Westlake Chemical Partners LP
Form 10-Q
August 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

x	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended June 30, 2015
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	32-0436529
(State or other jurisdiction of incorporation or organization)	(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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ¨ No x

The registrant had 14,373,615 common units and 12,686,115 subordinated units outstanding as of July 29, 2015.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2015	December 31, 2014
	(in thousands of dollars, except unit amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$137,291	$133,750
Accounts receivable, net—Westlake Chemical Corporation ("Westlake")	35,882	18,529
Accounts receivable, net—third parties	22,075	37,520
Inventories	3,856	6,634
Prepaid expenses and other current assets	30	212
Total current assets	199,134	196,645
Property, plant and equipment, net	914,270	842,057
Other assets, net		
Goodwill	5,814	5,814
Deferred charges and other assets, net	44,204	51,919
Total other assets, net	50,018	57,733
Total assets	$1,163,422	$1,096,435
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	$14,523	$7,470
Accounts payable—third parties	22,418	12,614
Accrued liabilities	17,456	11,900
Total current liabilities	54,397	31,984
Long-term debt payable to Westlake	280,992	227,638
Deferred income taxes	1,614	1,848
Other liabilities	35	15
Total liabilities	337,038	261,485
Commitments and contingencies (Notes 9 and 14)		
EQUITY		
Common unitholders—public (12,937,500 units issued and outstanding)	292,216	290,377
Common unitholder—Westlake (1,436,115 units issued and outstanding)	4,242	4,038
Subordinated unitholder—Westlake (12,686,115 units issued and outstanding)	37,484	35,681
General partner—Westlake	(242,572)	(242,572)
Total Westlake Chemical Partners LP partners' capital	91,370	87,524
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	735,014	747,426
Total equity	826,384	834,950
Total liabilities and equity	$1,163,422	$1,096,435

The accompanying notes are an integral part of the combined and consolidated financial statements.

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WESTLAKE CHEMICAL PARTNERS LP
COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor
	(in thousands of dollars, except unit amounts and per unit data)			
Revenue				
Net sales—Westlake	$204,669	$415,033	$413,582	$798,960
Net co-product, ethylene and feedstock sales—third parties	47,036	109,102	96,514	285,189
Total net sales	251,705	524,135	510,096	1,084,149
Cost of sales	157,177	277,589	319,341	605,289
Gross profit	94,528	246,546	190,755	478,860
Selling, general and administrative expenses	5,995	6,165	11,995	13,943
Income from operations	88,533	240,381	178,760	464,917
Other income (expense)				
Interest expense—Westlake	(1,364)	(4,105)	(2,740)	(7,696)
Other income, net	33	1,397	38	2,649
Income before income taxes	87,202	237,673	176,058	459,870
(Benefit from) provision for income taxes	(41)	83,829	426	162,152
Net income	$87,243	$153,844	$175,632	$297,718
Less: Net income attributable to noncontrolling interest in OpCo	76,800		156,689	
Net income attributable to Westlake Chemical Partners LP	$10,443		$18,943	
Net income attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)				
Common units	$0.39		$0.70	
Subordinated units	$0.39		$0.70	
Weighted average limited partner units outstanding (basic and diluted)				
Common units—public	12,937,500		12,937,500	
Common units—Westlake	1,436,115		1,436,115	
Subordinated units—Westlake	12,686,115		12,686,115	

The accompanying notes are an integral part of the combined and consolidated financial statements.

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

	Predecessor	Partnership					
	Net Investment	Common Unitholders—Public	Common Unitholder—Westlake	Subordinated Unitholder—Westlake	General Partner—Westlake	Noncontrolling Interest in OpCo	Total
	(in thousands of dollars)						
Balance as of December 31, 2013	$455,432	$—	$—	$ —	$—	$ —	$455,432
Net income	297,718	—	—	—	—	—	297,718
Net distributions to Westlake	(376,613)	—	—	—	—	—	(376,613)
Balance as of June 30, 2014	$376,537	$—	$—	$ —	$—	$ —	$376,537
Balance as of December 31, 2014	$—	$290,377	$4,038	$ 35,681	$(242,572)	$ 747,426	$834,950
Net income	—	9,057	1,005	8,881	—	156,689	175,632
Quarterly distributions to unitholders	—	(7,218)	(801)	(7,078)	—	—	(15,097)
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(169,101)	(169,101)
Balance as of June 30, 2015	$—	$292,216	$4,242	$ 37,484	$(242,572)	$ 735,014	$826,384

The accompanying notes are an integral part of the combined and consolidated financial statements.

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

	Six Months Ended June 30, 2015	2014 Predecessor
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	$175,632	$297,718
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	40,195	39,282
Provision for doubtful accounts	170	65
Loss from disposition of fixed assets	124	1,238
Deferred income taxes	(234)	6,813
Income from equity method investment, net of dividends	—	215
Changes in operating assets and liabilities		
Accounts receivable—third parties	15,275	9,258
Net accounts receivable—Westlake	(10,300)	—
Inventories	2,778	18,996
Prepaid expenses and other current assets	182	212
Accounts payable	4,407	(2,583)
Accrued and other liabilities	2,379	208
Other, net	(709)	7,499
Net cash provided by operating activities	229,899	378,921
Cash flows from investing activities		
Additions to property, plant and equipment	(95,514)	(106,191)
Settlements of derivative instruments	—	(290)
Net cash used for investing activities	(95,514)	(106,481)
Cash flows from financing activities		
Proceeds from debt payable to Westlake	188,695	104,173
Repayment of debt payable to Westlake	(135,341)	—
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(169,101)	—
Quarterly distributions to unitholders	(15,097)	—
Net distributions to Westlake prior to initial public offering	—	(376,613)
Net cash used for financing activities	(130,844)	(272,440)
Net increase in cash and cash equivalents	3,541	—
Cash and cash equivalents at beginning of period	133,750	—
Cash and cash equivalents at end of period	$137,291	$—

The accompanying notes are an integral part of the combined and consolidated financial statements.

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WESTLAKE CHEMICAL PARTNERS LP
NOTES TO COMBINED AND 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 facilities and related assets for the processing of natural gas liquids. On August 4, 2014, the Partnership completed its initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests. 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. OpCo owns three natural gas liquids processing facilities and a common carrier ethylene pipeline.

Basis of Presentation

The accompanying unaudited combined and 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 combined and consolidated financial statements should be read in conjunction with the December 31, 2014 combined and 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, 2014 (the "2014 Form 10-K"), filed with the SEC on March 9, 2015. These financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the notes to the combined and consolidated financial statements of the Partnership for the fiscal year ended December 31, 2014.

Unless the context otherwise requires, references in this report to the "Predecessor" refer to Westlake Chemical Partners LP Predecessor, the Partnership's predecessor for accounting purposes and refer to the time periods prior to the IPO. References in this report to the Partnership used in the present tense or prospectively refer to Westlake Chemical Partners LP and refer to the periods subsequent to the IPO. References to "Westlake" refer collectively to Westlake Chemical Corporation and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

The Partnership holds a 13.3% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 86.7% 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 86.7% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

Financial information presented for the periods prior to the IPO on August 4, 2014 consists of the Predecessor's combined results of operations, changes in equity and cash flows. Financial information of the Predecessor is derived from the financial statements and accounting records of Westlake. Subsequent to the IPO, the Partnership's financial position, results of operations, changes in equity and cash flows consist of the consolidated activities and balances of the Partnership. The Partnership's consolidated financial statements include the accounts of the Partnership and its consolidated subsidiary, OpCo.

In the opinion of the Partnership's management, the accompanying unaudited combined and consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Predecessor's combined financial statements for the three and six months ended June 30, 2014 and the Partnership's consolidated financial statements as of June 30, 2015 and December 31, 2014, and for the three and six months ended June 30, 2015.

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, 2015 or any other 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.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede the existing 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 will be 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 either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "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. In July 2015, the FASB deferred the effective date for the revenue recognition standard. The accounting standard will now be effective for reporting periods beginning after December 15, 2017. The Partnership is in the process of evaluating the impact that the new accounting guidance will have on its consolidated financial position, results of operations and cash flows.

Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

In January 2015, the FASB issued an accounting standards update to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. Under the new standard, an unusual and infrequent event or transaction is no longer allowed to be separately disclosed as "extraordinary." The standard retains the existing requirement to separately present items that are of an unusual nature or occur infrequently on a pre-tax basis within income from continuing operations. The new guidance also requires similar separate presentation of items that are both unusual and infrequent on a pre-tax basis within income from continuing operations. The standard allows for either prospective or retrospective application. If adopted prospectively, both the nature and amount of any subsequent adjustments to previously reported extraordinary items must be disclosed. The accounting standard will be effective for reporting periods beginning after December 15, 2015 and is not expected to have an impact on the Partnership's consolidated financial position, results of operations and cash flows.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued an accounting standards update making certain changes to the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The new standard changes the consideration of substantive rights, related party interests and fees paid to the decision maker when applying the variable interest entity consolidation model and eliminate certain guidance for limited partnerships and similar entities under the voting interest consolidation model. The accounting standard will be effective for reporting periods beginning after December 15, 2015 and is not expected to have an impact on the Partnership's consolidated financial position, results of operations and cash flows.

Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions

In April 2015, the FASB issued an accounting standard update requiring that the earnings of transferred net assets from a general partner prior to the dropdown date of the net assets to a master limited partnership be allocated entirely to the general partner when calculating earnings per unit under the two class method. As a result, previously reported earnings per unit of the limited partners will not change as a result of a dropdown transaction. The accounting standard will be effective for reporting periods and interim periods within those reporting periods beginning after December 15, 2015.

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

2. Financial Instruments
Cash Equivalents
The Partnership had $75,029 and $40,003 of held-to-maturity securities with original maturities of three months or less, primarily consisting of corporate debt securities, classified as cash equivalents at June 30, 2015 and December 31, 2014, respectively. The Partnership's investments in held-to-maturity securities are held at amortized cost, which approximates fair value.
3. Accounts Receivable—Third Parties
Accounts receivable—third parties consist of the following:

	June 30, 2015	December 31, 2014
Trade customers	$22,245	$37,514
Allowance for doubtful accounts	(170)	—
	22,075	37,514
Other	—	6
Accounts receivable, net—third parties	$22,075	$37,520

4. Inventories
Inventories consist of the following:

	June 30, 2015	December 31, 2014
Finished products	$3,596	$6,257
Feedstock, additives and chemicals	260	377
Inventories	$3,856	$6,634

5. Property, Plant and Equipment
As of June 30, 2015, the Partnership had property, plant and equipment, net totaling $914,270. The Partnership assesses these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, including when negative conditions such as significant current or projected operating losses exist. Other factors considered by the Partnership when determining if an impairment assessment is necessary include, but are not limited to, significant changes or projected changes in supply and demand fundamentals (which would have a negative impact on operating rates or margins), new technological developments, new competitors with significant raw material or other cost advantages, adverse changes associated with the U.S. and world economies and uncertainties associated with governmental actions. Long-lived assets assessed for impairment are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.
Depreciation expense on property, plant and equipment of $16,182 and $15,720 is included in cost of sales in the combined and consolidated statements of operations for the three months ended June 30, 2015 and 2014, respectively. Depreciation expense on property, plant and equipment of $31,775 and $30,204 is included in cost of sales in the combined and consolidated statements of operations for the six months ended June 30, 2015 and 2014, respectively.
6. Other Assets
Amortization expense on other assets of $4,210 and $4,548 is included in the combined and consolidated statements of operations for the three months ended June 30, 2015 and 2014, respectively. Amortization expense on other assets of $8,420 and $9,078 is included in the combined and consolidated statements of operations for the six months ended June 30, 2015 and 2014, respectively.
7. Net Income Per Limited Partner Unit
Net income per unit applicable to common limited partner units and to subordinated limited partner units is computed by dividing the respective limited partners' interest in net income for the period by the weighted-average number of common units and subordinated 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

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(in thousands of dollars, except unit amounts and per unit data)

securities include common units, subordinated units and incentive distribution rights. Basic and diluted net income per unit are the same because the Partnership does not have any potentially dilutive units outstanding for the periods presented.

On July 29, 2015, 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 April 1, 2015 through June 30, 2015 of $0.2910 per unit, or $7,874 in total. This distribution is payable on August 27, 2015 to unitholders of record as of August 13, 2015.

On April 29, 2015, the board of directors of Westlake GP declared a quarterly cash distribution for the period from January 1, 2015 through March 31, 2015 of $0.2829 per unit, or $7,655 in total. This distribution was paid on May 27, 2015 to unitholders of record as of May 12, 2015.

	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Net income attributable to the Partnership	$10,443	$18,943
Less:		
Limited partners' distribution declared on common units	4,183	8,248
Limited partners' distribution declared on subordinated units	3,691	7,281
Net income in excess of distribution	$2,569	$3,414

	Three Months Ended June 30, 2015			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	$4,183	$3,691	$—	$7,874
Net income in excess of distribution	1,365	1,204	—	2,569
Net income	$5,548	$4,895	$—	$10,443
Weighted average units outstanding:				
Basic and diluted	14,373,615	12,686,115		27,059,730
Net income per limited partner unit:				
Basic and diluted	$0.39	$0.39		$0.39

	Six Months Ended June 30, 2015			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	$8,248	$7,281	$—	$15,529
Net income in excess of distribution	1,816	1,598	—	3,414
Net income	$10,064	$8,879	$—	$18,943
Weighted average units outstanding:				
Basic and diluted	14,373,615	12,686,115		27,059,730
Net income per limited partner unit:				
Basic and diluted	$0.70	$0.70		$0.70

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WESTLAKE CHEMICAL PARTNERS LP
NOTES TO COMBINED AND 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, each of the Partnership and OpCo from time to time provide other services or products for which it charges Westlake a fee. Prior to the IPO, the Predecessor sold the majority of its ethylene to Westlake for use in Westlake's downstream operations.

Sales to related parties were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor
Net sales—Westlake	$204,669	$415,033	$413,582	$798,960

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. Prior to the IPO, services provided by Westlake and included in cost of sales related primarily to services provided by employees of Westlake Management Services, Inc., a subsidiary of Westlake. The cost of services provided by employees of Westlake Management Services, Inc. was allocated to the Predecessor's operations primarily on the basis of direct usage.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor
Feedstock purchased from Westlake and included in cost of sales	$76,013	$—	$156,832	$—
Other charges from Westlake and included in cost of sales	19,595	16,534	33,491	33,122
Total	$95,608	$16,534	$190,323	$33,122

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. Prior to the IPO, the Predecessor was allocated costs incurred by Westlake on its behalf for similar functions. These allocations were based primarily on the basis of direct usage when identifiable, with the remainder allocated on the basis of fixed assets, headcount or other measure. Management believes the allocation of expenses incurred by Westlake on the Predecessor's behalf are reasonable and reflect all costs related to the operations of the Predecessor. Nevertheless, the financial information of the Predecessor may not have included all of the expenses that would have been incurred had the Predecessor been a stand-alone company during the periods prior to the IPO.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor

Services received from Westlake and included in selling, general and administrative expenses	$4,971	$5,142	$10,119	$11,618

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

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. Prior to the IPO, salaries and benefits of Westlake Management Services, Inc. were allocated to the Predecessor primarily on the basis of direct usage.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
		Predecessor		Predecessor
Goods and services purchased from Westlake and capitalized as assets	$975	$1,245	$1,937	$3,075

Accounts Receivable from and Accounts Payable to Related Parties

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake under the Ethylene Sales Agreement. 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 receivable and accounts payable balances were as follows:

	June 30, 2015	December 31, 2014
Accounts receivable, net—Westlake	$35,882	$18,529
Accounts payable—Westlake	(14,523)	(7,470)

Debt Payable to Related Parties

OpCo assumed promissory notes payable to Westlake and entered into a senior unsecured revolving credit facility with Westlake in connection with the IPO. Prior to the IPO, the Predecessor funded certain capital expenditures through promissory notes payable to Westlake, a portion of which were assumed by the Partnership in connection with the IPO. See Note 9 for description of related party debt payable balances. Interest on related party debt payable balances for the three months ended June 30, 2015 and 2014 were $1,364 and $4,105, respectively, and for the six months ended June 30, 2015 and 2014 were $2,740 and $7,696, respectively, and are reflected as a component of other income (expense) in the combined and consolidated statement of operations. Interest capitalized as a component of property, plant and equipment on related party debt was $895 for the three months ended June 30, 2015 and $2,110 for the six months ended June 30, 2015. At June 30, 2015 and December 31, 2014, accrued interest on related party debt was $2,260 and $2,403, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheet.

Debt payable to related parties was as follows:

	June 30, 2015	December 31, 2014
Long-term debt payable to Westlake	$280,992	$227,638

General

OpCo, together with other subsidiaries of Westlake not included in these combined and consolidated financial statements, is a guarantor under Westlake's revolving credit facility and the indentures governing its senior notes. As of June 30, 2015 and December 31, 2014, Westlake had outstanding letters of credit totaling $29,670 and $31,392 under its revolving credit facility and $754,000 and $754,000 outstanding under its senior notes (less the unamortized discount of $833 and $921), respectively.

The indentures governing Westlake's senior notes prevent OpCo from making distributions to the Partnership if any default or event of default (as defined in the indentures) exists. However, Westlake's credit facility does not prevent

OpCo from making distributions to the Partnership.

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

OpCo has entered into two site lease agreements with Westlake in connection with the IPO, 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:

	June 30, 2015	December 31, 2014
August 2013 Promissory Notes (variable interest rate of prime plus 1.5%, original scheduled maturity of August 1, 2023)	$31,775	$167,116
OpCo Revolver (variable interest rate of LIBOR plus 3.0%, original scheduled maturity of August 4, 2019)	113,876	60,522
MLP Revolver (variable interest rate of LIBOR plus 2.0%, original scheduled maturity of April 29, 2018)	135,341	—
	$280,992	$227,638

In 2013, three intercompany promissory notes were issued for capital expenditures incurred by Westlake on behalf of the Predecessor's operations (together, the "August 2013 Promissory Notes"). In connection with the IPO, OpCo assumed a portion of the August 2013 Promissory Notes. Proceeds drawn under the August 2013 Promissory Notes during the six months ended June 30, 2014 were used to fund capital expenditures at the Predecessor's ethylene plants.

In connection with the IPO on August 4, 2014, OpCo entered into a $600,000 senior unsecured revolving credit facility agreement with Westlake (the "OpCo Revolver"). The OpCo Revolver accrues interest quarterly at a rate of LIBOR plus 3.0%, which may be paid-in-kind as an addition to the principal at OpCo's option. Proceeds drawn under the OpCo Revolver during the six months ended June 30, 2015 were used to fund capital expenditures at the Partnership's ethylene plants.

On April 29, 2015, the Partnership entered into a $300,000 revolving credit facility (the "MLP Revolver") agreement with Westlake (the "MLP Revolver") to fund the Partnership's purchase of an additional 2.7% newly-issued, limited partner interest in OpCo for $135,341. 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 the Partnership 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 the Partnership 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), 5.50:1.00 or less, or (2) during any other period, 4.50:1.00 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 June 30, 2015, the Partnership was in compliance with all of the covenants under the August 2013 Promissory Notes, 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.

There were no assets or liabilities accounted for at fair value on a recurring basis as of June 30, 2015 and December 31, 2014. There were no transfers in or out of Levels 1 and 2 of the fair value hierarchy for the six months ended June 30, 2015 and 2014.

The Partnership has other 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 June 30, 2015 and December 31, 2014 are summarized in the table below. The Partnership's long-term debt includes the August 2013 Promissory Notes, the OpCo Revolver and the MLP Revolver. 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.

(in thousands of dollars, except unit amounts and per unit data)

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
August 2013 Promissory Notes	$31,775	$31,775	$167,116	$167,116
OpCo Revolver	113,876	128,769	60,522	60,522
MLP Revolver	135,341	135,341	—	—

11. Income Taxes

The Partnership is a limited partnership and is treated as a partnership for U.S. federal income tax purposes and, therefore, is not liable for entity-level federal income taxes. The Partnership is, however, subject to state and local income taxes. The Predecessor's operating results were included in Westlake's consolidated U.S. federal and state income tax returns. Amounts presented in the combined financial statements prior to the IPO relate to income taxes that have been determined on a separate tax return basis, and the Predecessor's contribution to Westlake Chemical Corporation's net operating losses and tax credits have been included in the Predecessor's financial statements.

The effective income tax rates were 0.0% and 0.2% for the three and six months ended June 30, 2015, respectively. The effective income tax rates for the three and six months ended June 30, 2015 are not comparable to the effective income tax rate for the prior-year comparative periods as the Partnership is not subject to federal income taxes subsequent to the IPO. The effective income tax rates of the Predecessor were 35.3% and 35.3% for the three and six months ended June 30, 2014, respectively. The effective income tax rates for the three and six months ended June 30, 2014 were above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, mostly offset by the domestic manufacturing deduction and state income tax credits.

12. Supplemental Information

Non-cash Operating Activity

The Predecessor settled $4,099 and $7,441 of its total interest expense incurred on long-term debt payable to Westlake as an addition to principal on debt outstanding for the three and six months ended June 30, 2014, respectively.

Non-cash Investing Activity

The change in capital expenditure accrual reducing additions to property, plant and equipment was $8,594 for the six months ended June 30, 2015. The change in capital expenditure accrual increasing additions to property, plant and equipment was $2,062 for the six months ended June 30, 2014.

13. Major Customer and Concentration of Credit Risk

During the three months ended June 30, 2015 and 2014, Westlake accounted for approximately 81.3% and 79.2%, respectively, of the Partnership's and the Predecessor's net sales. During the six months ended June 30, 2015 and 2014, Westlake accounted for approximately 81.1% and 73.7%, respectively, of the Partnership's and the Predecessor's net sales.

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14. Commitments and Contingencies

The Partnership is subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require it to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. Because several of the Partnership's processing sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on the Partnership. Westlake has agreed to indemnify the Partnership for liabilities that occurred or existed prior to August 4, 2014.

Contract Disputes with Goodrich and PolyOne. In connection with the 1990 and 1997 acquisitions of the Goodrich Corporation ("Goodrich") chemical manufacturing facility in Calvert City, Kentucky, which is a portion of the B.F. Goodrich superfund site, Goodrich agreed to indemnify Westlake for any liabilities related to preexisting contamination at the site. Westlake agreed to indemnify Goodrich for post-closing contamination caused by Westlake's operations. The soil and groundwater at the site had been extensively contaminated under Goodrich's operations. In 1993, Goodrich spun off the predecessor of PolyOne Corporation ("PolyOne"), and that predecessor assumed Goodrich's indemnification obligations relating to preexisting contamination.

In 2003, litigation arose among Westlake, Goodrich and PolyOne with respect to the allocation of the cost of remediating contamination at the site. The parties settled this litigation in December 2007, and the case was dismissed. In the settlement the parties agreed that, among other things: (1) PolyOne would pay 100.0% of the costs (with specified exceptions), net of recoveries or credits from third parties, incurred with respect to environmental issues at the Calvert City site from August 1, 2007 forward; (2) either Westlake or PolyOne might, from time to time in the future (but not more than once every five years), institute an arbitration proceeding to adjust that percentage; and (3) Westlake and PolyOne would negotiate a new environmental remediation utilities and services and secondment agreement to cover Westlake's provision to or on behalf of PolyOne of certain environmental remediation services at the site. The current environmental remediation activities at the Calvert City site do not have a specified termination date but are expected to last for the foreseeable future. The costs incurred by Westlake that have been invoiced to PolyOne to provide the environmental remediation services were $2,805 in 2014. By letter dated March 16, 2010, PolyOne notified Westlake that it was initiating an arbitration proceeding under the settlement agreement. In this proceeding, PolyOne seeks to readjust the percentage allocation of costs and to recover approximately $1,400 from Westlake in reimbursement of previously paid remediation costs. The arbitration is currently stayed pending the outcome of discussions between other parties and their insurance carriers.

State Administrative Proceedings. There are several administrative proceedings in Kentucky involving Westlake, Goodrich and PolyOne related to the same manufacturing site in Calvert City, which includes OpCo's processing facility in Calvert City. In 2003, the Kentucky Environmental and Public Protection Cabinet (the "Cabinet") re-issued Goodrich's Resource Conservation and Recovery Act ("RCRA") permit which requires Goodrich to remediate contamination at the Calvert City manufacturing site. Both Goodrich and PolyOne challenged various terms of the permit in an attempt to shift Goodrich's clean-up obligations under the permit to Westlake. Westlake intervened in the proceedings. The Cabinet has suspended all corrective action under the RCRA permit in deference to a remedial investigation and feasibility study ("RIFS") being conducted, under the auspices of the U.S. Environmental Protection Agency ("EPA") pursuant to an Administrative Settlement Agreement ("AOC"), which became effective on December 9, 2009. See "Federal Administrative Proceedings" below. Periodic status conferences will be held to evaluate whether additional proceedings will be required.

Federal Administrative Proceedings. In May 2009, the Cabinet sent a letter to the EPA requesting the EPA's assistance in addressing contamination at the Calvert City site under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). In its response to the Cabinet, the EPA stated that it concurred with the Cabinet's request and would incorporate work previously conducted under the Cabinet's RCRA authority into the EPA's cleanup efforts under CERCLA. Since 1983, the EPA has been addressing contamination at an abandoned landfill adjacent to the Partnership's plant which had been operated by Goodrich and which was being remediated pursuant to CERCLA. The EPA has directed Goodrich and PolyOne to conduct additional investigation activities at the landfill and at the Calvert City site. In June 2009, the EPA notified Westlake that Westlake may have potential liability under section 107(a) of CERCLA at its plant site. Liability under section 107(a) of CERCLA is strict and joint and several. The EPA also identified Goodrich and PolyOne, among others, as potentially responsible parties at the plant site. Westlake negotiated, in conjunction with the other potentially responsible parties, an AOC and an order to conduct an RIFS. Due to the Partnership's ownership and current operation of the property, the Partnership may be subject to additional requirements and liabilities under CERCLA.

Potential Flare Modifications. For several years, the EPA has been conducting an enforcement initiative against petroleum refineries and petrochemical plants with respect to emissions from flares. A number of companies have entered into consent agreements with the EPA requiring both modifications to reduce flare emissions and the installation of additional equipment to better track flare operations and emissions. 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. Westlake submitted information pursuant to such request, including information regarding three flares that the Partnership owns. 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 demanded that Westlake conduct additional flare sampling and provide supplemental information. Westlake is currently in negotiations with the EPA regarding these demands, some of which are applicable to the Partnership's flares. The EPA has indicated that it is seeking a consent decree with that would obligate Westlake to take corrective actions relating to the alleged noncompliance. Westlake has not agreed that any flares are out of compliance or that any corrective actions are warranted. Depending on the outcome of Westlake's negotiations with the EPA, additional controls on emissions from the Partnership's flares may be required and these could result in increased capital and operating costs.

Louisiana Notice of Violations. The Louisiana Department of Environmental Quality ("LDEQ") has issued notices of violations regarding the Partnership's assets, and those of Westlake, for various air compliance issues. The Partnership and Westlake are working with LDEQ to settle these claims, and a global settlement of all claims is being discussed. While settlement may result in a total civil penalty of approximately $200, such a settlement will likely cover assets owned by the Partnership and Westlake, and to the extent it covers the Partnership's assets, Westlake has agreed to indemnify the Partnership for liabilities to the extent such liabilities occurred or existed prior to August 4, 2014.

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

15. Subsequent Events

On July 29, 2015, the board of directors of Westlake Chemical Partners GP LLC, the Partnership's general partner, declared a quarterly distribution for the period from April 1, 2015 through June 30, 2015 of $0.2910 per unit, or $7,874 in total. This distribution is payable on August 27, 2015 to unitholders of record as of August 13, 2015. Subsequent events were evaluated through the date on which the financial statements were issued.

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

Unless the context otherwise requires, references in this report to the "Predecessor" refer to Westlake Chemical Partners LP Predecessor, our predecessor for accounting purposes, and refer to the time periods prior to the completion of our initial public offering on August 4, 2014 (the "IPO"). Unless otherwise indicated, references in this report to "we," "our," "us" or like terms used in the present tense or prospectively, or in reference to the period subsequent to the IPO, 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.

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the accompanying combined and consolidated financial statements and the notes thereto and the combined and 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, 2014 (the "2014 Form 10-K"), as filed with the SEC on March 9, 2015.

The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

The Initial Public Offering

On August 4, 2014, the Partnership closed its IPO of 12,937,500 common units.

Purchase of Additional Interests in OpCo

On April 29, 2015, we purchased an additional 2.7% newly-issued limited partner interest in OpCo for approximately $135.3 million, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. In order to fund this purchase, we entered into a revolving credit facility (the "MLP Revolver") with a subsidiary of Westlake, which has a total borrowing capacity of $300.0 million. We intend to rely on the MLP Revolver in making any additional purchases of limited partner interests in OpCo in the future. For more information on the MLP Revolver, please see "—Liquidity and Capital Resources—Indebtedness—MLP Revolver."

Partnership Overview

We are a Delaware limited partnership formed by Westlake to operate, acquire and develop facilities and related assets for the processing of natural gas liquids. Currently, our sole revenue generating asset is our 13.3% limited partner interest in OpCo, a limited partnership formed by Westlake and us in anticipation of the IPO to own and operate a natural gas liquids processing business. We control OpCo through our ownership of its general partner. Westlake retains the remaining 86.7% limited partner interest in OpCo as well as significant interest in us through its ownership of our general partner, 52.2% of our limited partner units (consisting of 1,436,115 common units and all of the subordinated units) and our incentive distribution rights. OpCo's assets include (1) two natural gas liquids processing facilities ("Petro 1" and "Petro 2" and, collectively, "Lake Charles Olefins") at Westlake's Lake Charles, Louisiana site; (2) one natural gas liquids processing 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 the chemical facility in Longview, Texas.

How We Generate Revenue

We generate revenue primarily by selling ethylene and the resulting co-products we produce. In connection with the IPO, OpCo and Westlake entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which we generate a substantial majority of our revenue. This 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, plus a fixed margin per pound of $0.10 less revenue from co-products sales. We expect Westlake will take volumes in excess of the minimum commitment under the Ethylene Sales Agreement if we produce more than our planned production.

We sell ethylene production in excess of volumes sold to Westlake, as well as associated co-products resulting from the ethylene production, directly to third parties on either a spot or contract basis. Net proceeds (after transportation and other costs) from the sales of associated co-products that result from the production of ethylene purchased by Westlake are netted against the ethylene price charged to Westlake under the Ethylene Sales Agreement, thereby substantially reducing our exposure to fluctuations in the market prices of these co-products. Historically, the third-party ethylene and associated co-products sales have generated greater than 25% of our total revenues. The significant drop in crude oil prices towards the end of 2014 and continuing through the second quarter of 2015 may create volatility in the North American and global markets, which may result in reduced prices and margins for third-party ethylene and associated co-products sales in 2015.

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How We Source Feedstock

In connection with the IPO, OpCo entered into a 12-year feedstock supply agreement (the "Feedstock Supply Agreement") with Westlake Petrochemicals LLC, a wholly owned subsidiary of Westlake, under which Westlake Petrochemicals LLC supplies OpCo with ethane and other feedstocks that OpCo uses to produce ethylene under the Ethylene Sales Agreement. We expect that OpCo will also purchase the ethane and other feedstocks to produce ethylene and resulting co-products to sell to unrelated third parties from Westlake Petrochemicals LLC.

How We Evaluate Operations

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include: (1) production volumes, (2) operating and maintenance expenses, including turnaround costs, and (3) MLP distributable cash flow and EBITDA.

Production Volumes

The amount of profit we generate primarily depends on the volumes of ethylene and resulting co-products we are able to produce at Calvert City Olefins and Lake Charles Olefins. Although Westlake has committed to purchasing minimum volumes from us under the Ethylene Sales Agreement, our results of operations are impacted by our ability to:

- produce sufficient volumes of ethylene to meet our commitments under the Ethylene Sales Agreement or recover our estimated costs through the pricing provisions of the Ethylene Sales Agreement;
- contract with third parties for the remaining uncommitted processing capacity;
- add or increase capacity at our existing processing facilities, or add additional processing capacity via organic expansion projects and acquisitions; and
- achieve or exceed the specified yield factors for natural gas, ethane and other feedstock under the Ethylene Sales Agreement.

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 repair 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 processing 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 unit.

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 costs directly affects our profitability and cash flows. 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.

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 and amortization, less contributions for turnaround reserves and maintenance capital expenditures. We define MLP distributable cash flow as distributable cash flow attributable to periods subsequent to the date of the IPO less distributable cash flow attributable to Westlake's noncontrolling interest in OpCo. 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:

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- 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 cash flow from 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 Predecessor's operations. 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.

Factors Affecting the Comparability of Our Financial Results

Our results of operations subsequent to the IPO are not comparable to the Predecessor's historical results of operations for the reasons described below:

Revenue

Ethylene, Co-products and Excess Feedstock Sales

There are differences in the way the Predecessor generated and recorded revenue and the way we generate and record revenue from ethylene sales to Westlake. The Predecessor generally recognized revenue for ethylene sold internally based on a transfer pricing formula intended to approximate the fair market value of the commodity. Subsequent to the IPO, a substantial majority of our revenue from ethylene sales is generated from sales of ethylene to Westlake under the Ethylene Sales Agreement. The Ethylene Sales Agreement contains minimum purchase commitments and pricing that is expected to generate a fixed margin of $0.10 per pound. The price per pound of ethylene sold under the Ethylene Sales Agreement is lower than historical prices charged by the Predecessor for ethylene sold internally. As such, we expect a significant decrease in revenue from ethylene sales to Westlake for periods after the IPO compared with the Predecessor's historical revenue.

The Predecessor's third-party sales consisted of ethylene, feedstock and associated co-products sales. With respect to third-party ethylene sales, the Predecessor also resold externally procured ethylene to third parties. Subsequent to the IPO, the ethylene procurement and reselling activities of the Predecessor remained with Westlake. In addition, the Predecessor's net sales included revenue from sales to third parties of excess feedstock not used in the ethylene production process. Following the closing of the IPO, we do not generate revenues from the sale of excess feedstock to third parties as all of the Predecessor's feedstock risk-management activities remained with Westlake. However, we sell all of our co-products volume to third parties in a manner consistent with the Predecessor. As such, there are no significant changes to revenue related to the sale of co-products, as compared to the Predecessor's historical revenue from co-products sales.

Expenses

Selling, General and Administrative Expenses

The Predecessor's selling, general and administrative expenses included direct and indirect charges for the management and operation of our ethylene and other transportation assets allocated by Westlake for general corporate services such as treasury, information technology, legal, corporate tax, human resources, executive compensation, and other financial and administrative services. These expenses were charged or allocated to the Predecessor based on the nature of the expense and the Predecessor's proportionate share of fixed assets, headcount or other measure, as deemed appropriate. Following the closing of the IPO, under the Services and Secondment Agreement and Omnibus Agreement, Westlake continues to charge us a combination of direct and allocated charges for similar general corporate services as those charged to the Predecessor historically. We also incur certain annual general and administrative expenses as a result of being a separate publicly traded partnership which were not reflected in the Predecessor's combined financial statements.

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Income Taxes

The Partnership is a limited partnership and is treated as a partnership for U.S. federal income tax purposes and, therefore, is not liable for entity-level federal income taxes. The Partnership is, however, subject to state and local income taxes. The Predecessor's tax provision was determined on a separate return basis. Accordingly, we expect our tax provision to be significantly reduced as compared to that of the Predecessor.

Noncontrolling Interest

At the closing of the IPO, Westlake contributed a 5.8% limited partner interest and the general partner interest in OpCo to us. Immediately following the IPO, we used the IPO net proceeds to acquire an additional 4.8% limited partner interest in OpCo directly from OpCo and Westlake retained the remaining 89.4% limited partner interest in OpCo, which is recorded as noncontrolling interest in our consolidated financial statements. In April 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. Westlake owns the remaining 86.7% limited partner interest in OpCo. See "Purchase of Additional Interests in OpCo" above.

Factors Affecting Our Business

Supply and Demand for Ethylene and Resulting Co-products

We generate a substantial majority of our revenue from the Ethylene Sales Agreement. This contract is intended to promote cash flow stability and minimize our direct exposure to commodity price fluctuations in the following ways: (1) the cost-plus pricing structure of the Ethylene Sales Agreement is expected to generate a fixed margin of $0.10 per pound, adjusting automatically for changes in feedstock costs; and (2) Westlake is committed to purchase 95% of the annual planned production, subject to a maximum commitment of 3.8 billion pounds of ethylene per year, with an option to purchase an additional 95% of actual monthly production in excess of the planned production. As a result, our direct exposure to commodity price risk is limited to approximately 5% of our total ethylene production, which is that portion sold to third parties, assuming Westlake exercises its option to purchase 95% of the over production, as well as to our co-products sales.

We also have indirect exposure to commodity price fluctuations to the extent such fluctuations affect the ethylene consumption patterns of third-party purchasers. Demand for ethylene exhibits cyclical commodity characteristics as margins earned on ethylene derivative products are influenced by changes in the balance between supply and demand, the resulting operating rates and general economic activity. While 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, our ability to execute our growth strategy in our areas of operation will depend, in part, on the demand for ethylene derivatives in the geographical areas served by our processing facilities.

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Results of Operations

The table below and descriptions that follow represent the consolidated results of operations of the Partnership for the three and six months ended June 30, 2015 and the combined results of operations of the Predecessor for the three and six months ended June 30, 2014. Our consolidated results of operations subsequent to the IPO are not comparable to the Predecessor's historical combined results of operations for the reasons discussed under "Factors Affecting the Comparability of Our Financial Results."

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor
	(dollars in thousands)			
Revenue				
Net sales—Westlake	$204,669	$415,033	$413,582	$798,960
Net co-product, ethylene and feedstock sales—third parties	47,036	109,102	96,514	285,189
Total net sales	251,705	524,135	510,096	1,084,149
Cost of sales	157,177	277,589	319,341	605,289
Gross profit	94,528	246,546	190,755	478,860
Selling, general and administrative expenses	5,995	6,165	11,995	13,943
Income from operations	88,533	240,381	178,760	464,917
Other income (expense)				
Interest expense—Westlake	(1,364)	(4,105)	(2,740)	(7,696)
Other income, net [(1)]	33	1,397	38	2,649
Income before income taxes	87,202	237,673	176,058	459,870
(Benefit from) provision for income taxes	(41)	83,829	426	162,152
Net income	$87,243	$153,844	$175,632	$297,718
Less: Net income attributable to noncontrolling interest in OpCo	76,800		156,689	
Net income attributable to Westlake Chemical Partners LP	$10,443		$18,943	
MLP distributable cash flow [(2)]	$9,235		$18,196	
EBITDA [(3)]	$108,958	$262,046	$218,993	$506,848

(1) Includes income from the Predecessor's equity stake in a pipeline joint venture that was not contributed to the Partnership in connection with the IPO.

(2) Non GAAP financial measure. See the "Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities."

(3) Non GAAP financial measure. See the "Reconciliation of EBITDA to Net Income and Net Cash Provided by Operating Activities."

	Three Months Ended June 30, 2015		Six Months Ended June 30, 2015	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales prices and volume percentage change	-45.6%	-6.4%	-44.1%	-8.8%

from prior year period

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Average industry prices [1]				
Ethane (cents/lb)	6.2	9.8	6.2	10.6
Propane (cents/lb)	10.8	25.2	11.7	28.0
Ethylene (cents/lb) [2]	36.1	55.5	36.3	55.3

(1) Industry pricing data was obtained from IHS Chemical. We have not independently verified the data.
(2) Represents average North American spot prices of ethylene over the period as reported by IHS Chemical.

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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 June 30, 2015	Six Months Ended June 30, 2015
MLP distributable cash flow	$9,235	$18,196
Add:		
Distributable cash flow attributable to noncontrolling interest in OpCo	68,908	152,732
Maintenance capital expenditures	22,515	30,801
Contribution to turnaround reserves	6,977	14,098
Less:		
Depreciation and amortization	(20,392)	(40,195)
Net income	87,243	175,632
Changes in operating assets and liabilities and other	29,416	54,207
Deferred income taxes	(288)	(234)
Loss from disposition of fixed assets	123	124
Provision for doubtful accounts	170	170
Net cash provided by operating activities	$116,664	$229,899

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 June 30,		Six Months Ended June 30,	
	2015	2014 Predecessor	2015	2014 Predecessor
EBITDA	$108,958	$262,046	$218,993	$506,848
Less:				
Benefit from (provision for) income taxes	41	(83,829)	(426)	(162,152)
Interest expense	(1,364)	(4,105)	(2,740)	(7,696)
Depreciation and amortization	(20,392)	(20,268)	(40,195)	(39,282)
Net income	87,243	153,844	175,632	297,718
Changes in operating assets and liabilities and other	29,416	22,492	54,207	72,872
Income from equity method investment, net of dividends	—	143	—	215
Deferred income taxes	(288)	3,546	(234)	6,813
Loss from disposition of fixed assets	123	885	124	1,238
Provision for doubtful accounts	170	125	170	65
Net cash provided by operating activities	$116,664	$181,035	$229,899	$378,921

Summary

For the quarter ended June 30, 2015, net income was $87.2 million on net sales of $251.7 million. This represents a decrease in net income of $66.6 million as compared to the quarter ended June 30, 2014 net income of $153.8 million on net sales of $524.1 million. Net sales for the second quarter of 2015 decreased by $272.4 million as compared to net sales for the second quarter of 2014, mainly due to a lower average sales price of ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement. Ethylene co-products average sales prices were also lower for the second quarter of 2015 as compared to the prior-year period, primarily due to the decline in market price of the co-products. Income from operations was $88.5 million for the second quarter of 2015 as compared to $240.4 million for the second quarter of 2014. Income from operations for the second quarter of 2015 as compared to the prior year period decreased mainly as result of the decline in ethylene and co-products market prices and the execution of the Ethylene Sales Agreement in connection with the IPO, partially offset by lower feedstock costs and increased ethylene production as a result of the completion of the feedstock conversion and ethylene expansion project at Calvert City Olefins.

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For the six months ended June 30, 2015, net income was $175.6 million on net sales of $510.1 million. This represents a decrease in net income of $122.1 million as compared to the six months ended June 30, 2014 net income of $297.7 million on net sales of $1,084.1 million. Net sales for the six months ended June 30, 2015 decreased by $574.0 million as compared to net sales for the six months ended June 30, 2014, mainly due to a lower average sales price of ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement. Ethylene co-products average sales prices were also lower for the first six months of 2015 as compared to the prior-year period, primarily due to the decline in market price of the co-products. Income from operations was $178.8 million for the six months ended June 30, 2015 as compared to $464.9 million for the six months ended June 30, 2014. Income from operations for the six months ended June 30, 2015 decreased as compared to the prior year period mainly as result of the decline in ethylene and co-products market prices and the execution of the Ethylene Sales Agreement in connection with the IPO, partially offset by lower feedstock costs and increased ethylene production as a result of the completion of the feedstock conversion and ethylene expansion project at Calvert City Olefins.

RESULTS OF OPERATIONS

Second Quarter 2015 Compared with Second Quarter 2014

Net Sales. Net sales decreased by $272.4 million, or 52.0%, to $251.7 million in the second quarter of 2015 from $524.1 million in the second quarter of 2014, primarily due to a lower average sales price of ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement, lower volume of ethylene sales to Westlake due to slightly lower production during this quarter and lower volume of ethylene sold to third parties primarily due to retention by Westlake of the Predecessor's ethylene procurement and reselling activities in connection with the IPO. Further, ethylene co-products sales prices were also significantly lower for the second quarter of 2015 as compared to the prior-year period, primarily due to the decline in market prices of the co-products, which resulted in a decrease in sales to third parties. This decrease was partially offset by increased volume of co-product sales to third parties. Overall average sales price for the second quarter of 2015 decreased by 45.6% as compared to the second quarter of 2014. Overall sales volumes decreased by 6.4% as compared to the second quarter of 2014.

Gross Profit. Gross profit margin percentage decreased to 37.5% for the second quarter of 2015 from 47.0% for the second quarter of 2014, primarily due to a reduction in margin for ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement. The decrease was largely offset by a significant drop in feedstock prices and the completion of the Calvert City Olefins conversion and expansion project in April 2014. Overall, sales prices decreased an average of 45.6% for the second quarter of 2015 as compared to the second quarter of 2014.

Selling General and Administrative Expenses. Selling, general and administrative expenses decreased $0.2 million, or 3.2%, to $6.0 million in the second quarter of 2015 as compared to $6.2 million in the second quarter of 2014. The decrease was mainly attributable to a decrease in the allocation from Westlake of labor costs mainly attributable to the Predecessor's operations retained by Westlake after the closing of the IPO, partially offset by incremental general and administrative expenses incurred by the Partnership subsequent to the IPO as a result of being a separate publicly-traded partnership.

Interest Expense. Interest expense decreased by $2.7 million to $1.4 million in the second quarter of 2015 from $4.1 million in the second quarter of 2014, due to the lower average debt balance as well as lower average interest rate in the second quarter of 2015 as compared to the prior-year period. Lower average interest rate this quarter as compared to the prior year period was due to the repayment of a significant portion of the August 2013 Promissory Notes that bears a higher interest rate as compared to other outstanding debts.

Other Income, Net. Other income, net decreased by $1.4 million in the second quarter of 2015 from $1.4 million in the second quarter of 2014, primarily due to the absence of income attributable to the Predecessor's equity stake in a natural gas liquids pipeline joint venture that was not contributed to us in connection with the IPO.

Income Taxes. The effective income tax rate was 0.0% for the second quarter of 2015. The effective income tax rate for the second quarter of 2015 is not comparable to the effective income tax rate for the prior-year period as the Partnership is not subject to federal income taxes subsequent to the IPO. The effective income tax rate was 35.3% for the second quarter of 2014. The effective income tax rate for the second quarter of 2014 was above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, mostly offset by the domestic manufacturing deduction and state income tax credits.

Six Months Ended June 30, 2015 Compared with Six Months Ended June 30, 2014

Net Sales. Net sales decreased by $574.0 million, or 52.9%, to 510.1 million in the six months ended June 30, 2015 from 1,084.1 million in the six months ended June 30, 2014, primarily due to a lower average sales price of ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement and lower volume of ethylene sold to third parties primarily due to retention by Westlake of the Predecessor's ethylene procurement and reselling activities in connection with the IPO, partially offset by increased volume of ethylene sold to Westlake for the six months ended June 30, 2015 as compared to the prior-year period. Further, ethylene co-products sales prices were also significantly lower for the six months ended June 30, 2015 as compared to the prior-year period, primarily due to the decline in market prices of the co-products, which resulted in a decrease in sales to third parties. This decrease was partially offset by increased volume of co-product sales to third parties. Overall average sales price for the six months ended June 30, 2015 decreased by 44.1% as compared to the six months ended June 30, 2014. Overall sales volumes decreased by 8.8% as compared to the six months ended June 30, 2014.

Gross Profit. Gross profit margin percentage decreased to 37.4% for the six months ended June 30, 2015 from 44.2% for the six months ended June 30, 2014, primarily due to a reduction in margin for ethylene sold to Westlake resulting from the execution of the Ethylene Sales Agreement. The decrease was largely offset by a significant drop in feedstock prices and the completion of the Calvert City Olefins conversion and expansion project in April 2014. Overall, sales prices decreased an average of 44.1% for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014.

Selling General and Administrative Expenses. Selling, general and administrative expenses decreased $1.9 million, or 13.7%, to $12.0 million in the six months ended June 30, 2015 as compared to $13.9 million in the six months ended June 30, 2014. The decrease was mainly attributable to a decrease in the allocation from Westlake of labor costs mainly attributable to the Predecessor's operations retained by Westlake after the closing of the IPO, partially offset by incremental general and administrative expenses incurred by the Partnership subsequent to the IPO as a result of being a separate publicly-traded partnership.

Interest Expense. Interest expense decreased by $5.0 million to $2.7 million in the six months ended June 30, 2015 from $7.7 million in the six months ended June 30, 2014, due to the lower average debt balance as well as lower average interest rate in the six months ended June 30, 2015 as compared to the prior-year period. Lower average interest rate this six-month period as compared to the prior year period was due to the repayment of a significant portion of the August 2013 Promissory Notes that bears a higher interest rate as compared to other outstanding debts.

Other Income, Net. Other income, net decreased by $2.6 million in the six months ended June 30, 2015 from $2.6 million in the six months ended June 30, 2014, primarily due to the absence of income attributable to the Predecessor's equity stake in a natural gas liquids pipeline joint venture that was not contributed to us in connection with the IPO.

Income Taxes. The effective income tax rate was 0.2% for the six months ended June 30, 2015. The effective income tax rate for the six months ended June 30, 2015 is not comparable to the effective income tax rate for the prior-year period as the Partnership is not subject to federal income taxes subsequent to the IPO. The effective income tax rate was 35.3% for the six months ended June 30, 2014. The effective income tax rate for the six months ended June 30, 2014 was above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, mostly offset by the domestic manufacturing deduction and state income tax credits.

CASH FLOW DISCUSSION FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

Operating Activities

Operating activities provided cash of $229.9 million in the first six months of 2015 compared to cash provided by operating activities of $378.9 million in the first six months of 2014. The $149.0 million decrease in cash flows from operating activities was mainly due to a decrease in income from operations and an increase in the use of cash for working capital purposes.

Investing Activities

Net cash used for investing activities during the first six months of 2015 was $95.5 million as compared to net cash used for investing activities of $106.5 million in the first six months of 2014. Capital expenditures were $95.5 million in the first six months of 2015 compared to $106.2 million in the first six months of 2014. Capital expenditures in the first six months of 2014 were mainly incurred on the feedstock conversion and ethylene expansion project at Calvert City Olefins.

Financing Activities

Net cash used for financing activities during the first six months of 2015 was $130.8 million as compared to net cash used for financing activities of $272.4 million in the first six months of 2014. The activity during the first six months of 2015 was primarily related to the repayment of $135.3 million of the August 2013 Promissory Notes and the total distributions of $184.2 million to the unitholders and Westlake by the Partnership and OpCo for the quarters ended December 31, 2014 and March 31, 2015. These repayment and distributions were partially offset by the borrowing under the MLP Revolver to fund the purchase of an additional 2.7% limited partner interest in OpCo for $135.3 million and borrowings under the OpCo Revolver of $53.4

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million. The activity during the first six months of 2014 was mainly related to the Predecessor's $376.6 million distribution to Westlake, partially offset by borrowings of $104.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

Historically, the Predecessor's principal sources of liquidity was cash from operations and funding from Westlake. As a participant in Westlake's centralized cash management system, the Predecessor's cash receipts were deposited in Westlake's or its affiliates' bank accounts and cash disbursements were made from those accounts. Accordingly, the Predecessor's combined financial statements reflected no cash balances as any cash flow generated from the Predecessor's operations was deemed to have been distributed to Westlake and reflected as a net distribution to Westlake in the Predecessor's combined statements of cash flows.

In addition to the cash generated by its operations, the Predecessor also entered into certain financing arrangements with Westlake to satisfy its capital and operating expenditure requirements. The Predecessor separately recorded costs associated with financing its operations resulting from financing arrangements entered into with Westlake.

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.

In connection with the IPO, we established 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, the issuance of additional equity interests or debt. 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.

In order to fund non-annual turnaround expenditures, we caused OpCo to use $55.4 million from the net proceeds of the IPO to fund its initial balance for turnaround activities. We intend to cause OpCo to reserve approximately $29.3 million during each twelve-month period for turnaround activities. Each of OpCo's processing facilities requires turnaround maintenance approximately every five years. By creating an initial balance and reserving additional cash annually, we intend to reduce the variability in OpCo's cash flow. The initial balance of turnaround reserve will account for the period that the processing facilities were under Westlake's ownership following the last major turnaround and prior to the entry into the Ethylene Sales Agreement. 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 is a restricted subsidiary and guarantor under Westlake's credit facility and the indentures governing its senior notes. The indentures governing Westlake's senior notes prevent OpCo from making distributions to us if any default or event of default (as defined in the indentures) exists. Westlake's credit facility does not prevent OpCo from making distributions to us.

On July 29, 2015, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of $0.2910 per unit payable on August 27, 2015 to unitholders of record on August 13, 2015, which equates to approximately $7.9 million per quarter, or approximately $31.6 million per year in aggregate, based on the number of common and subordinated units outstanding on June 30, 2015. 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

In April 2011, Westlake announced an expansion program to increase the ethylene production capacity of both Petro 1 and Petro 2 ethylene facilities in Lake Charles. The expansion of Petro 2 was completed in the first quarter of 2013 and increased ethylene production capacity by approximately 240 million pounds annually. We currently plan to upgrade and expand the capacity of Petro 1 during the first half of 2016. This project is currently estimated to cost in the range of $275.0 million to $335.0 million and is expected to add approximately 250 million pounds of ethylene capacity annually. As of June 30, 2015, we had incurred a total cost of approximately $114.4 million on this capital project.

In April 2014, the Predecessor completed the feedstock conversion and ethylene expansion project at Calvert City Olefins that resulted in approximately 180 million pounds of additional annual capacity and also provided OpCo with 100% ethane feedstock capability at the facility.

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Westlake has historically funded capital expenditures related to Lake Charles Olefins and Calvert City Olefins. During the period from January 1, 2014 through August 3, 2014, Westlake loaned the Predecessor a principal amount of approximately $121.1 million, all of which was used for capital expenditures. During the period from August 4, 2014 through December 31, 2014 and during the six months ended June 30, 2015, Westlake loaned OpCo $60.5 million and $53.4 million, respectively, all of which was used for capital expenditures. Capital expenditures for 2015 are expected to be approximately $233.0 million, of which $95.5 million was spent during the six months ended June 30, 2015. 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.

Indebtedness

OpCo assumed $246.1 million of indebtedness under three intercompany promissory notes incurred by Westlake on behalf of the Predecessor (the "August 2013 Promissory Notes") in connection with the closing of the IPO. Using proceeds from the IPO, OpCo repaid $78.9 million of the outstanding principal amount of the August 2013 Promissory Notes during 2014. During the six months ended June 30, 2015, OpCo repaid $135.3 million of the outstanding principal amount of the remaining August 2013 Promissory Notes. As of June 30, 2015, $31.8 million of the principal amount of the August 2013 Promissory Notes was still outstanding. The August 2013 Promissory Notes have a ten-year term and bear interest at the prime rate plus a 1.5% margin, which is accrued in arrears quarterly. OpCo has the right at any time to prepay the August 2013 Promissory Notes, in whole or in part, without any premium or penalty. The August 2013 Promissory Notes mature in August 2023.

OpCo Revolver

In connection with the IPO, OpCo entered into a $600.0 million revolving credit facility with Westlake (OpCo Revolver") that may be used to fund growth projects and working capital needs. As of June 30, 2015, outstanding borrowings under the OpCo Revolver totaled $113.9 million and bore interest at the LIBOR rate plus 3.0%, which is accrued in arrears quarterly. The OpCo Revolver matures in 2019.

MLP Revolver

In April 2015 we entered into a $300.0 million senior, unsecured revolving credit agreement with Westlake Chemical Finance Corporation, an affiliate of Westlake ("MLP Revolver"). The MLP Revolver is scheduled to mature on April 29, 2018. 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), 5.50:1.00 or less, or (2) during any other period, 4.50:1.00 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 June 30, 2015, there were $135.3 million principal amount of borrowings outstanding under the MLP Revolver. 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.

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;

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- our relationship with Westlake, including our expectations regarding any additional volumes of ethylene Westlake may take in excess of its minimum commitment under the Ethylene Sales Agreement and the possibility of obtaining additional financing from Westlake;
- sources of feedstock purchases;
- changes in the price and availability of electricity;
- changes in prevailing economic conditions;
- unanticipated ground, grade or water conditions;
- inclement or hazardous weather conditions, including flooding, and the physical impacts of climate change;
- environmental hazards;
- industrial accidents;
- changes in laws and regulations (or the interpretation thereof);
- inability to acquire or maintain necessary permits;
- inability to obtain necessary production equipment or replacement parts;
- technical difficulties or failures;
- labor disputes;
- late delivery of raw materials;
- difficulty collecting receivables;
- inability of our customers to take delivery;
- changes in the price and availability of transportation;
- fires, explosions or other accidents;
- our ability to borrow funds and access capital markets;
- certain factors discussed elsewhere in this report; and
- the impact of proposed regulations by the U.S. Treasury Department and the IRS on our status as a partnership for U.S. federal income tax purposes.

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 in "Risk Factors" in the 2014 Form 10-K and as discussed in Part II "Other Information", Item 1A "Risk Factors" within this Quarterly Report on Form 10-Q.

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 Predecessor's and the Partnership's products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, the Predecessor's and our product margins and level of profitability tend to fluctuate with changes in the business cycle. The Predecessor tried to protect against such instability through various business strategies. These strategies included ethylene feedstock flexibility and the use of derivative instruments in certain instances to reduce price volatility risk on feedstocks. In connection with the IPO, Westlake retained the Predecessor's open derivative positions. Since the IPO, the Partnership has not entered into any derivative transaction. As such, as of June 30, 2015, we had no open derivative positions.

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Interest Rate Risk

We are exposed to interest rate risk with respect to our variable rate debt. At June 30, 2015, we had variable rate debt of $281.0 million outstanding, all of which was owed to wholly owned subsidiaries of Westlake, $31.8 million of which accrues interest at a variable rate of prime plus 150 basis points, $113.9 million of which accrues interest at a variable rate of LIBOR plus 300 basis points and the remaining $135.3 million of which accrues interest at a variable rate of LIBOR plus 200 basis points. Historically, neither the Partnership nor the Predecessor engaged in hedging of variable rate debt. The weighted average variable interest rate of our variable rate debt as of June 30, 2015 was 2.97%. 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 these debts are refinanced. An increase in our average interest rate by 1% would increase our annual interest expense by approximately $2.8 million, based on the June 30, 2015 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 Senior 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 Senior 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.

Internal Control Over Financial Reporting and Changes in Internal Control Over Financial Reporting

The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules that generally require every registrant that files reports with the SEC to include a management report on such registrant's internal control over financial reporting in its annual report. In addition, our independent registered public accounting firm must attest to our internal control over financial reporting. Our first annual report on Form 10-K did not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by SEC rules applicable to new public companies. We are required to provide an assessment of the effectiveness of our internal control over financial reporting and comply with the auditor attestation requirement of Section 404 of the Sarbanes Oxley-Act as of December 31, 2015. There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION
Item 1. Legal Proceedings
The 2014 Form 10-K, filed on March 9, 2015, contained a description of various legal proceedings in which we are involved, including environmental proceedings. See Note 14 to the unaudited combined and 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 has agreed to indemnify the Partnership for certain environmental and other liabilities relating to OpCo's processing facilities and related assets.
Item 1A. Risk Factors
For a discussion of risk factors, please read Item IA, "Risk Factors" in the 2014 Form 10-K. There have been no material changes from those risk factors, except as discussed below:
Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes. Proposed regulations made public by the U.S. Treasury Department and the IRS on May 5, 2015 may make it difficult or impossible for us to maintain our status as a partnership after a ten-year transition period.
Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a “qualifying income” requirement (the “Qualifying Income Exception”) under Section 7704 of the Internal Revenue Code of 1986, as amended (the “Code”). Failing to meet the Qualifying Income Exception would cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.
Prior to our initial public offering, we requested and obtained a favorable private letter ruling from the IRS to the effect that the production, transportation, storage and marketing of ethylene and its co-products constitutes “qualifying income” within the meaning of the Code.
On May 5, 2015, the U.S. Treasury Department and the IRS issued proposed regulations (the “Proposed Regulations”) regarding qualifying income under Section 7704(d)(1)(E) of the Code. The Proposed Regulations provide industry-specific rules regarding the Qualifying Income Exception, including whether an activity constitutes the processing or refining of a natural resource, which limit the extent to which the refining of products derived from crude oil and natural gas constitutes qualifying income. In the event that an activity does not satisfy the standards set forth in the final regulations, the Proposed Regulations include a proposed ten-year transition period for partnerships, like us, who already received a private letter ruling that the income from that activity was qualifying income. If the Proposed Regulations become final in their current form, such final regulations would make it difficult or impossible for us to satisfy the Qualifying Income Exception after the proposed ten-year transition period.
The U.S. Treasury Department and the IRS have requested comments from industry participants regarding the standards set forth in the Proposed Regulations. We are participating in the comment process, and look forward to continued dialogue with the IRS and the Treasury Department regarding our private letter ruling and the appropriate meaning of “processing and refining” natural gas liquids. In the event that we do not satisfy the standards set forth in the final regulations, the final regulations will likely provide the proposed ten-year transition period. During the transition period, we may continue to rely on our private letter ruling, allowing us to maintain our treatment as a partnership. If we were not able to satisfy the standards of the final regulations after the transition period, we would then be treated as a corporation for U.S. federal income tax purposes for taxable periods after the transition period.
Westlake may be unable or unwilling to satisfy its obligations under the MLP Revolver, which may limit our ability to fund acquisitions.
We expect to utilize the MLP Revolver in future acquisitions, including any potential purchases of additional interests in OpCo. Westlake Chemical Finance Corporation ("Finance Corp."), a wholly owned subsidiary of Westlake, is the sole lender under the MLP Revolver. Finance Corp. has no assets, other than our obligation to pay principal and interest under the MLP Revolver, and Westlake has no obligation to provide Finance Corp. with capital. Westlake may be unable or unwilling to make capital contributions to Finance Corp. to enable Finance Corp. to satisfy its obligations under the MLP Revolver because of restrictions under Westlake's indenture and other debt obligations or because of general market conditions. If Westlake is unable or unwilling to make capital contributions to Finance

Corp., Westlake may not provide us potential opportunities to purchase additional interests in OpCo or other assets that it may otherwise have provided us, or may condition any such opportunities on us obtaining alternative financing.

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Item 6. Exhibits

Exhibit No.	Description
10.1	Senior Unsecured Revolving Credit Agreement by and among Westlake Chemical Partners GP LLC and Westlake Chemical Finance Corporation, dated as of April 29, 2015 (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on April 30, 2015, File No. 1-36567)
31.1†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer)
31.2†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer)
32.1#	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)
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

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†Filed herewith.
#Furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	WESTLAKE CHEMICAL PARTNERS LP
Date: August 5, 2015	By: /S/ ALBERT CHAO Albert Chao President, Chief Executive Officer and Director of Westlake Chemical Partners GP LLC (Principal Executive Officer)
Date: August 5, 2015	By: /S/ M. STEVEN BENDER M. Steven Bender Senior Vice President, Chief Financial Officer, Treasurer and Director of Westlake Chemical Partners GP LLC (Principal Financial Officer)

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EXHIBIT INDEX

Exhibit No.	Exhibit
10.1	Senior Unsecured Revolving Credit Agreement by and among Westlake Chemical Partners GP LLC and Westlake Chemical Finance Corporation, dated as of April 29, 2015 (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on April 30, 2015, File No. 1-36567)
31.1†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer)
31.2†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer)
32.1#	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)
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.