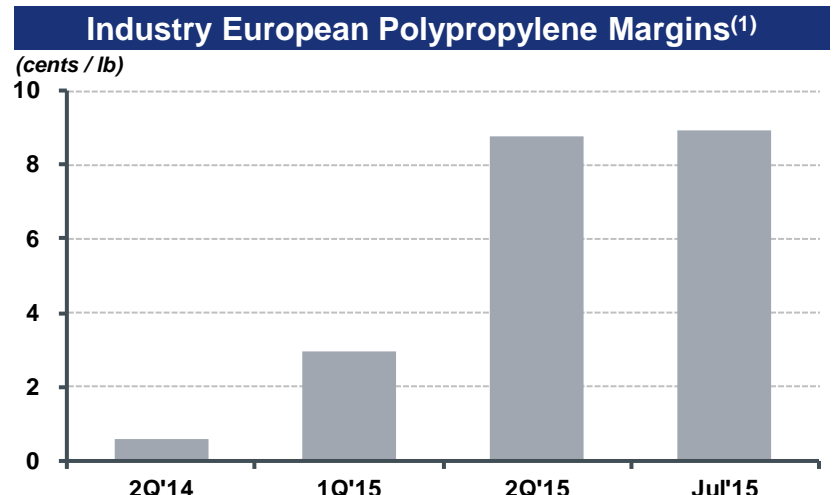
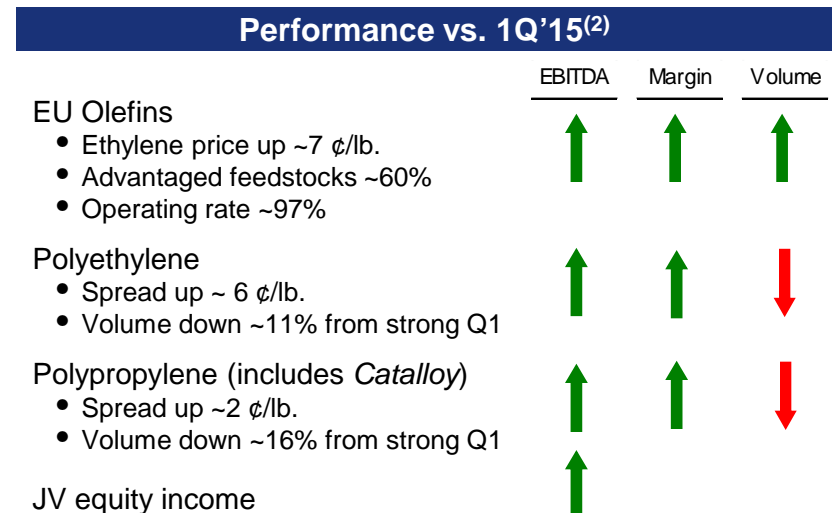
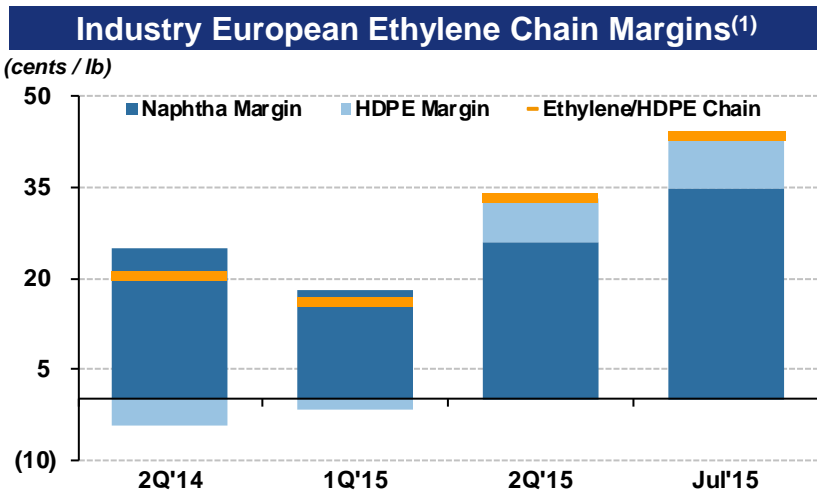
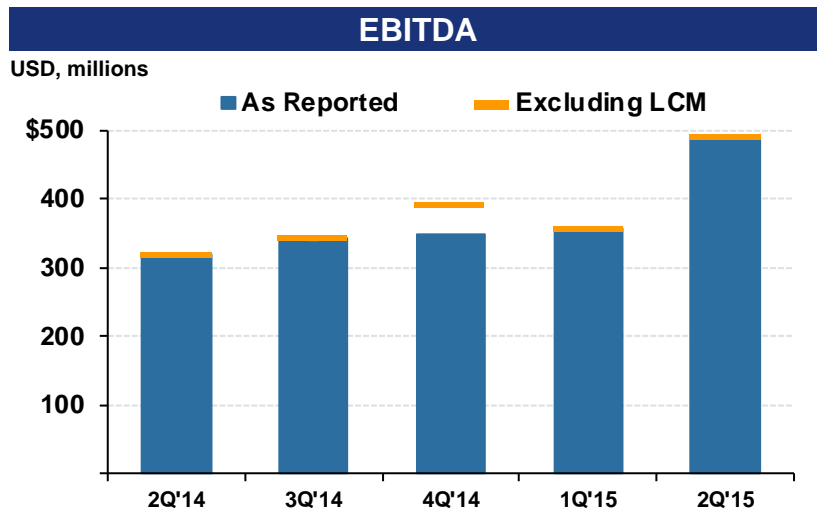
### Industry Polypropylene Margins<sup>(1)</sup>

(cents / lb)



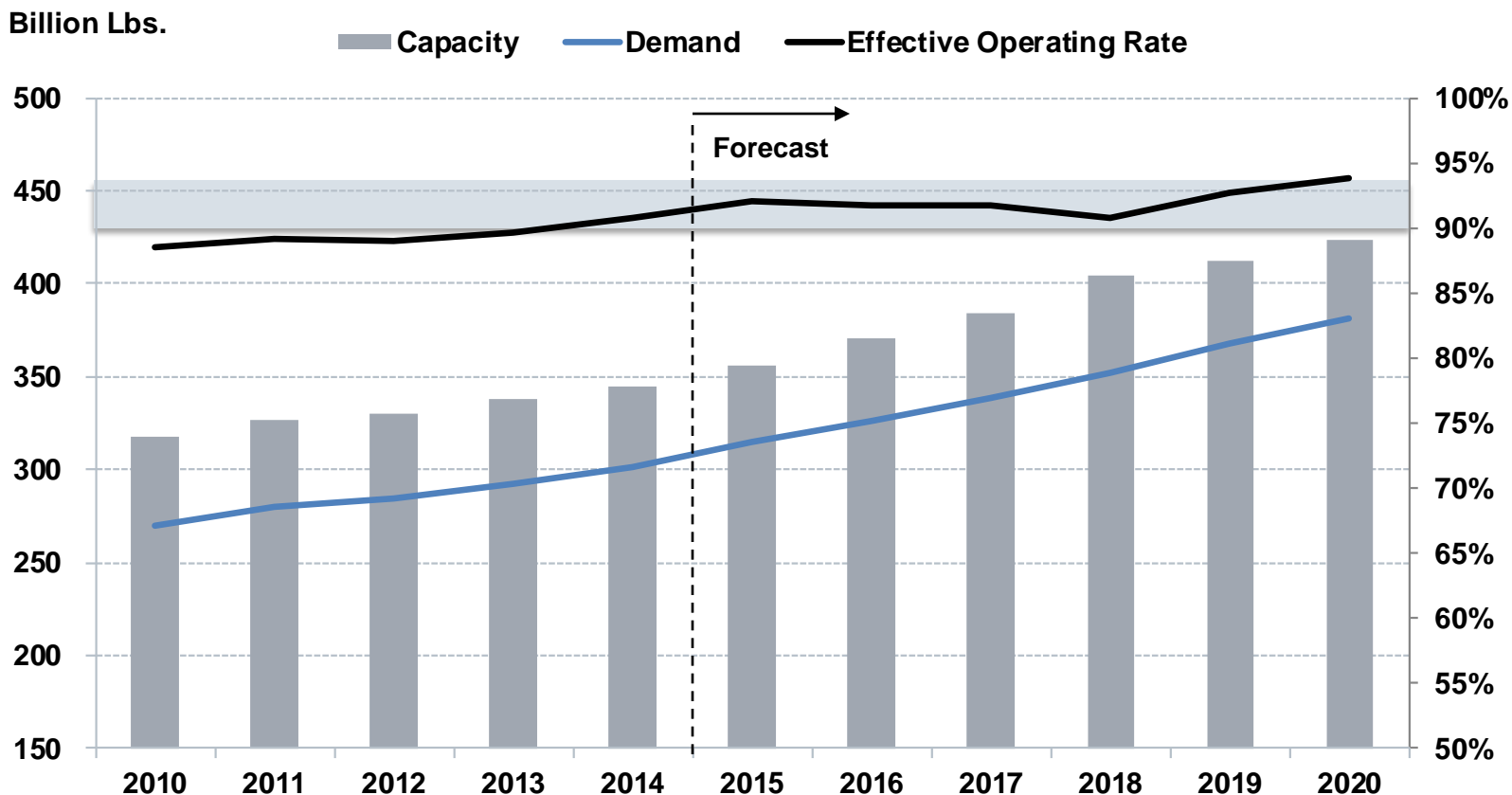
1) Source: Quarterly average industry data from IHS. 2) The direction of the arrows reflects our underlying business metrics.

# Olefins & Polyolefins – Europe, Asia, International Highlights and Business Drivers – 2Q'15



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

# Global Ethylene Supply/Demand Outlook



- Industry operating rates transitioning to tight conditions
- Accelerating demand or unplanned outages could lead to ongoing or further tightening

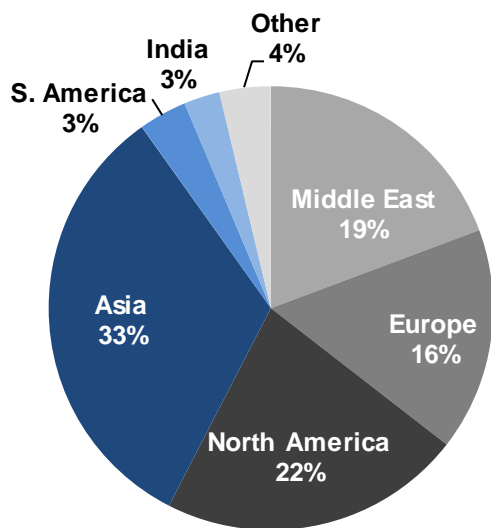
Source: LYB, IHS  
 Note: Effective Operating Rate is calculated assuming 4% industry downtime.



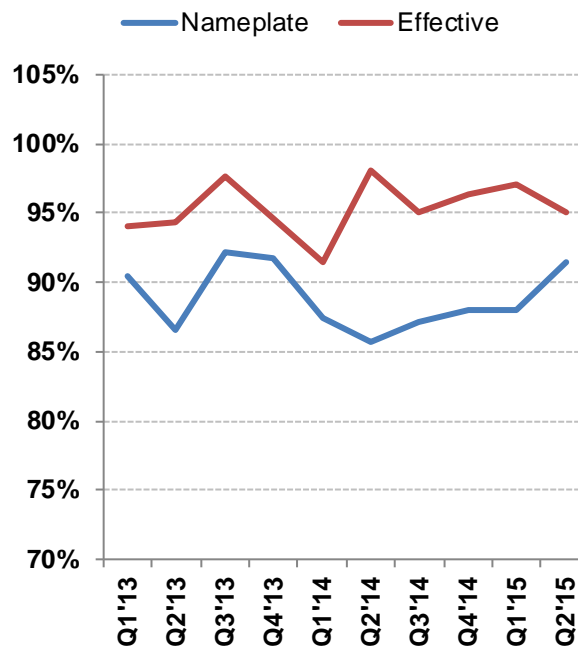
# Regional Ethylene Operating Rates

## Global Ethylene Capacity

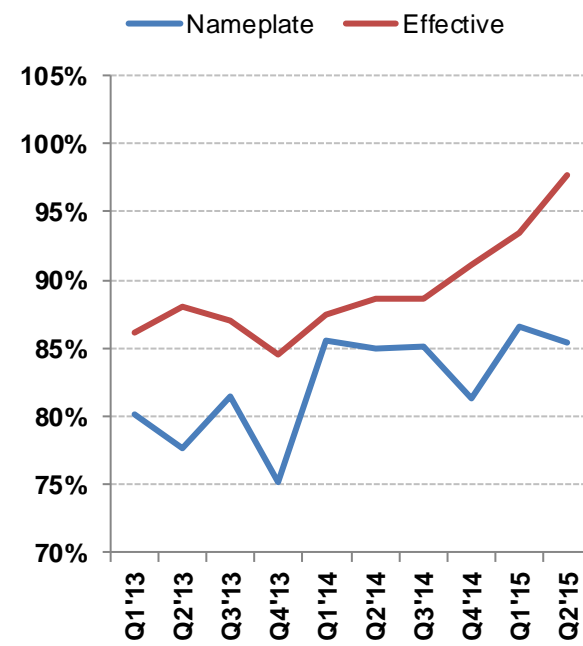
~345 Billion Pounds



## U.S.



## Western Europe



- Industry is running near full in the U.S. and the Middle East
- Europe has had slack capacity until 2015, but is only ~15% of the global market
- LYB regional operating rates have exceeded the industry

Source: IHS

Note: Effective rates = production / (nameplate capacity – planned maintenance – mechanical outages)

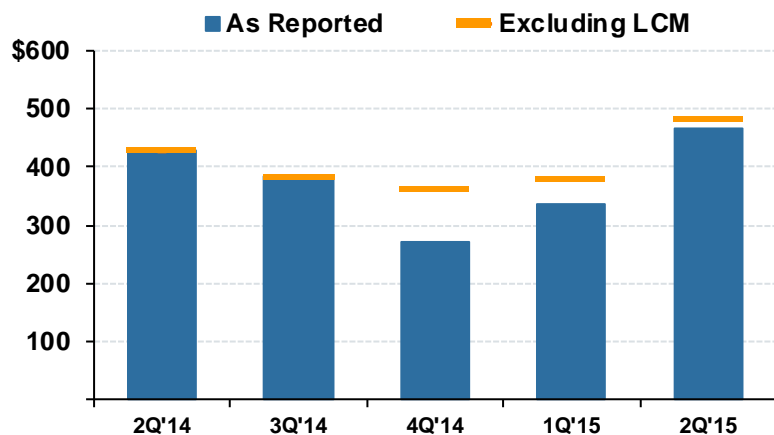
# Intermediates & Derivatives

## Highlights and Business Drivers – 2Q'15



### EBITDA

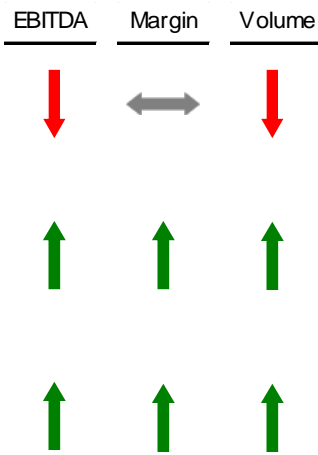
USD, millions



### Performance vs. 1Q'15<sup>(2)</sup>

#### Propylene Oxide and Derivatives

- Volume down ~14% from strong Q1 and POSM turnaround during Q2



#### Intermediates

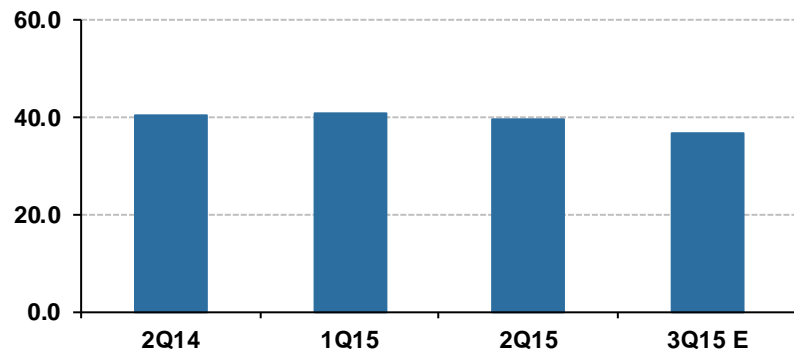
- Methanol volume higher following Q1 Channelview turnaround
- Higher Styrene margins

#### Oxyfuels

- Seasonal margin and volume improvement

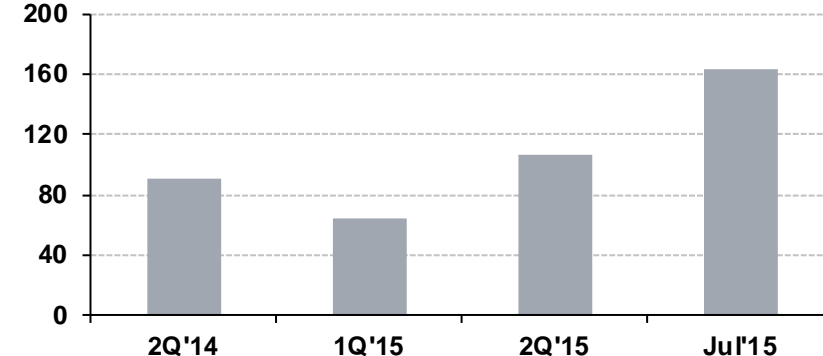
### P-Glycol Raw Material Margins (per Chemdata)<sup>(1)</sup>

(cents / lb)



### EU MTBE Raw Material Margins (per Platts)<sup>(1)</sup>

(cents / gallon)



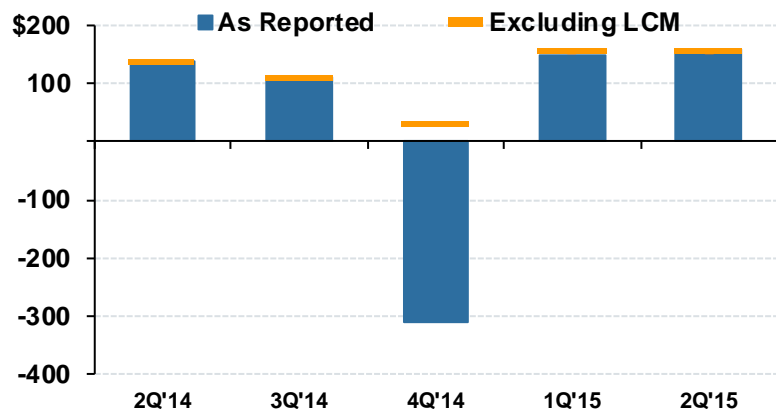
1) Data represents quarterly average; 2) The direction of the arrows reflects our underlying business metrics.



# Refining Highlights and Business Drivers – 2Q'15

## EBITDA

USD, millions



## Performance vs. 1Q'15<sup>(2)</sup>

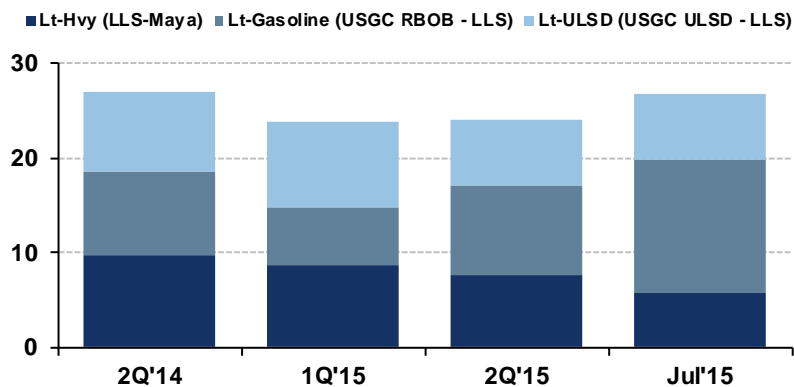
### Houston Refinery

- Maya 2-1-1: \$23.98 per bbl, relatively unchanged from 1Q'15
- Moderately lower capture rate
- Crude throughput: 255 MBPD, up 14 MBPD from 1Q'15



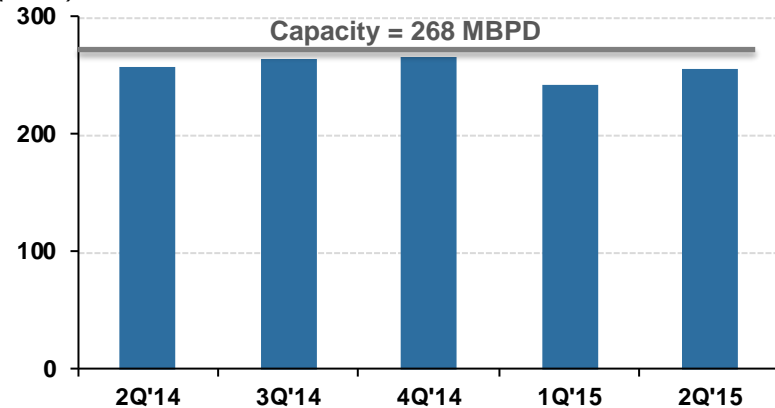
## Refining Spreads (per Platts)<sup>(1)</sup>

(\$ / bbl)



## Refining Throughput

(MBPD)



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

# Second Quarter Summary and Outlook



## Second Quarter Summary

- EBITDA results steady at ~\$2 billion for the past five quarters<sup>(1)</sup>
- O&P Americas benefited from higher polyolefin margins as a result of tight market balances
- O&P EAI driven higher by supply constraints in both ethylene and polyolefins
- I&D higher on the seasonal increase in Oxyfuels, strong styrene margins, and increased methanol volume following the Q1 turnaround at Channelview
- Refining results unchanged

## Near-Term Outlook

- Natural gas and NGL supply, inventory and price have remained favorable
- Olefin and polyolefin industry capacity returning to the market during Q3 after outages
- Turnaround activity planned at Münchsmünster Germany olefins, French PO/TBA, and U.S. acetyls
- 250 MM Lbs. Channelview ethylene expansion on-line

(1) Excludes the impact of the LCM inventory adjustments