

# Second Quarter 2016 Earnings

July 29, 2016



**STRONG.**

**CONSISTENT.**

**FOCUSED.**

# Cautionary Statement

The statements in this presentation relating to matters that are not historical facts are forward-looking statements. These forward-looking statements are based upon assumptions of management which are believed to be reasonable at the time made and are subject to significant risks and uncertainties. Actual results could differ materially based on factors including, but not limited to, the business cyclicalities of the chemical, polymers and refining industries; the availability, cost and price volatility of raw materials and utilities, particularly the cost of oil, natural gas, and associated natural gas liquids; competitive product and pricing pressures; labor conditions; our ability to attract and retain key personnel; operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, supplier disruptions, labor shortages, strikes, work stoppages or other labor difficulties, transportation interruptions, spills and releases and other environmental risks); the supply/demand balances for our and our joint ventures' products, and the related effects of industry production capacities and operating rates; our ability to achieve expected cost savings and other synergies; our ability to successfully execute projects and growth strategies; legal and environmental proceedings; tax rulings, consequences or proceedings; technological developments, and our ability to develop new products and process technologies; potential governmental regulatory actions; political unrest and terrorist acts; risks and uncertainties posed by international operations, including foreign currency fluctuations; and our ability to comply with debt covenants and service our debt. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section of our Form 10-K for the year ended December 31, 2015, which can be found at [www.lyondellbasell.com](http://www.lyondellbasell.com) on the Investor Relations page and on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

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

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

# Information Related to Financial Measures



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

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

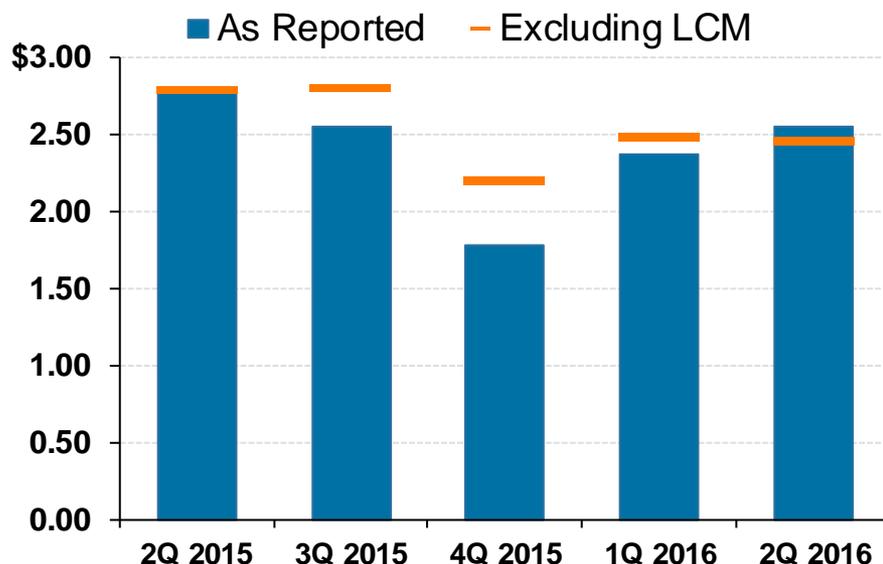
While we also believe that free cash flow (FCF) and free cash flow yield (FCF Yield) are measures commonly used by investors, free cash flow and free cash flow yield, as presented herein, may not be comparable to similarly titled measures reported by other companies due to differences in the way the measures are calculated. For purposes of this presentation, free cash flow means net cash provided by operating activities minus capital expenditures and free cash flow yield means the ratio of free cash flow to market capitalization.

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

# 2Q 2016 Highlights

(\$ in millions, except per share data)	As Reported			Excluding LCM <sup>(1)</sup>		
	2Q15	1Q16	2Q16	2Q15	1Q16	2Q16
EBITDA	\$2,186	\$1,807	\$1,783	\$2,177	\$1,875	\$1,715
Income from Continuing Operations	\$1,326	\$1,030	\$1,092	\$1,320	\$1,077	\$1,045
Diluted Earnings (\$ / share) from Continuing Operations	\$2.81	\$2.37	\$2.56	\$2.79	\$2.48	\$2.45

## Strong EPS Performance



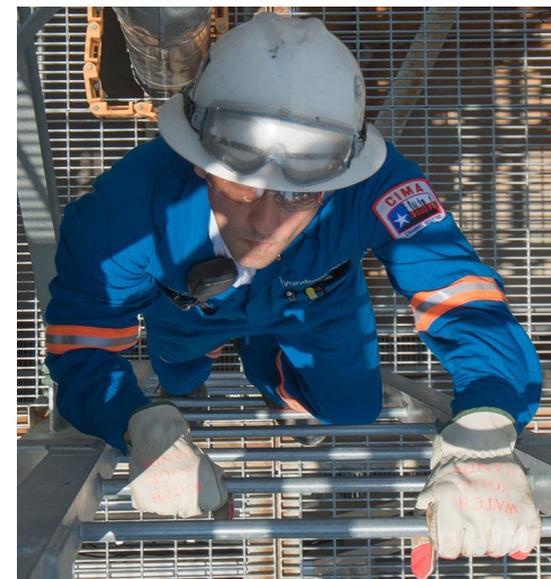
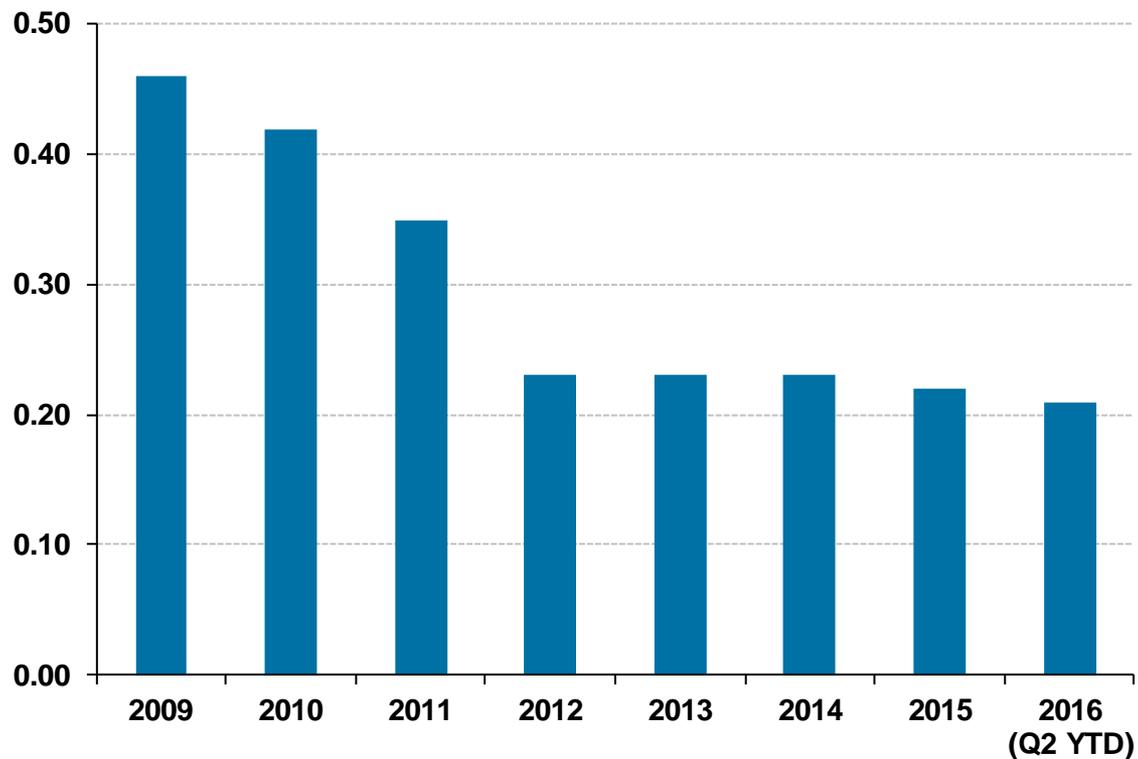
## Highlights

- Polyolefins capturing strong O&P chain margins
- Industry trends provided improved olefin, refining and oxyfuel pricing
- Refinery returned to normal operation mid-July
- \$1.1 billion in 2Q16 share repurchases and dividends
- Authorized a fourth share repurchase program of up to 10% of shares over next 18 months
- Increased interim dividend by 9% to \$0.85 per share

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

Note: All results for Q1'16 include \$78 million after-tax gain on sale of Petroken: \$57 million gain for O&P Americas for polypropylene business and \$21 million gain for O&P EAI for polypropylene compounding business.

## Safety Benchmark: Injuries per 200,000 Hours Worked (1)



Maintaining strong safety performance in 2016

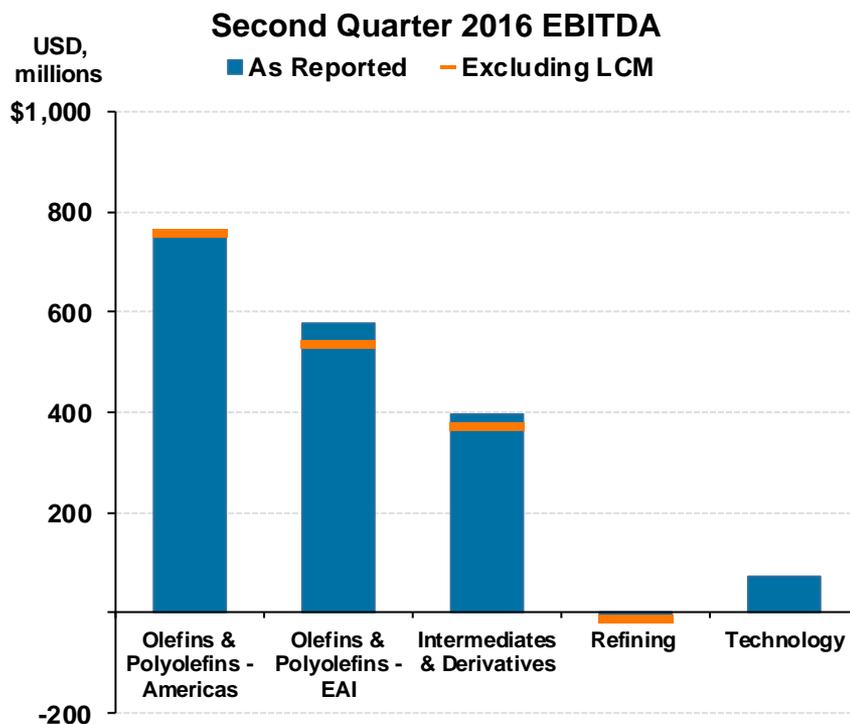
(1) Includes employees and contractors. 2016 data as of June 30, 2016.

# Second Quarter 2016 and LTM Segment EBITDA



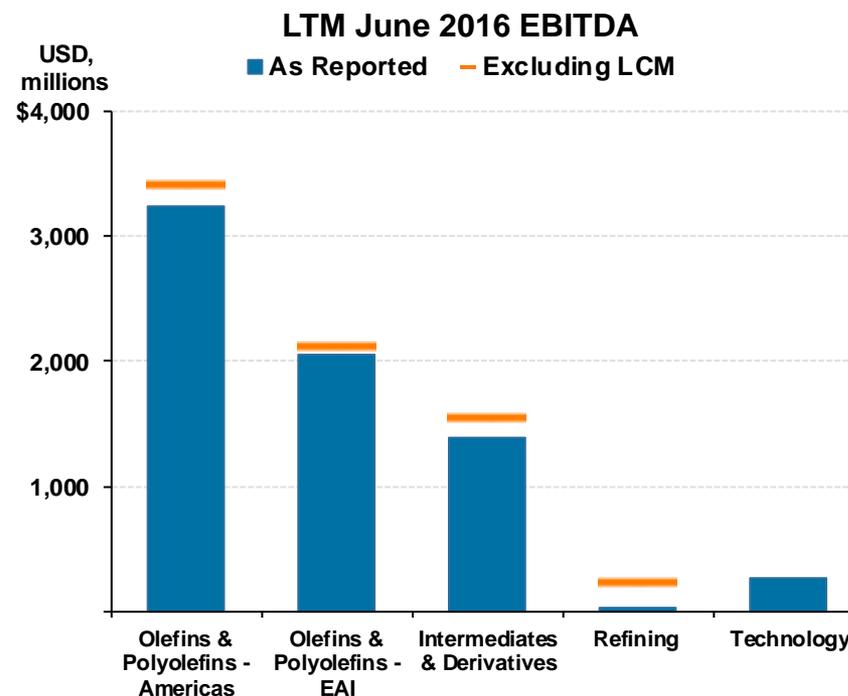
## Second Quarter 2016

(\$, millions)	EBITDA	Op. Income
As Reported	\$1,783	\$1,403
As Adjusted for LCM	\$1,715	\$1,335



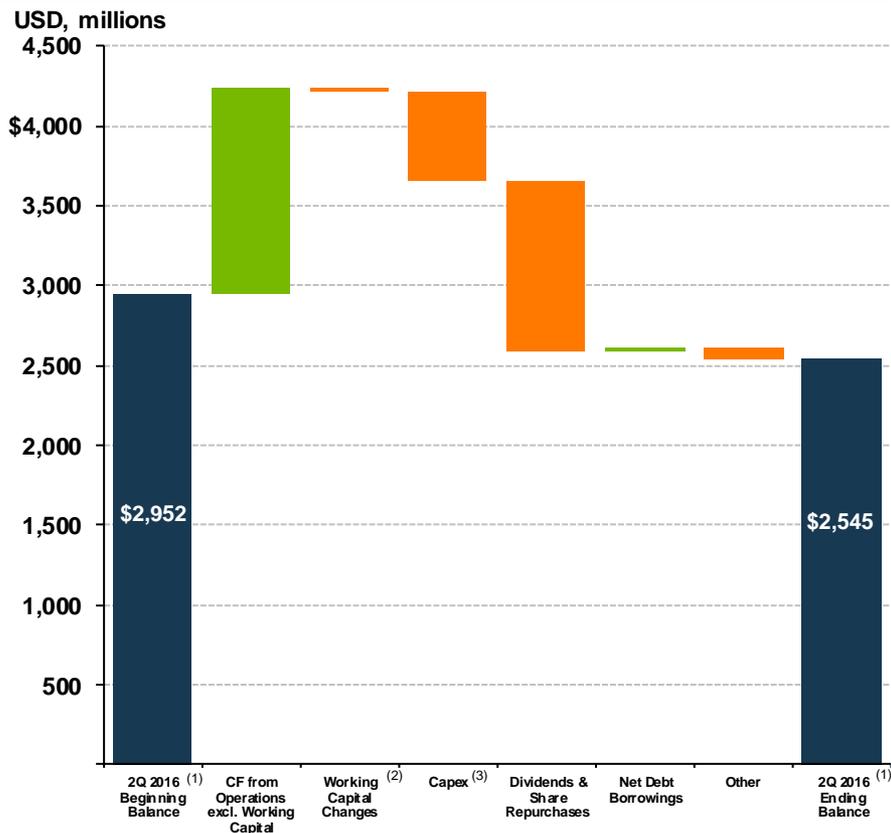
## LTM June 2016 <sup>(1)</sup>

(\$, millions)	EBITDA	Op. Income
As Reported	\$6,985	\$5,465
As Adjusted for LCM	\$7,450	\$5,930

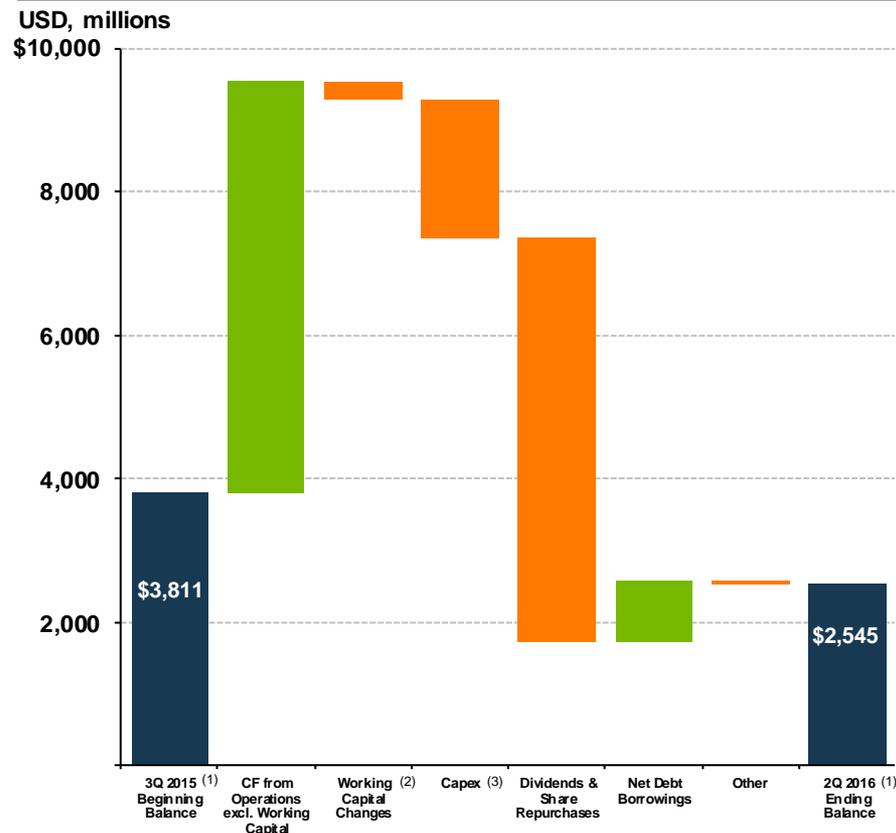


(1) Includes \$78 million after-tax gain on sale of Petroken: \$57 million gain for O&P Americas for polypropylene business and \$21 million gain for O&P EAI for polypropylene compounding business.

## Second Quarter 2016



## LTM June 2016

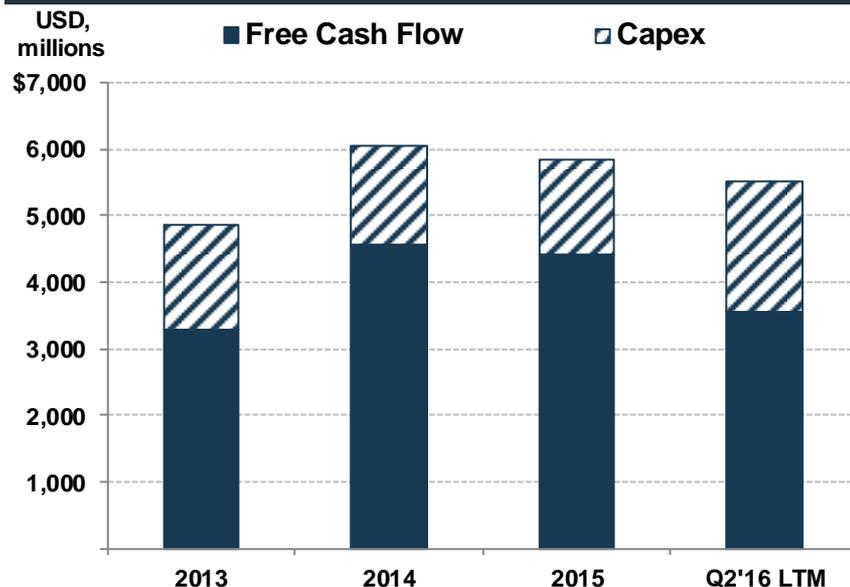


**~ \$5.5 billion in cash from operations generated over the last 12 months**

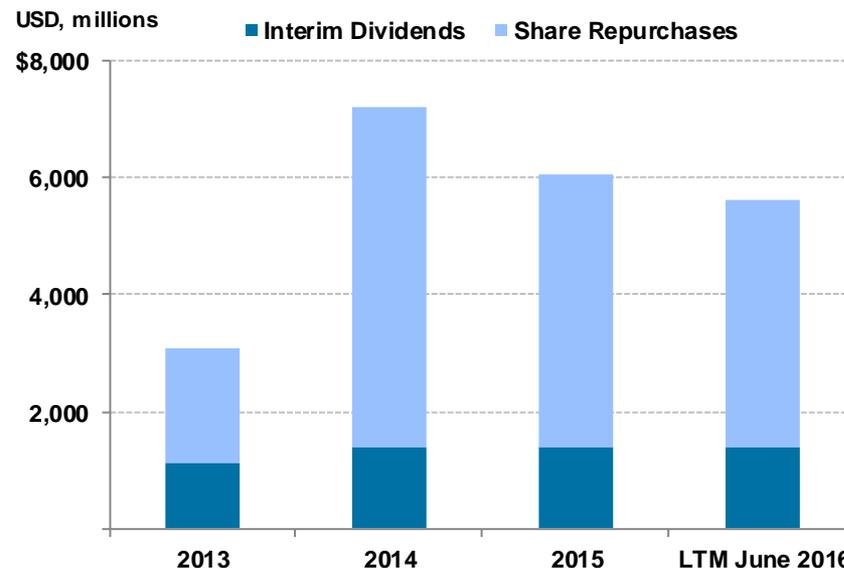
(1) Beginning and ending cash balances include cash and liquid investments. (2) Includes accounts receivable, inventories and accounts payable. (3) Includes capital and maintenance turnaround spending.

# Strong Cash Generation, Share Repurchases & Dividends

## Cash From Operations



## Dividends & Share Repurchases



## Key Statistics

	2013	2014	2015	2016 Est./YTD
FCF Yield <sup>(1)</sup>	7.4%	11.8%	11.5%	9.4%
Dividend Yield <sup>(2)</sup>	2.5%	3.4%	3.5%	4.6%
Shares Repurchased <sup>(3)</sup>	4.8%	11.5%	10.6%	4.8%

- **8.8 million shares (2% of outstanding) purchased during the second quarter**
- **\$1.1 billion in share repurchases and dividends during 2Q 2016**

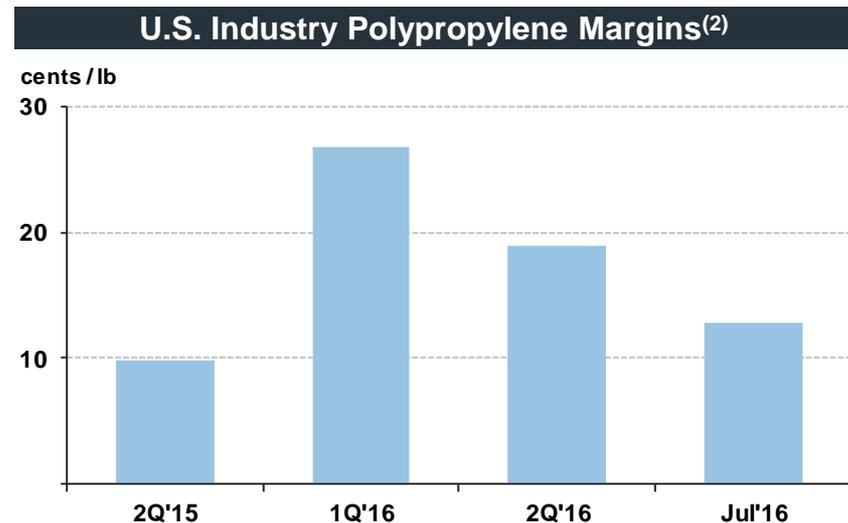
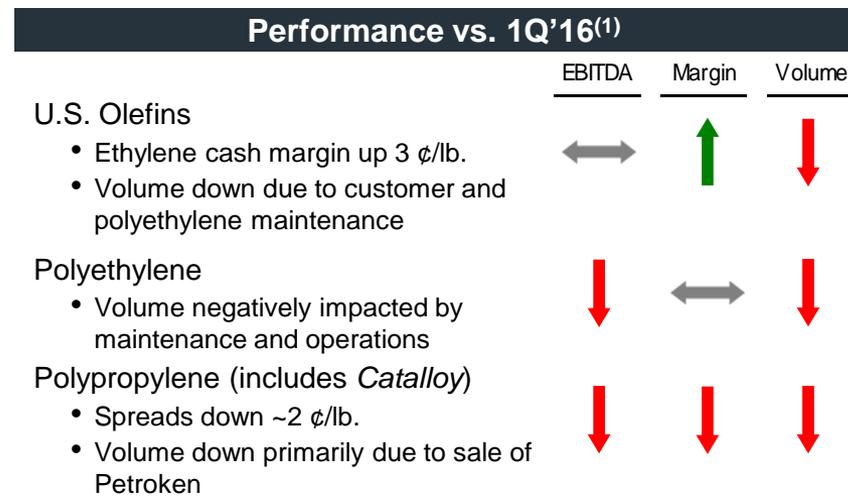
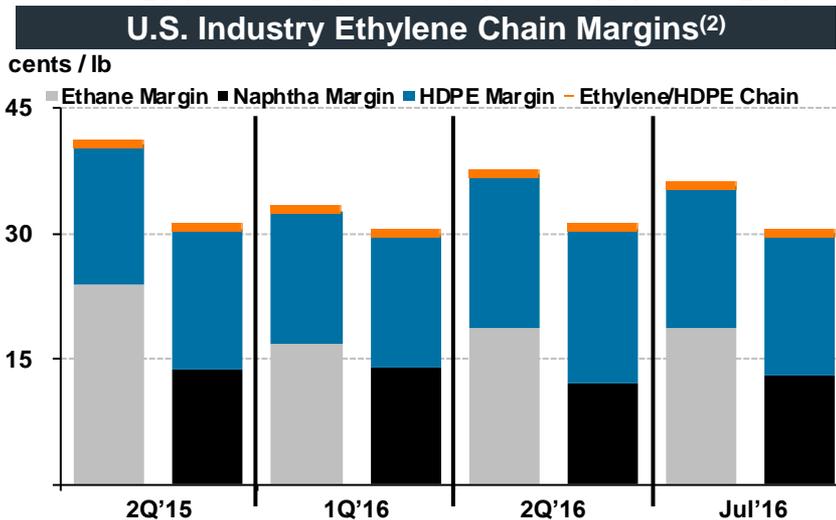
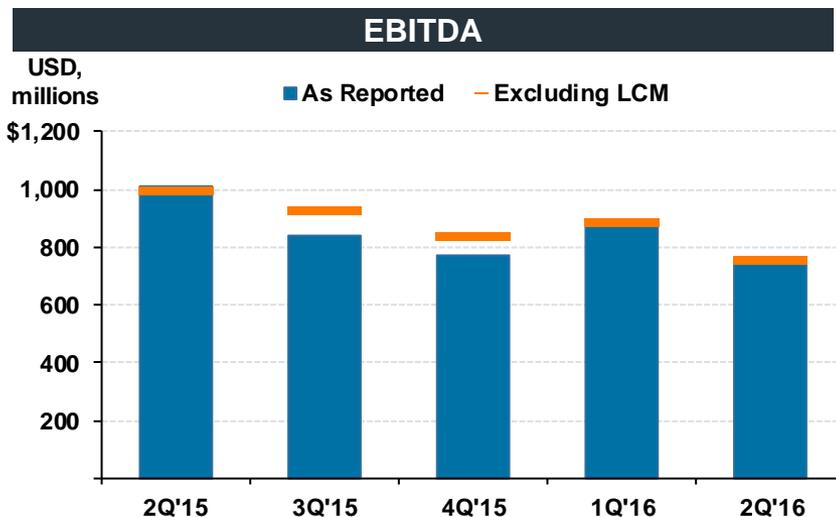
(1) Free Cash Flow Yield= (Cash from Operations – Capital Expenditures) / End of Period Market Capitalization. 2016 is annualized based upon the first half of the year.

(2) Dividend Yield = Annual Dividend per Share / Closing Share Price. 2016 is as of June 30 and assumes \$3.40 annual dividend per share.

(3) Percent of Shares Repurchased as of balance at the beginning of the year. 2016 is June year to date.

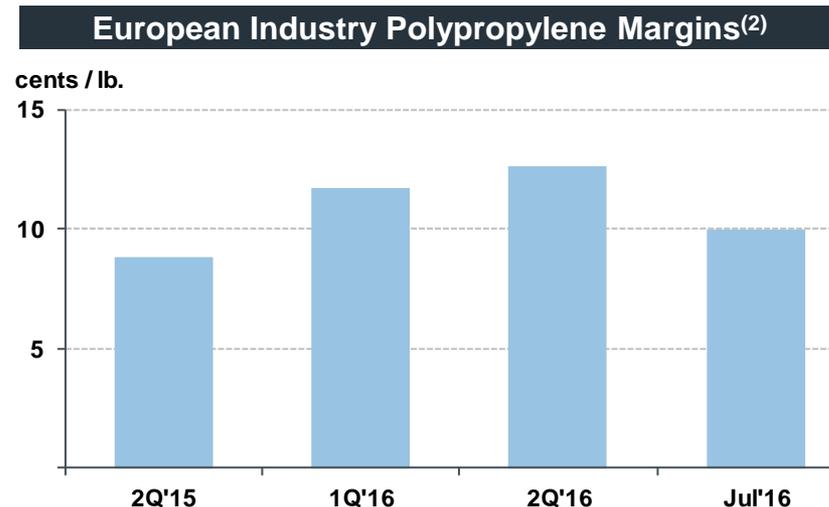
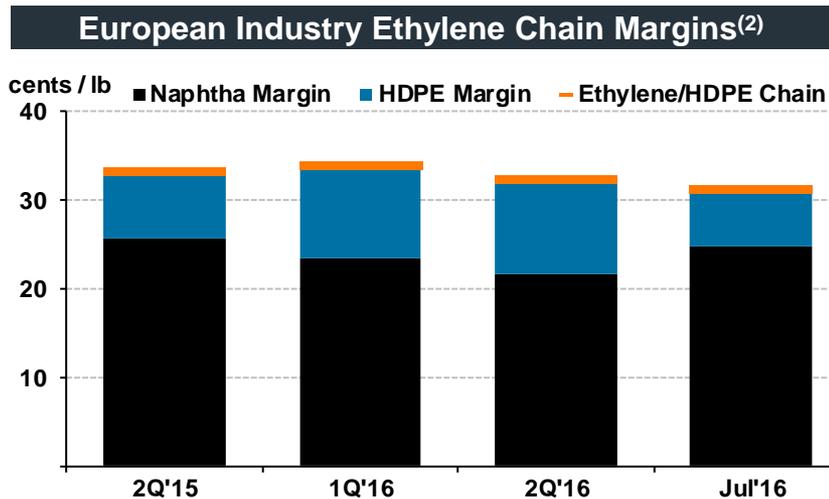
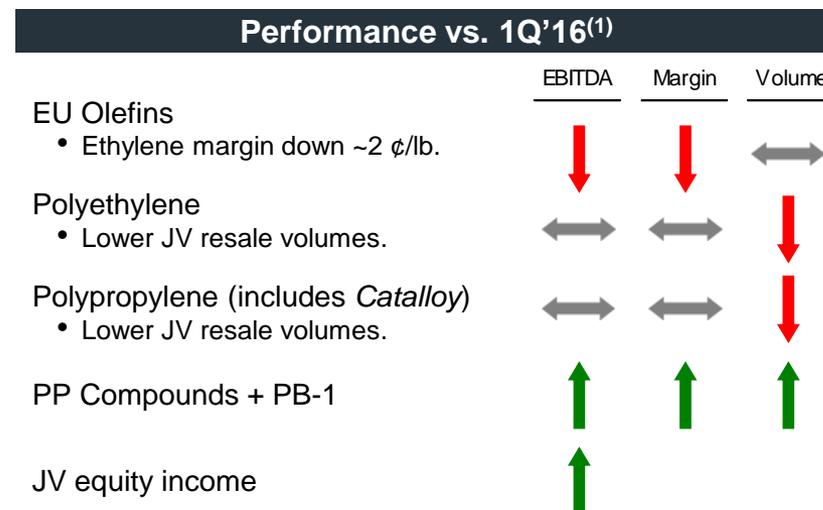
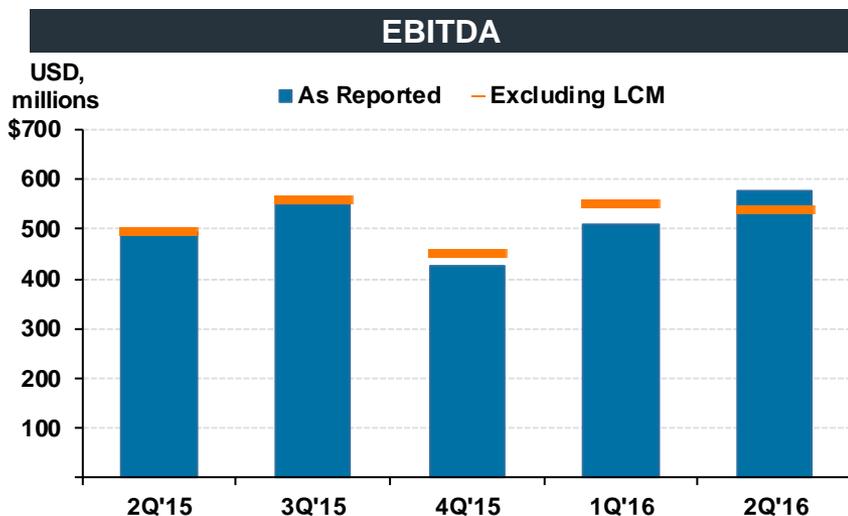
# Olefins & Polyolefins – Americas

## Highlights and Business Drivers – 2Q'16



(1) Arrow direction reflects our underlying business metrics. (2) Source: Quarterly and July 22, 2016 month-to-date average IHS industry data.

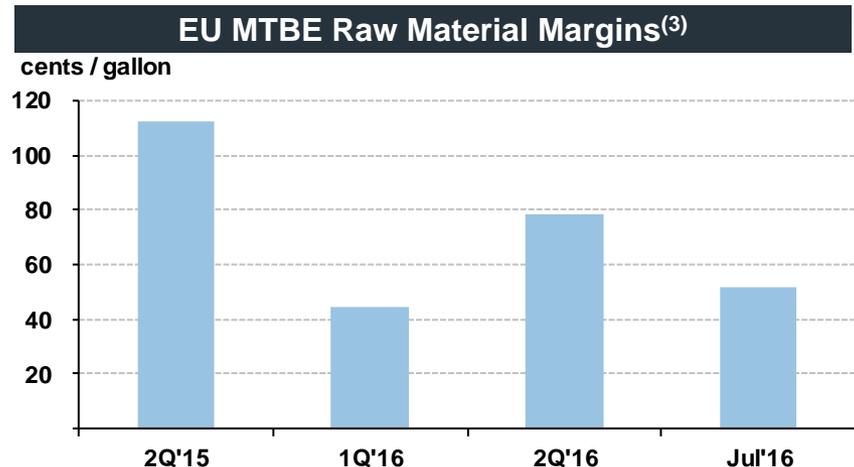
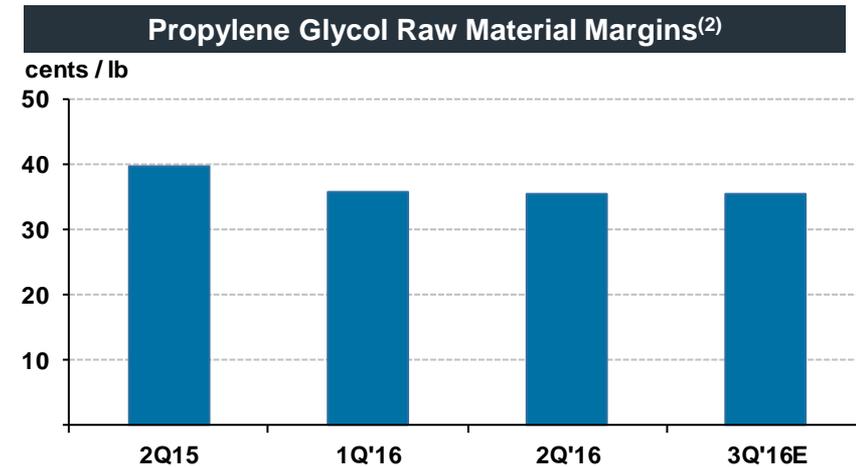
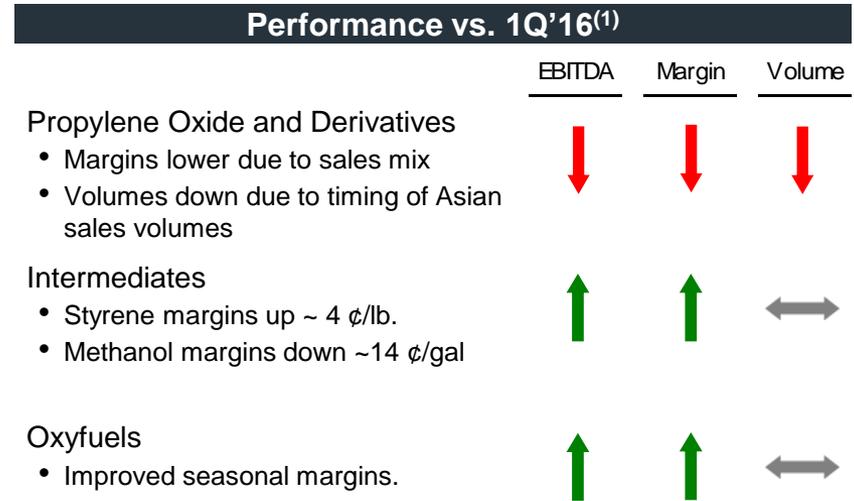
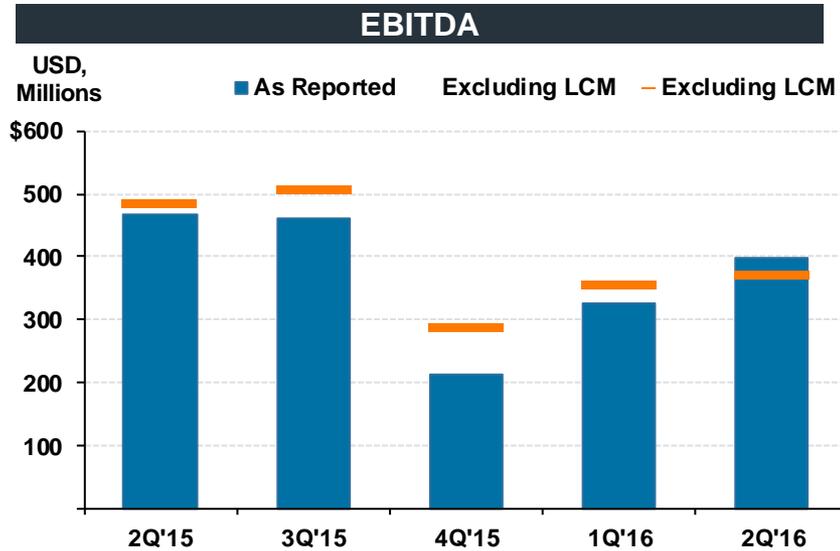
# Olefins & Polyolefins – Europe, Asia, International Highlights and Business Drivers – 2Q'16



(1) Arrow direction reflects our underlying business metrics. (2) Source: Quarterly and July 22, 2016 month-to-date average IHS industry data.

# Intermediates & Derivatives

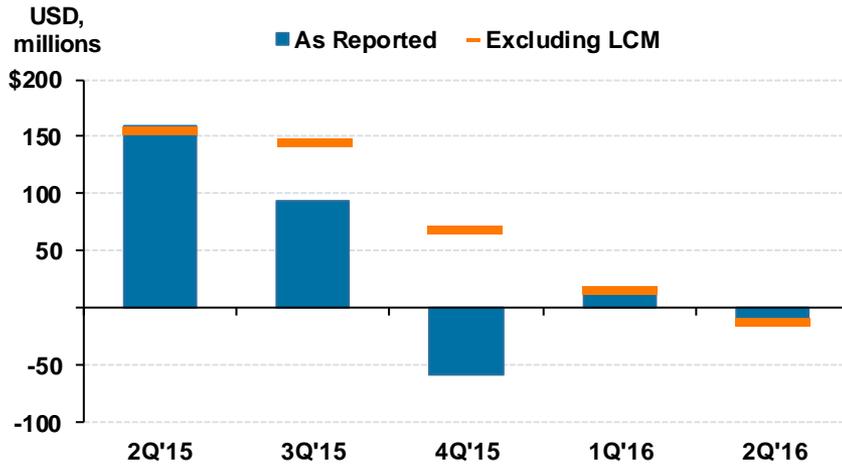
## Highlights and Business Drivers – 2Q'16



(1) Arrow direction reflects our underlying business metrics. (2) Source: ChemData July 2016 Report (3) Source: Platts quarterly and July 22, 2016 month-to-date averages.

# Refining Highlights and Business Drivers – 2Q'16

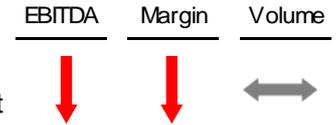
## EBITDA



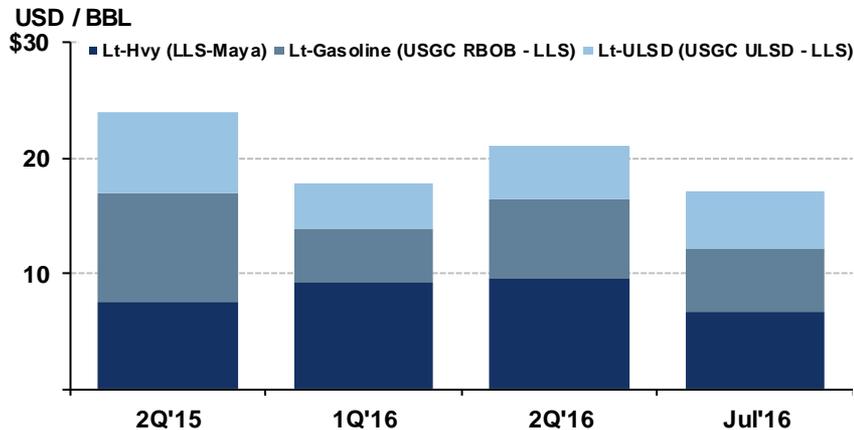
## Performance vs. 1Q'16<sup>(1)</sup>

### Houston Refinery

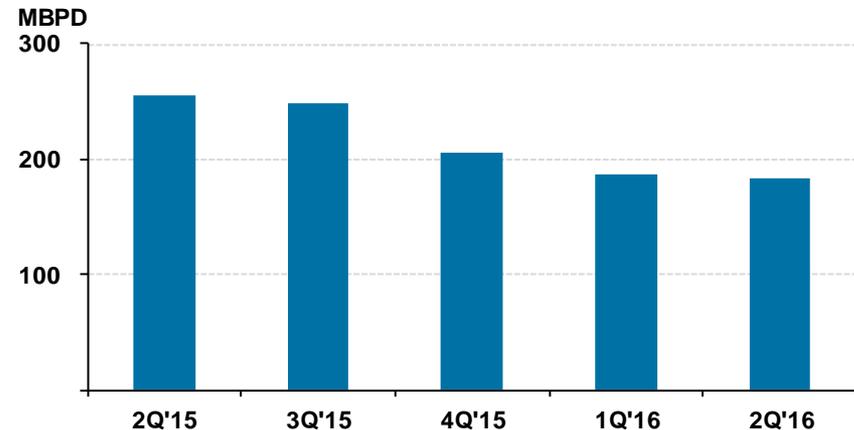
- Maya 2-1-1: \$21.07 per bbl, up \$3.21 from 1Q'16 but not realized at HRO
- Crude throughput: 183 MBPD, generally flat due to Q1'16 turnaround and Q2'16 repairs



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



## Refining Throughput



(1) Arrow direction reflects our underlying business metrics.

(2) Light Louisiana Sweet (LLS) is the referenced light crude. Data represents quarterly and July 22, 2016 month-to-date average per Platts.

## Second Quarter Summary

- Second quarter industry trends developed as anticipated
- O&P Americas and O&P EAI continued to benefit from strong polyolefin margins and demand
- I&D results improved with seasonal improvements in oxyfuels and strong styrene margins
- Refining impacted by unplanned maintenance
- \$1.1 billion share repurchase and dividends
- Authorized new share repurchase program of up to 10% of shares over next 18 months
- Quarterly interim dividend increase of 9% to \$0.85 per share

## Near-Term Outlook

- Global O&P markets remain balanced due to good global demand and planned industry maintenance
- Oxyfuels and refining spreads under some pressure
- Refinery returned to normal operation
- Planned maintenance activities in O&P and I&D expected to impact 3Q by ~ \$150MM based upon lost production at industry benchmark margin