Methanex Business Update

Raymond James Methanol Forum
March 29, 2017

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A RESPONSIBLE CARE® COMPANY

Forward-looking Statements & Non-GAAP Measures

Information contained in these materials or presented orally on the earnings conference call, either in prepared remarks or in response to questions, contains forward-looking statements. Actual results could differ materially from those contemplated by the forward-looking statements. For more information, we direct you to our 2016 Annual MD&A and our fourth quarter 2016 MD&A, as well as slide 22 of this presentation.

This presentation also contains certain non-GAAP financial measures that do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. For more information regarding these non-GAAP measures, please see our 2016 Annual MD&A and our fourth quarter 2016 MD&A.

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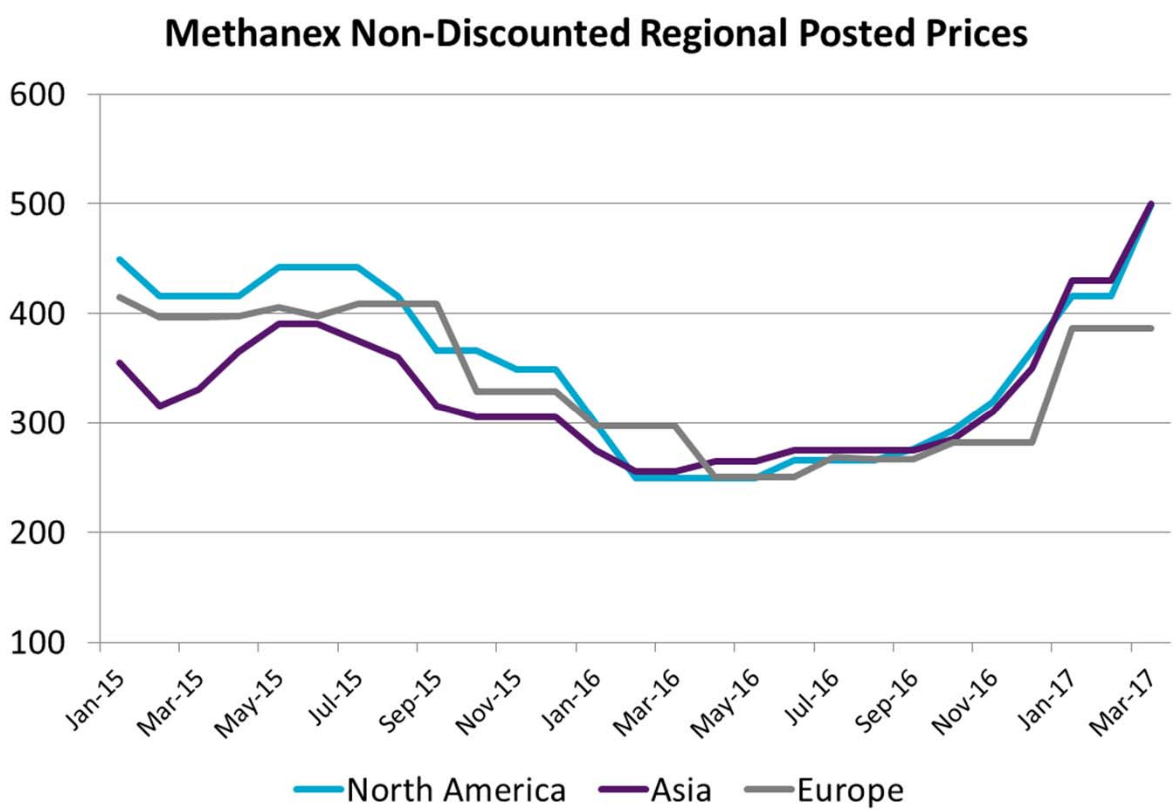
Investment opportunity

Global Methanol Leader	• Leading market share and competitive assets
Strong Cash Flow Generation & Distributions	• Solid cash generation capability • Track record of returning excess cash – over 50% of shares bought in last 20 years • Dividend raised 11 times since implemented 2002; $1.10/share
Positive Long-term Industry Outlook	• Healthy demand growth outlook • Limited new supply
Growth Potential	• Production: Very low capital cost growth opportunity in Chile • Market: Demand growth into energy applications & MTO
Value	• Trading at a discount to replacement cost

Market Update



- Strong methanol price recovery commenced October 2016 fueled by:
  - Strong demand
  - Tighter supply
  - Low inventory

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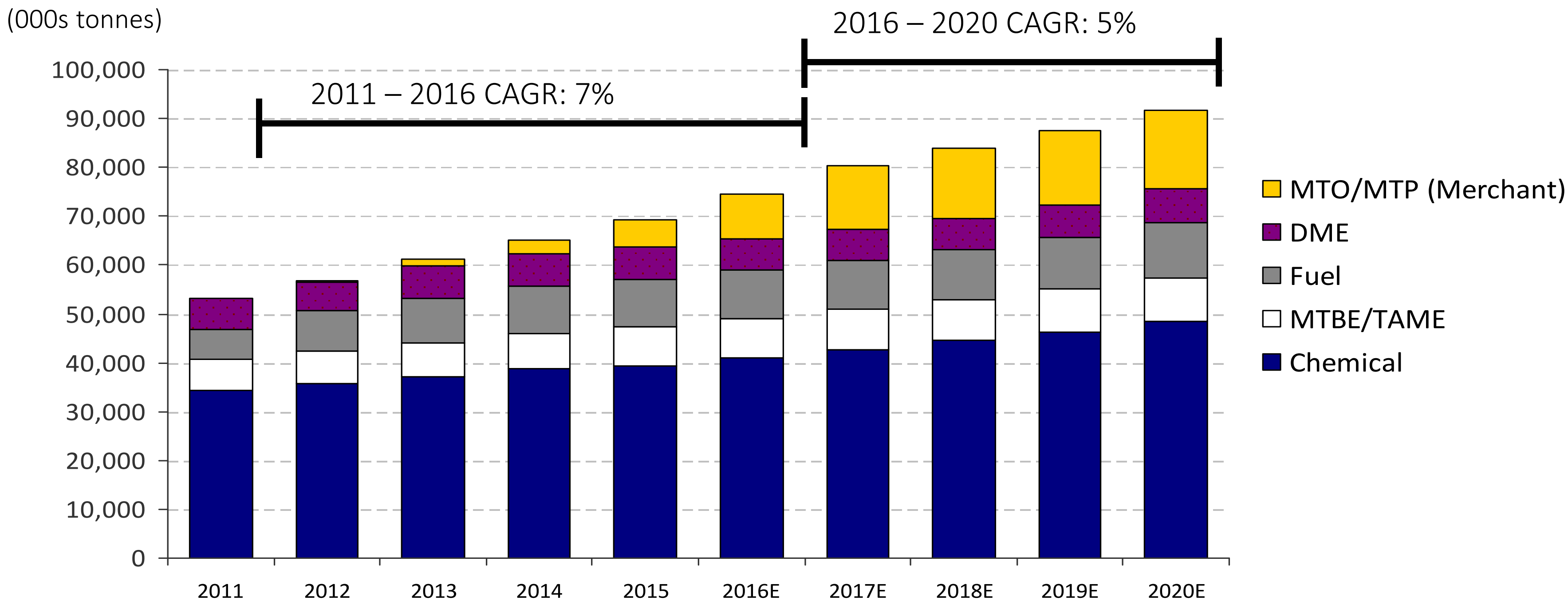
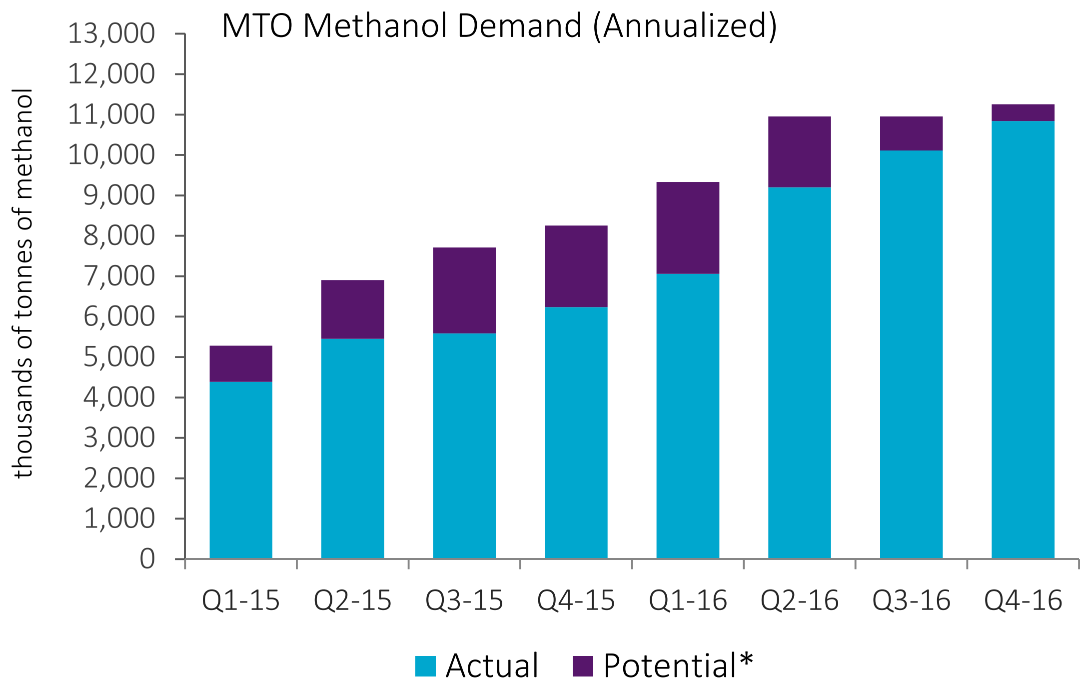
Strong demand growth



- Projected 5% CAGR for fours years to 2020, led by MTO

Source: IHS Chemical, Chemical Supply and Demand Balance 2017.
Excludes integrated methanol demand for methanol to olefins and propylene.

MTO leading methanol demand growth



- Two new plants started up in December, 2016
    - Combined demand potential over 3 million tonnes at full rates
- Two more new plants later in 2017 or early 2018
    - combined demand potential of over 2.5 million tonnes at full rates

* Potential demand based on 90% operating rate. Excludes demand and capacity for methanol-to-propylene plants ("MTP")

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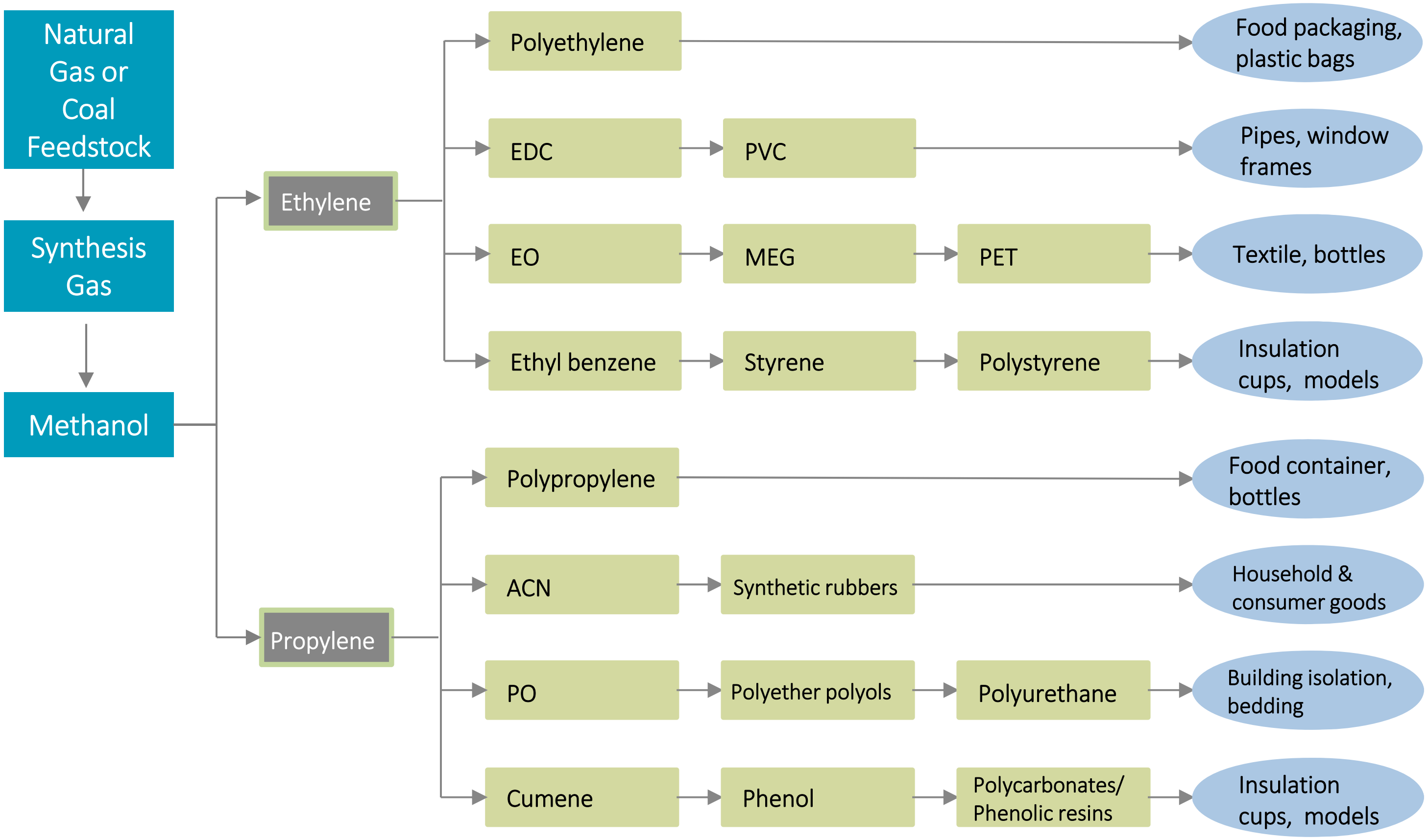
Methanol-to-Olefins (MTO)



- MTO production mostly highly integrated with downstream products
- Very difficult to source ethylene feedstock from alternative source
- Degree of integration means plants tend to keep running

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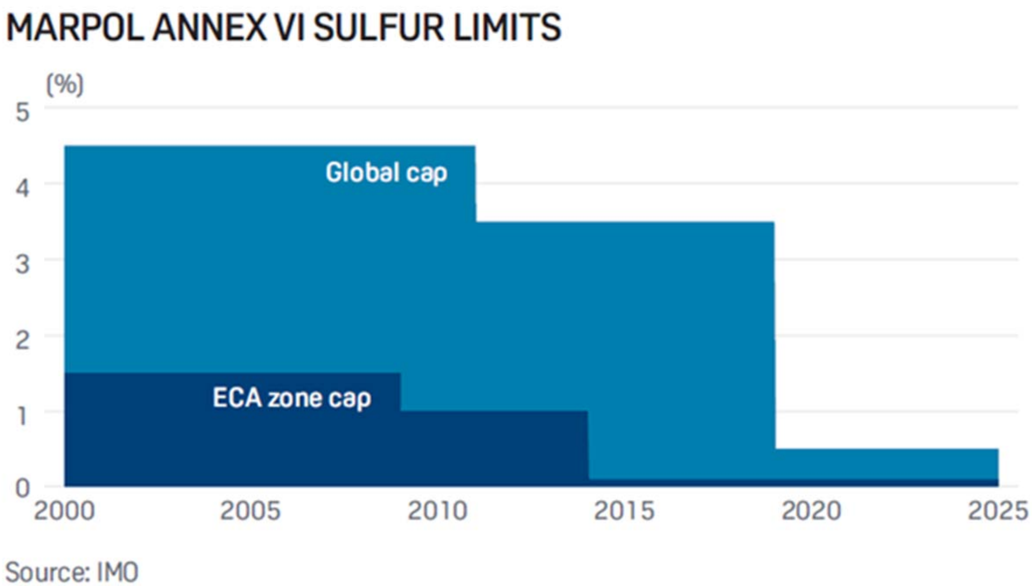
Emerging market – marine fuel



The above chart shows Marpol Annex VI (IMO regulations) for allowable sulphur emissions in Existing Emission Control ("ECA") areas, as well as global limits expected by 2020.

- 100,000+ commercial vessels in the world operating on high sulphur Heavy Fuel Oil (HFO). Methanol is sulphur free.
- International Maritime Organization
    - Reduced allowable sulphur limits in N. Europe and N. America to 0.1% in January 2015 - precludes HFO.
    - In late 2016, announced global sulphur cap of 0.5% starting in 2020.
- China phasing in regulations to reduce sulphur and NOx from marine fuels over next few years (coastal and inland)
- Marine fuels global market size: ~650 million tonnes per annum methanol equivalent

Positive marine fuel developments

- Waterfront Shipping launched seven new 50,000 dwt vessels in 2016 with methanol dual-fuel MAN 2-stroke engines
- Stena Line converted Germanica ferry to run on methanol in 2015 using Wartsila 4-stroke engines
- Projects under development in Europe to commercialize the smaller engine/tug market (i.e. GreenPilot, LeanShips)

One of Waterfront's first methanol powered vessels

Stena Line's first methanol powered ferry

Emerging Market - Industrial Boilers

Significant potential to substitute coal-fueled industrial boilers in China

- China's air quality emissions regulations are leading to phasing out of coal-fueled boilers in favor of cleaner fuels including methanol
- Currently ~1/2 million coal-fueled industrial boilers in China
  - ~500+ million tonnes per annum methanol demand equivalent[1]
  - ~1,300 methanol-fueled boilers (~1.5 million tonnes per annum methanol demand) already in operation in China. [2]
- Strong business case for methanol compared to diesel & natural gas: [2]
  - Competitive fuel, infrastructure, and conversion costs
  - Lower emissions than diesel
- Methanex is supporting the development of national standards for methanol-fueled industrial boilers to ensure safe and sustainable market growth

Typical 4 steam ton/hour boiler in China consumes ~1,200 tonnes methanol equivalent in fuel per annum.

[1] Lawrence Berkeley National Laboratory, California, US (2015)
[2] China Association of Alcohol and Ether Clean Fuels and Clean Automobiles (CAAEFA) (December 2016)

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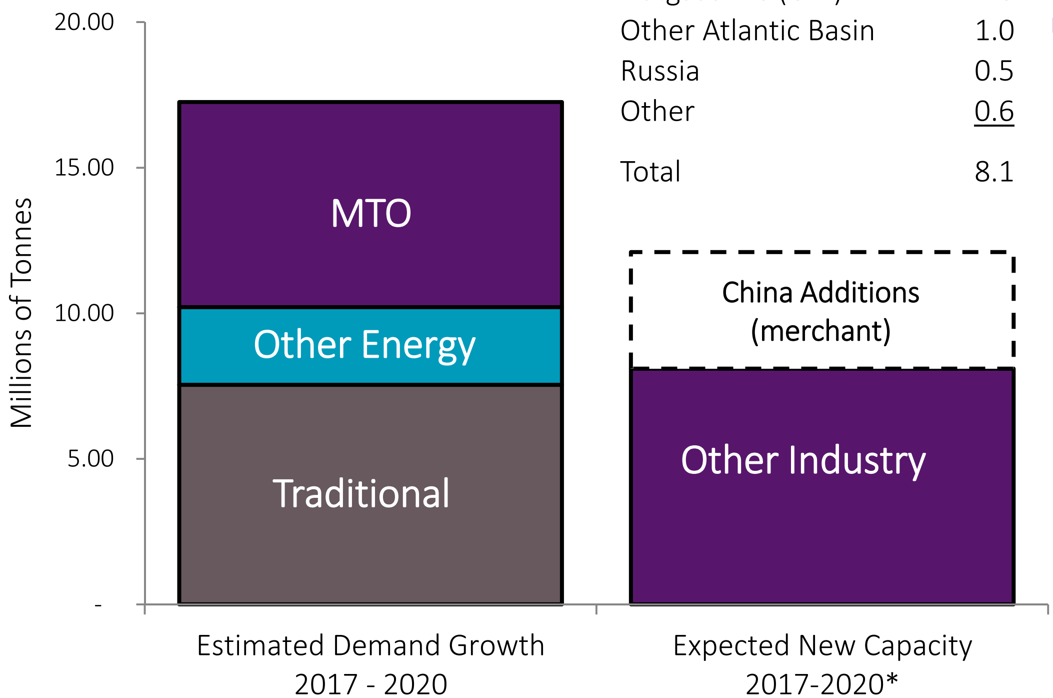
Demand/supply balance



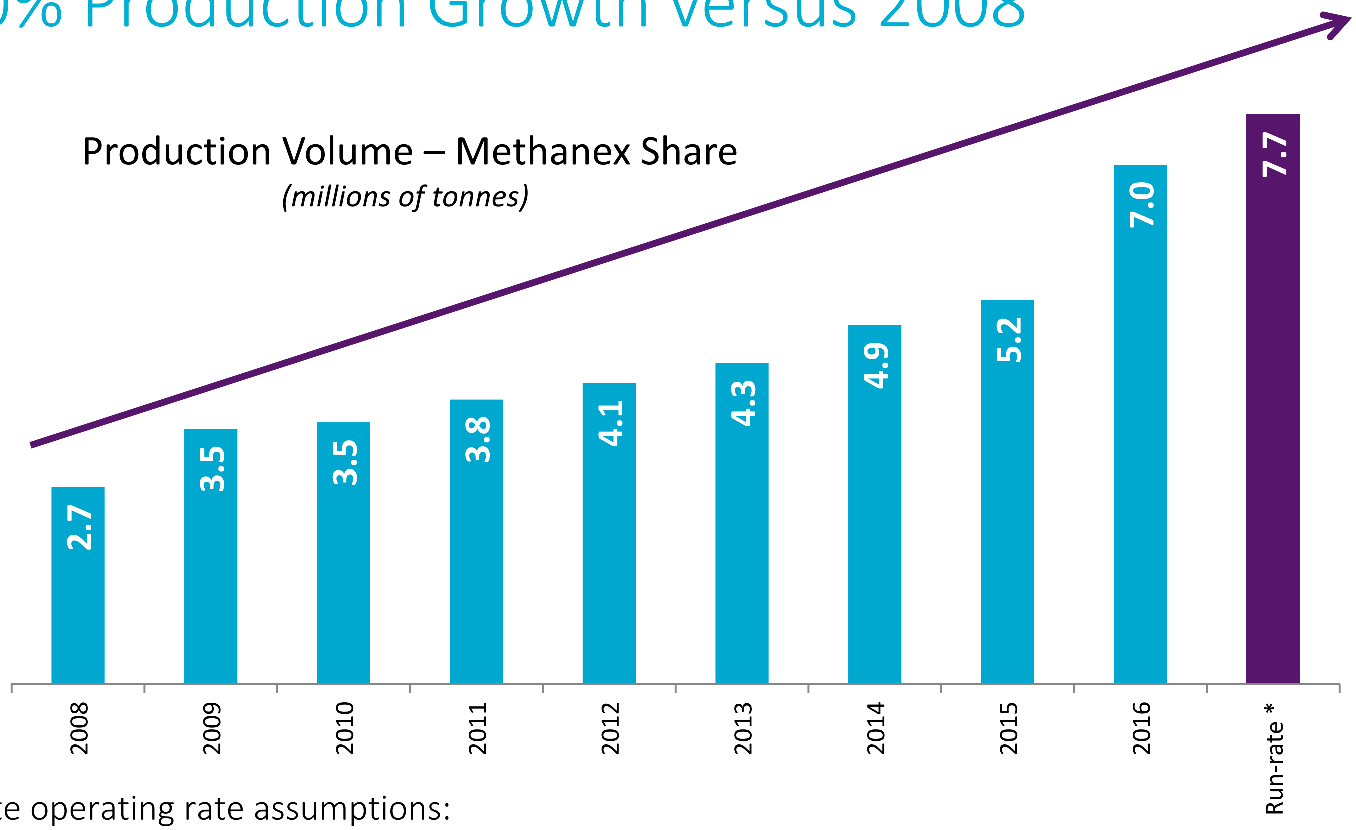
New Capacity Outside China:

Iran	4.2
Natgasoline (OCI)	1.8
Other Atlantic Basin	1.0
Russia	0.5
Other	0.6
Total	8.1

- Demand expected to outpace new supply
- Supply gap expected to be closed through higher operating rates for existing higher cost China plants, or lower demand
- Estimated capacity additions exclude potential shutdowns

Sources: Demand from IHS Chemical, "Chemical Supply and Demand Balance Update 2017." Excludes demand from upstream-integrated coal-to-olefins plants. *Capacity figures from Methanex

250% Production Growth versus 2008



* Run-rate operating rate assumptions:

Geismar / Medicine Hat – 100%; NZ 92% (2.2MM tonnes); Trinidad 85%; Egypt 50%; Chile I 100%; Chile IV 0%

Chile Growth Opportunity

- Highly value accretive investment opportunity to restore Chile to a two-plant operation (1.7 million tonnes) at a very low capital cost
  - Expect sufficient gas available to run a minimum of one plant for medium term
  - Decision by mid 2017 on restart of Chile IV
  - Preliminary cost estimate to restart idle Chile IV facility of $50 million over 12 months (starting in mid-2017)
  - Additional approximately $50 million in mid-2018 to refurbish Chile I
    - Subject to securing additional economic gas sufficient for a two-plant operation

Balanced approach to capital allocation

Essential	Debt Service Maintenance	• $95 MM annual interest expense • $25 MM share of NCI debt payments • Next maturity - $350MM, end of 2019 • $80 MM avg. annual maintenance capex
Priority	Meaningful, Sustainable, Growing Dividend	• Dividend $1.10/share annually and approximately $100 million per annum • Yield ~2.2% at US$50 share price • "Meaningful" range of 1.5%-2.5%
Discretionary	Growth Capital Share Buybacks	• Strict project return criteria, no growth planned beyond Chile in medium term • Committed to return excess cash via share buybacks

Valuation considerations

- Strong cash generation capability at a range of methanol prices

	With Egypt & Trinidad Restrictions [2]	Full Operating Capacity [3]	Full Potential (Chile 100%)
Annual Operating Capacity[1] (millions of tonnes)	7.7	8.5	9.4
Average Realized Price ($/MT)	Adjusted EBITDA Capability ($ millions)[4]		
$300	650	775	825
$350	925	1,075	1,175
$400	1,200	1,400	1,500
	Free Cash Flow Capability ($ millions)[5]		
$300	375	475	500
$350	575	700	750
$400	800	925	1,000
	Free Cash Flow Yield Capability %[6]		
$300	9%	12%	12%
$350	14%	17%	19%
$400	20%	23%	25%

- Strong free cash flow generation at a range of methanol prices
- Excess cash will be deployed to:
  - Dividend
  - Chile refurbishment
  - Share buybacks

1 See slide 22 for endnotes

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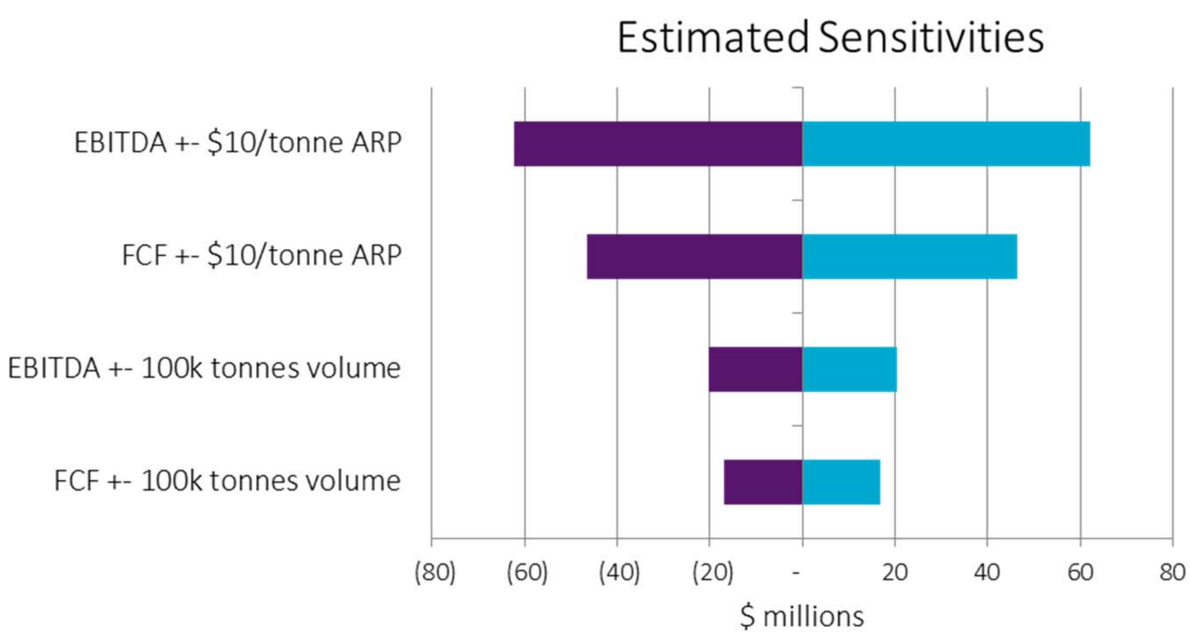
EBITDA and Free Cash Flow ("FCF") capability sensitivities



Sensitivities versus Base Case of:

- Price (ARP): $350/tonne
- Volume: 8.5 MM MT
- EBITDA Capability: $1.1 Billion
- FCF Capability: $700 million

Valuation considerations

- Methanex is trading at a discount to replacement cost

millions of tonnes[1]	Operating Capacity
USA (Geismar)	2.0
Canada (Medicine Hat)	0.6
New Zealand	2.4
Trinidad	2.0
Chile	0.9
Egypt	0.6
Total Capacity	8.5
Enterprise Value (billions) [2]	5.2
Enterprise Value/Tonne [3]	610

"What if Geismar and Medicine Hat were valued at estimated replacement cost [4] of $1,100/tonne?"

	Capacity	Enterprise Value	
	millions of tonnes	*$billions*	*$/tonne*
N. America Assets	2.6	$2.9	$1,100
Other Jurisdictions	5.9	$2.4	$400
Enterprise Value	**8.5**	**$5.2**	**$610**

"Implies market is paying no more than $400 per tonne for the remaining 5.9 million tonnes of operating capacity"

[1] Methanex ownership interest
[2] Based on share price of US$45 and net debt adjusted for 50% interest in Egypt Project and 63.1% interest in Atlas project
[3] Figures do not give any value for: idle Chile IV capacity, Waterfront Shipping and Marketing/Franchise
[4] Replacement cost of $1,100 based on recently published estimates from the OCI Natgasoline project (1.8 million MT plant) and G2X Lake Charles (1.4 million MT plant)

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Balance Sheet and Liquidity

- Strong financial and liquidity position

Liquidity as at Q4-16

(US$ millions)

Cash (MX Share)	211
Undrawn Credit Line	300
	511

Capital Structure as at Q4-16[1]

(US$ millions)

Total Shareholders' Equity	1,597
Total Debt	1,371
Total Debt/Capitalization	46%
Net Debt/Capitalization	42%
Net Debt/Enterprise Value[2]	22%

[1] Includes Methanex share of debt and cash for joint ventures
[2] Based on stock price of US$45/share

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Leverage – rating agency perspective

Pro Forma Rating Agency Credit Rations

(US$ billions unless indicated)

Total Debt [1]		
Debt (Q4-16)		1.4
Capital and Operating Leases [2]		0.7
Adjusted Debt (including leases)		2.1
Adjusted Debt/EBITDA		
ARP ($/tonne)	EBITDA ($millions) [3]	Debt/EBITDA
300	725	2.9
350	1,000	2.1
400	1,275	1.6

- Leverage target = Investment Grade
- Current leverage below IG threshold at prices well below mid-cycle pricing
- Moody's Baa3, S&P BB+, Fitch BBB-
  - ~3.0x Debt/EBITDA is long-term measure
  - Ratio typically calculated over a cycle
- $300 million undrawn credit facility
  - Backstop liquidity

[1] Includes Methanex proportionate share of debt & cash

[2] Approx. adjustment for capital and operating leases

[3] "With Trinidad and Egypt Gas Restrictions" EBITDA scenario from earlier slide, plus $75 million adjustment reflecting approximate lease portion of COG

Summary

- Global leader with competitive assets
- Solid franchise value that is difficult to replicate
- Global marketing, supply chain and shipping network
- Strong financial position
- Expect strong cash generation
- Low capital cost growth potential in Chile
- Dividends / share buybacks

Committed to Return to Excess Cash to Shareholders

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End Notes (from slide 16)

1 Methanex interest (63.1% Atlas, 50% Egypt)

2 Assumed operating rate 100% except Trinidad (85%), Egypt (50%), Chile (one 0.9 million MT plant only), and New Zealand (2.2 MM tonnes vs. 2.4 MM tonnes capacity). We cannot predict actual gas restrictions at these plants.

3 Includes full nameplate capacity except Chile IV (0.8 million MT plant).

4 Adjusted EBITDA reflects Methanex's proportionate ownership interest and assumes plants operate at full production rates except where indicated

5 After cash interest, maintenance capital of approximately $80-90 million, cash taxes, debt service and other cash payments

6 Based on 90 million weighted average diluted shares for Q4, 2016 and share price of US$45/share

Forward-looking information warning

This Presentation, our Fourth Quarter 2016 Management's Discussion and Analysis ("MD&A") and comments made during the Fourth Quarter 2016 investor conference call contain forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim," "goal" or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements. More particularly and without limitation, any statements regarding the following are forward-looking statements: expected demand for methanol and its derivatives; expected new methanol supply or restart of idled capacity and timing for start-up of the same; expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages; expected methanol and energy prices; expected levels of methanol purchases from traders or other third parties; expected levels, timing and availability of economically priced natural gas supply to each of our plants; capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants; our expected capital expenditures, anticipated operating rates of our plants, expected operating costs, including natural gas feedstock costs and logistics costs; expected tax rates or resolutions to tax disputes; expected cash flows, earnings capability and share price; availability of committed credit facilities and other financing; our ability to meet covenants or obtain or continue to obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with the payment of cash or other distributions and the finalization of certain land title registrations and related mortgages which require actions by Egyptian governmental entities; expected impact on our results of operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by the Government of Egypt and its agencies; our shareholder distribution strategy and anticipated distributions to shareholders; commercial viability and timing of, or our ability to execute, future projects, plant restarts, capacity expansions, plant relocations, or other business initiatives or opportunities; our financial strength and ability to meet future financial commitments; expected global or regional economic activity (including industrial production levels); expected outcomes of litigation or other disputes, claims and assessments; and expected actions of governments, government agencies, gas suppliers, courts, tribunals or other third parties.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document are based on our experience, our perception of trends, current conditions and expected future developments as well as other factors. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following: the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives; our ability to procure natural gas feedstock on commercially acceptable terms; operating rates of our facilities; receipt or issuance of third-party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt and governmental approvals related to rights to purchase natural gas; the establishment of new fuel standards; operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates; the availability of committed credit facilities and other financing; global and regional economic activity (including industrial production levels); absence of a material negative impact from major natural disasters; absence of a material negative impact from changes in laws or regulations; absence of a material negative impact from political instability in the countries in which we operate; and enforcement of contractual arrangements and ability to perform contractual obligations by customers, natural gas and other suppliers and other third parties.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with producing and marketing methanol and successfully carrying out major capital expenditure projects in various jurisdictions, including, without limitation: conditions in the methanol and other industries including fluctuations in the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses, the price of natural gas, coal, oil and oil derivatives; our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities; the ability to carry out corporate initiatives and strategies; actions of competitors, suppliers and financial institutions; conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements; competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt; actions of governments and governmental authorities, including, without limitation, the implementation of policies or other measures that could impact the supply of or demand for methanol or its derivatives; changes in laws or regulations, import or export restrictions, anti-dumping measures, increases in duties, taxes and government royalties, and other actions by governments that may adversely affect our operations or existing contractual arrangements; world-wide economic conditions; and other risks described in our annual 2016 Management's Discussion and Analysis and our Fourth Quarter 2016 Management's Discussion and Analysis.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes implied by forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.

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Q & A

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