Westlake Corporation (WLK)

Updated August 5th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$76	**5 Year Annual Expected Total Return:**	12.8%	**Market Cap:**	$10.3 B
Fair Value Price:	$119	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	08/19/26[1]
% Fair Value:	64%	**5 Year Valuation Multiple Estimate:**	9.3%	**Dividend Payment Date:**	09/04/26[2]
Dividend Yield:	2.8%	**5 Year Price Target**	$125	**Years Of Dividend Growth:**	21
Dividend Risk Score:	C	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Westlake Corporation (WLK) is a global manufacturer and supplier of petrochemicals, polymers, and building products. Founded by Ting Tsung Chao in 1986, the company operates through two segments: Performance and Essential Materials (PEM) and Housing and Infrastructure Products (HIP). The Performance and Essential Materials segment produces a wide range of products, including polyethylene, polypropylene, specialty polymers, and vinyl resins, used in various consumer and industrial markets such as packaging, automotive, and construction. The Housing and Infrastructure Products segment manufactures and sells a range of building products, including roofing materials, siding, and other products used in construction.

On August 4th, 2026, Westlake Corporation reported results for the second-quarter 2026, with EPS of -$2.01 beating market estimates by $0.12 and revenues of $3.27 billion that were up $10.8% year-over-year.

Westlake Corporation reported a sharply improved second quarter, with net income rebounding to $260 million from losses in both the prior quarter and the year-ago period, while operating income rose to $364 million. EBITDA more than tripled sequentially to $679 million and more than doubled from the prior year, reflecting stronger profitability across the business. Management attributed the turnaround to higher pricing in the Performance and Essential Materials (PEM) segment, stronger volumes in Housing and Infrastructure Products (HIP), and continued execution of its three-pillar profitability improvement plan. The company also highlighted a 7% increase in overall sales volumes, supported by higher demand across both core segments, while the acquisition of a PVC and VCM production site in Germany further strengthened its European chlorovinyls footprint. Performance was particularly strong in PEM, where higher polyethylene and PVC resin prices, lower North American natural gas costs, and ongoing cost optimization initiatives drove a significant recovery in margins and operating earnings. Meanwhile, HIP delivered solid results despite slower residential construction activity, benefiting from robust demand for pipe and fittings tied to North American infrastructure spending. Westlake generated positive free cash flow during the quarter, reduced debt by $500 million, refinanced its revolving credit facility with a new $1.5 billion facility extending to 2031.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.06	$5.46	$7.62	$3.25	$2.56	$15.58	$17.34	$3.70	$4.64	-$11.70	***$1.67***	***$8.31***
DPS	$0.74	$0.80	$0.92	$1.03	$1.07	$1.14	$1.31	$1.71	$2.05	$2.11	***$2.12***	***$3.41***
Shares[3]	128.9	129.4	128.5	128.4	127.8	127.9	127.5	128.8	128.5	128.5	***128.5***	***128.2***

Westlake's earnings collapse in 2025 reflects a perfect storm of operational setbacks, weaker demand, and higher costs. Using the midpoint of analyst estimates, the company is on track for an earnings decline of more than 95% from 2024 levels. The steep drop stems largely from disruptions in the Performance and Essential Materials segment, where planned maintenance turnarounds, unplanned outages, and tariff-related export delays slashed volumes and margins. Higher North American feedstock and energy costs further pressured results, while $130 million in charges from facility

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[1] Estimated ex-dividend date.

[2] Estimated dividend payment date.

[3] The shares are in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

closures and production suspensions added to the pain. Even with modest stability in Housing and Infrastructure Products, these headwinds left full-year profitability at historically low levels, with a forward P/E ratio reflecting the market's expectation of a sharp rebound in 2026. Westlake Corporation a global producer of performance and essential materials and housing and infrastructure products, faces cyclical market pressures but remains well-positioned for recovery through cost-reduction initiatives and operational improvements. We value WLK using the earnings power method, applying the company's total assets to its 10-year average return on assets (ROA) of 5.2%, then dividing by shares outstanding. This yields an earnings power figure of roughly $7.90 per share, a level that reflects normalized profitability while excluding one-off disruptions such as the 2025 Pernis plant closure. Our 2026 estimate reflects the company's strong asset base, diversified portfolio, and disciplined capital allocation. Over the next five years, we expect gradual margin recovery, supported by efficiency gains, targeted investments, and steady dividend growth backed by healthy free cash flow.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	13.0	16.1	13.8	12.7	20.6	22.8	5.8	6.1	33.2	---	***9.6***	***15.0***
Avg. Yld.	1.1%	1.5%	1.1%	1.0%	1.5%	1.8%	1.3%	1.2%	1.4%	2.5%	***2.8%***	***2.7%***

The forward P/E of 9.6 reflects the market's expectation of a rebound in 2026, making the near-term ratio appear low due to the very low current-year profits. Following the cyclical downturn of the company, we believe that a P/E multiple of 15.0, above the company's long-term average of 13.7, is a fair reflection of its value. Accordingly, with an earnings power target of $8.31 and a P/E target of 15.0 by 2031, our target price for the stock stands at $125.

Safety, Quality, Competitive Advantage, & Recession Resiliency

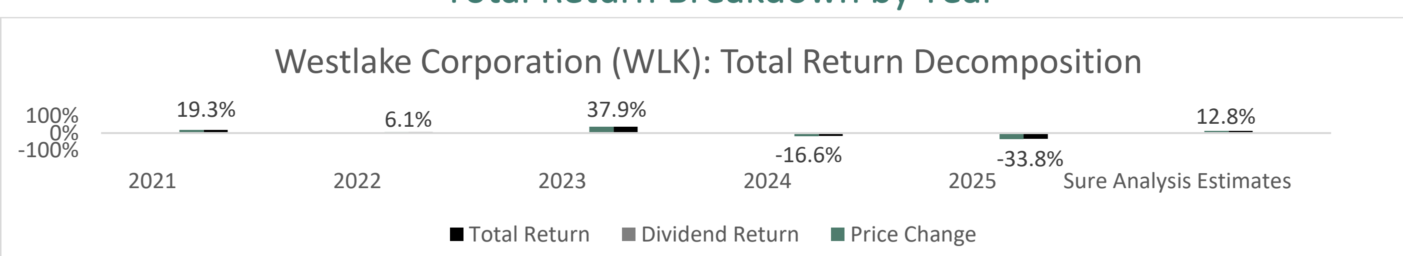
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24%	15%	12%	32%	42%	7%	8%	46%	44%	---	***27%***	***41%***

Westlake Corporation is a leading global manufacturer and supplier of specialty chemicals, polymers, and building products. The company's competitive advantage lies in its vertically integrated business model and diversified product portfolio, which allows it to control the entire supply chain, reduce production costs, maintain high-quality standards, and provide a competitive advantage in the marketplace. In addition, the company has shown resilience during economic downturns due to its strong financial position and ability to adapt to changing market conditions. In Q2, Westlake returned $99 million to shareholders through dividends and share repurchases, underscoring its commitment to disciplined capital allocation while continuing to strengthen its balance sheet.

Final Thoughts & Recommendation

Despite Westlake Corporation's resiliency amidst the downturn, it remains a cyclical business, though its dividend growth prospects could remain strong throughout the cycle. Thus, our hold rating is premised upon the 12.8% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 1.0%, the 2.8% dividend yield, a valuation tailwind, and a weak dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,076	8,041	8,635	8,118	7,504	11,778	15,794	12,550	12,140	11,170
Gross Profit	983	1,761	1,987	1,260	1,023	3,495	4,073	2,219	1,957	689
Gross Margin	19.4%	21.9%	23.0%	15.5%	13.6%	29.7%	25.8%	17.7%	16.1%	6.2%
SG&A Exp.	258	399	445	458	449	551	835	865	874	900
D&A Exp.	378	601	641	713	773	840	1,056	1,097	1,114	1,178
Operating Profit	687	1,254	1,441	693	465	2,821	3,083	1,232	966	(211)
Op. Margin	13.5%	15.6%	16.7%	8.5%	6.2%	24.0%	19.5%	9.8%	8.0%	(1.9)%
Net Profit	399	1,304	996	421	330	2,015	2,247	479	602	(1,460)
Net Margin	7.9%	16.2%	11.5%	5.2%	4.4%	17.1%	14.2%	3.8%	5.0%	(13.1%)
Free Cash Flow	238	951	707	514	772	1,736	2,287	1,302	306	(530)
Income Tax	138	(258)	300	108	(42)	607	649	178	291	(126)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	10,890	12,076	11,602	13,261	13,835	18,459	20,550	21,040	20,750	19,960
Cash & Equivalents	459	1,531	753	728	1,313	1,908	2,228	3,304	2,919	2,928
Acc. Receivable	828	983	969	948	1,086	1,764	1,676	1,413	1,339	1,229
Inventories	801	900	1,014	936	918	1,407	1,866	1,622	1,697	1,653
Goodwill & Int.	1,734	1,789	1,661	1,784	1,695	3,604	3,726	3,444	3,313	2,496
Total Liabilities	6,998	6,707	5,526	6,858	7,257	9,931	10,085	10,270	9,707	10,670
Accounts Payable	496	600	507	435	529	849	870	849	806	755
Long-Term Debt	3,828	3,837	2,668	3,471	3,573	5,180	4,879	4,906	4,562	6,272
Total Equity	3,524	4,874	5,590	5,860	6,043	7,955	9,931	10,240	10,530	8,792
D/E Ratio	1.09	0.79	0.48	0.59	0.59	0.65	0.49	0.48	0.43	0.73

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.8%	11.4%	8.4%	3.4%	2.4%	12.5%	11.5%	2.3%	2.9%	(7.2%)
Return on Equity	11.8%	31.1%	19.0%	7.4%	5.5%	28.8%	25.1%	4.5%	5.5%	(14.4%)
ROIC	6.6%	15.4%	11.1%	4.5%	3.3%	16.9%	15.5%	3.1%	3.9%	(9.9%)
Shares Out.	128.9	129.4	128.5	128.4	127.8	127.9	127.5	128.6	129.2	128.3
Revenue/Share	39.05	62.07	66.43	63.05	58.58	91.52	122.58	97.58	93.97	87.09
FCF/Share	1.83	7.34	5.44	3.99	6.03	13.49	17.75	10.12	2.37	(4.13)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.