

# The Global Methanol Leader

CORPORATE PRESENTATION

JUNE 2022

methanex  
the power of agility



## Forward-looking statements and non-GAAP measures

Information contained in these materials or presented orally, either in prepared remarks or in response to questions, may contain forward-looking statements. Actual results could differ materially from those contemplated by the forward-looking statements. For more information, we direct you to our 2021 Annual Management Discussion and Analysis (MD&A) and slide 26 of this presentation.

This presentation uses the terms EBITDA, Adjusted EBITDA, Adjusted Income or Adjusted earnings per share, Average Realized Price (ARP) and illustrative Free Cash Flow. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore unlikely to be comparable to similar measures presented by other companies. These measures represent the amounts that are attributable to Methanex Corporation and are calculated by excluding the impact of certain items associated with specific identified events. Refer to slide 26 of this presentation as well as *Additional Information - Non-GAAP Measures* in the Company's 2021 Annual MD&A for reconciliation in certain instances to the most comparable GAAP measures.

All currency amounts are stated in United States dollars.

# Methanex is the world's largest producer and supplier of methanol to major international markets



## Leader in an industry with a positive long-term outlook

Leading market share in an industry that needs new supply to meet growing demand, safety focused, growing global production footprint, integrated global supply chain, and top tier customers.

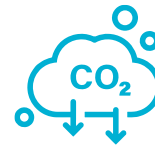


## Growing cash flow capability + a disciplined capital allocation strategy

Low-cost producer with significant and growing cash flow generation capability.

Prudent balance sheet management with track record of profitable capital investments and shareholder distributions over a range of methanol prices.

Advantaged Geismar 3 (G3) project under construction; enhances cash flow potential.



## Well-positioned in the transition to a low-carbon economy

Advantaged global position with dedicated teams focused on innovative opportunities for existing assets and new projects to support the transition to the low-carbon economy.

## Safety is our number one priority

*Our commitment to Responsible Care is unwavering; we work everyday to put our values and safe practices into action to ensure the safety of our employees, contractors, visitors, and communities where we operate*

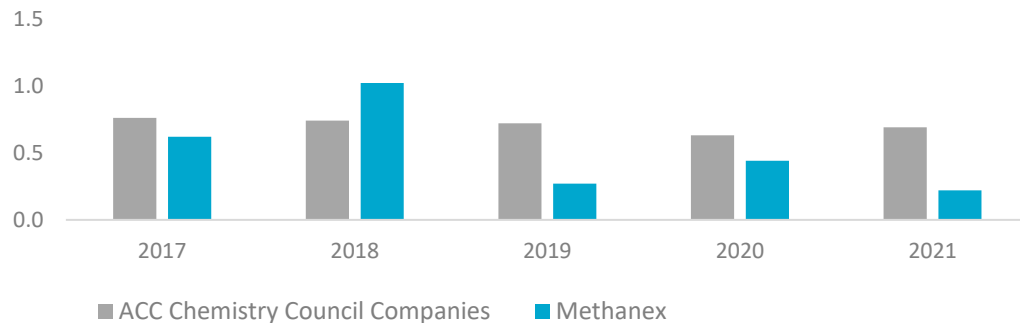
↓ **66%** Reduction in **injury rates** over the last 5 years

↓ **64%** Reduction in **process safety incident rate** over the last 5 years



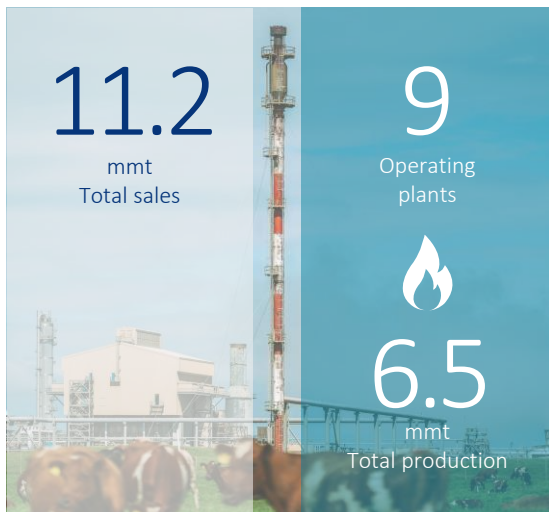
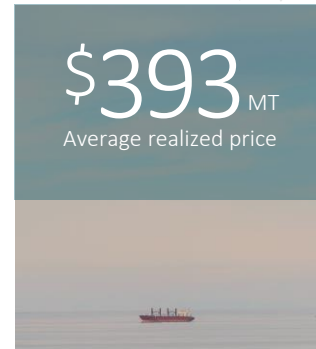
### Recordable Injury Rate (Employees & Contractors)

Injuries per 200,000 hours worked

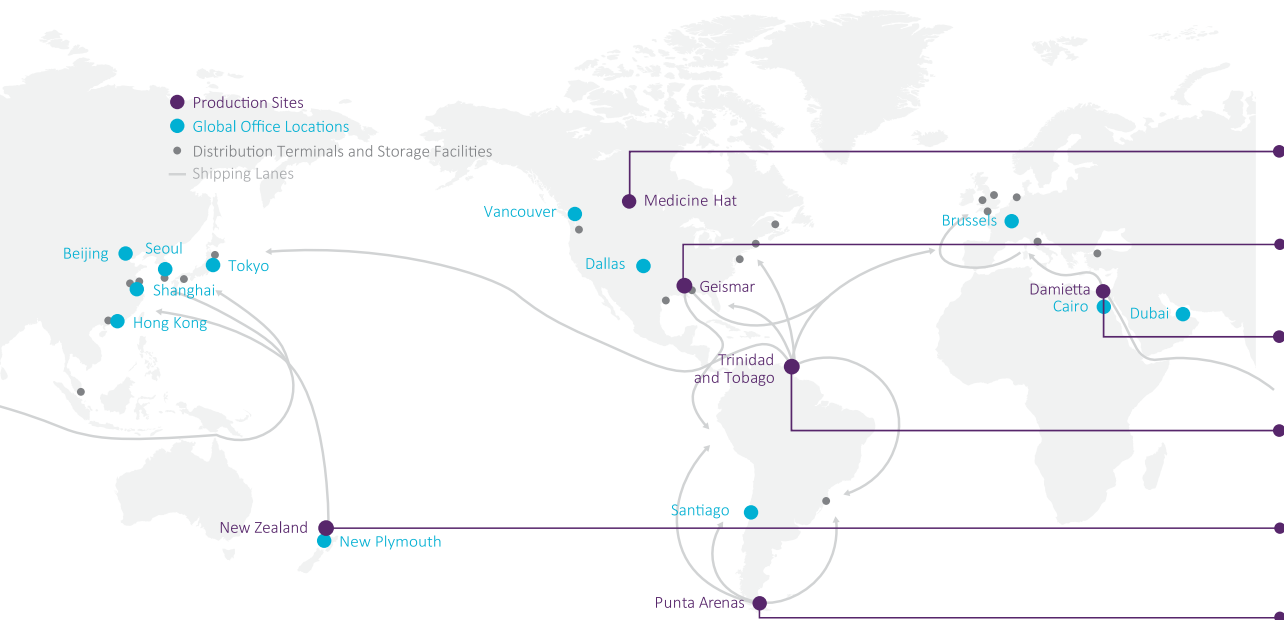


## 2021 performance snapshot

*Robust demand, constrained global supply and strong operational performance led to outstanding results*



## 9.3 mmt annual operating capacity across 11 plants and 6 production sites



Operating capacity (mmt) <sup>1</sup>	Number of plants <sup>2</sup>	Gas supply
0.64	1	Fixed price contract
2.20 <sup>3</sup>	2	Financial hedges, fixed price contracts, and spot market
0.63	1	Methanol price linked contract
1.96	2	Methanol price linked contract
2.20	3	Methanol price linked contract
1.70	2	Methanol price linked contract
<b>Total 9.3</b>	<b>11</b>	

Currently building a third 1.8M tonne plant in Geismar with commercial operations in late 2023/early 2024 which will increase the site operating capacity to 4M tonnes

<sup>1</sup> Annual operating capacity reflects, among other things, average expected plant outages, turnarounds and average age of the facility's catalyst. Actual production for a facility in any given year may be higher or lower than operating capacity due to several factors, including natural gas composition or the age of the facility's catalyst. Methanex's share shown for Trinidad (Atlas 63%) and Egypt (50%).

<sup>2</sup> Waitara Valley plant in New Zealand and Titan plant in Trinidad are currently idled due to natural gas availability.

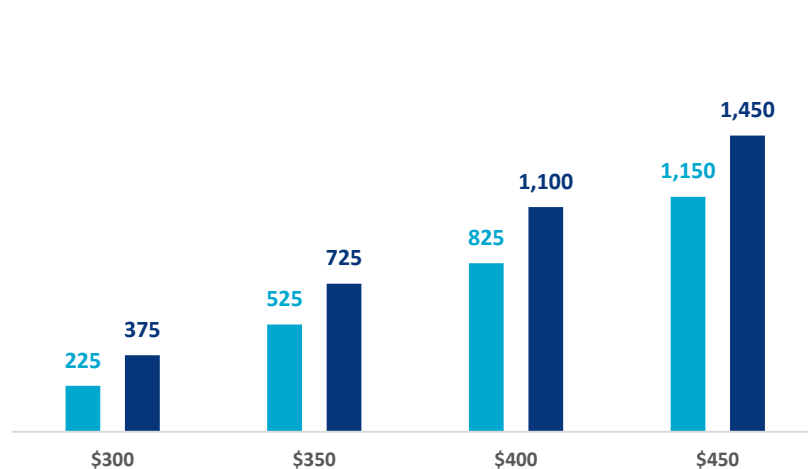
# Growing cash flow capability with G3 and the potential restart of idled assets with improved gas availability

Adjusted EBITDA<sup>1</sup> capability (\$M)  
at various methanol prices (\$/MT)



■ Current capability with Geismar 3 of 8.8 MMT

Free cash flow<sup>2</sup> capability (\$M)  
at various methanol prices (\$/MT)



■ Significant upside to full capacity of 11.1 MMT<sup>3</sup>

# Methanol is an essential ingredient in modern life

## Chemical end uses

Methanol is an essential chemical building block for hundreds of consumer and industrial products, including paints, carpets, fabrics, building materials, and a variety of health and pharmaceutical products.



Methanol is difficult to substitute based on its unique chemistry, scale, ease of transport and cost.



CLOTHING + TEXTILES \ HIGH TECH APPLICATIONS \ MEDICAL EQUIPMENT \ BUILDING MATERIALS

## Energy-related end uses

A cleaner-burning fuel, methanol can help improve air quality by reducing emissions compared to traditional fuels such as diesel or coal. As it can be made from renewable sources, methanol fuel can also help society achieve its decarbonization goals.



BOILERS \ KILNS \ COOKING STOVES \ MARINE FUEL \ VEHICLE FUEL

# Strong methanol demand growth forecasted over the next five years

Global methanol demand growth forecast to grow at ~3% CAGR or +14 mmt over next five years

Methanol demand 2021: 88 mmt

28 mmt

## Energy-related demand – significant upside potential

Growing market for methanol supported by clean energy policies and commercialization of methanol as a lower emission fuel (e.g., marine fuel)



16 mmt

## Methanol-to-olefins (MTO) – stable demand

Demand growth reflects start-up of new MTO plant (Tianjin Bohai) in the near-term

Historical operating rates resilient through different methanol/olefin price cycles

High oil prices and slowdown in olefin capacity additions support MTO affordability leading to stable demand



44 mmt

## Traditional chemical applications – steady growth

Demand growth linked to global economic growth

IMF forecasts ~3-4% annual GDP growth post COVID-19 recovery



# Methanol is a cleaner-burning alternative fuel

*Representing upside potential for long-term demand*



**Lower emission  
fuel source**

Methanol is used as an alternative to coal for industrial boilers, kilns, and cooking stoves to reduce emissions

Currently represents approximately 5 mmt of demand



**Vehicle fuel that  
reduces emissions**

Methanol is an affordable gasoline substitute in China

Reduces emissions when blended with or substituted for gasoline

Several other countries are at the assessment or near-commercial stage for low-level methanol fuel blending



**Marine fuel that meets  
environmental regulations**

Shipping regulations (IMO 2020) require cleaner-burning fuels

Methanol is a cleaner-burning fuel that meets regulations and is cost competitive over the cycle<sup>1</sup>

Approximately 50% of Waterfront Shipping's (Methanex's partially owned subsidiary) fleet currently can run on methanol

1. Methanol significantly reduces emissions of SOx by 99 per cent, NOx by 80 per cent, particulate matter (PM) by 95 per cent and CO2 from combustion by 15 per cent on a Tank to Wake basis compared to Tier I vessels running on traditional heavy fuel oil.

# Growing interest in methanol as a marine fuel

*Cleaner burning, proven technology, easily transportable with existing infrastructure, and cost competitive*



MPC Capital



MAERSK



Over 65 dual fueled vessels, including Waterfront Shipping vessels, are expected to be on the water by 2025-2026; **representing approximately 1.5 mmt of demand<sup>1</sup>**

Compared to conventional marine fuels, conventional and renewable methanol **reduce CO<sub>2</sub> emissions during combustion by ~15% and ~95%<sup>2</sup>**, respectively

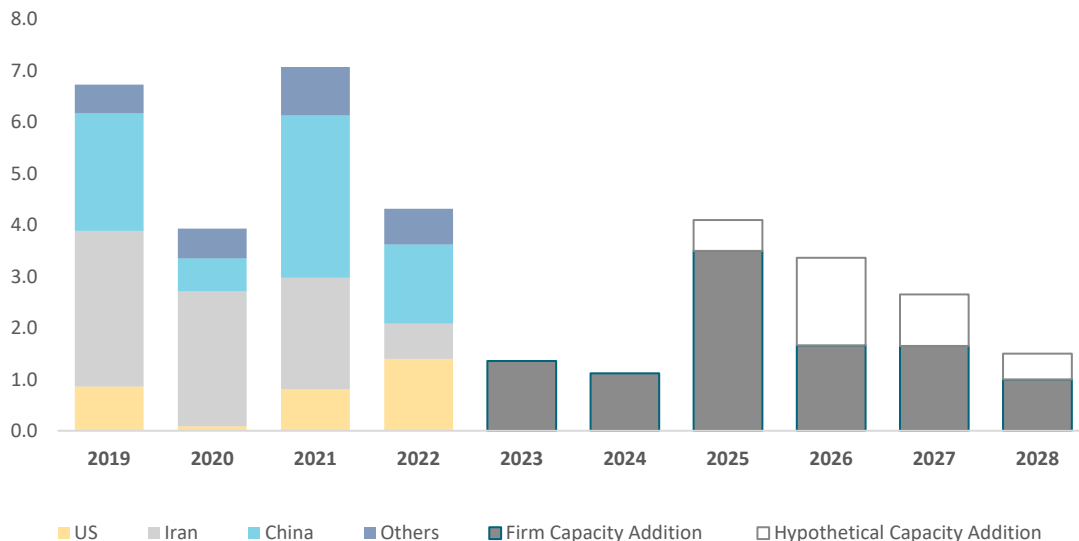
Methanol can **effectively support the shipping industry's transition to carbon neutrality** starting with conventional and transitioning to renewable methanol to meet the IMO's decarbonization goals

1. If all ships run on methanol 100% of the time.
2. Methanol reduces emissions of SOx by 99 per cent, NOx by 80 per cent, PM by 95 per cent and CO2 from combustion by 15 per cent on a Tank to Wake basis compared to Tier I vessels running on traditional heavy fuel oil. Source: IEA report.

# Firm capacity additions unlikely to meet growing demand; tight market conditions support strong methanol prices

## Estimated industry capacity additions\*

MMT



## New capacity additions

Pace of capacity additions to slow after the recent start-up of CGCL, Koch, and Schekino Azot III between late 2020 and late 2021

Besides G3, limited firm capacity addition expected in the Atlantic market

New capacity is needed to meet growing demand; greenfield projects typically take 4 to 5 years from FID to commercial production

## Methanol price outlook

Higher methanol prices and tight market conditions supported by:

- Growing methanol demand
- Structural industry supply challenges
- Higher energy prices

# Strong demand growth outpaces capacity additions requiring operating rates to increase; structural operating rate issues make this challenging

## Structural operating rate issues impacting over 50% of global capacity

**China** – impacted by feedstock availability and environmental restrictions

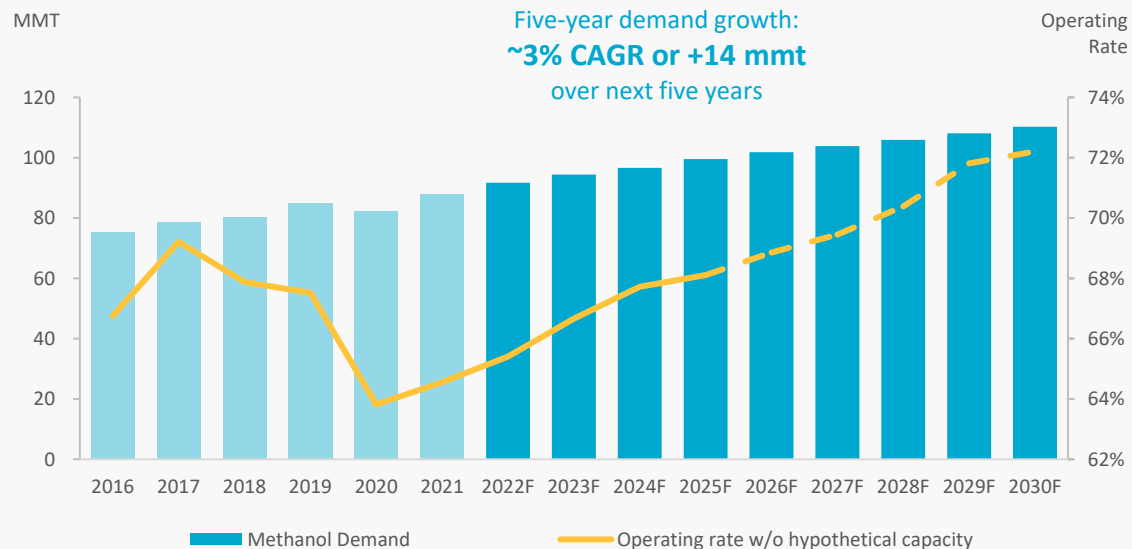
**Iran** – new plants have consistently run on an intermittent basis due to technical issues and natural gas constraints in the winter

**Trinidad + Europe** – impacted by feedstock economics

## Factors impacting operating rates

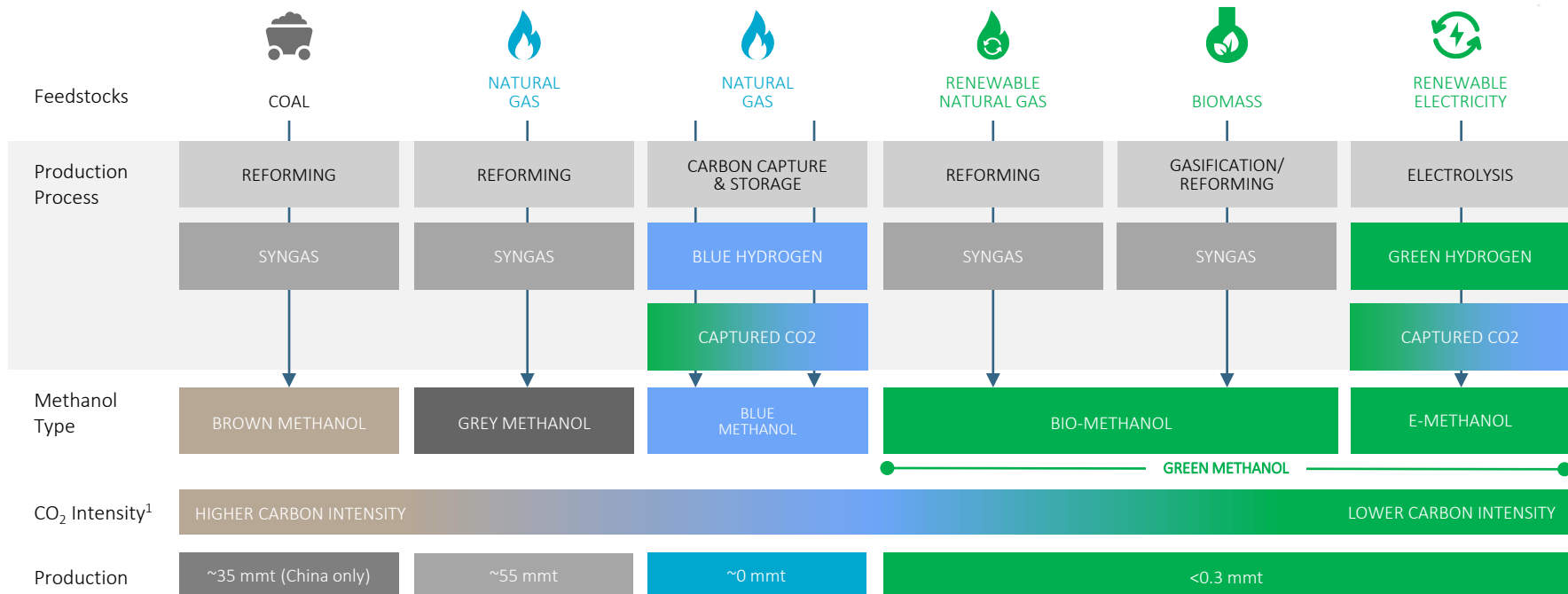
- Feedstock availability and higher energy prices
- Technical issues
- Geopolitical challenges
- Environmental restrictions

## Structural operating rates issues must be resolved for operating rates to meet growing demand



# Methanol's role in the low-carbon economy

Conventional methanol reduces air pollution and GHG emissions; methanol from renewable sources can support long-term decarbonization

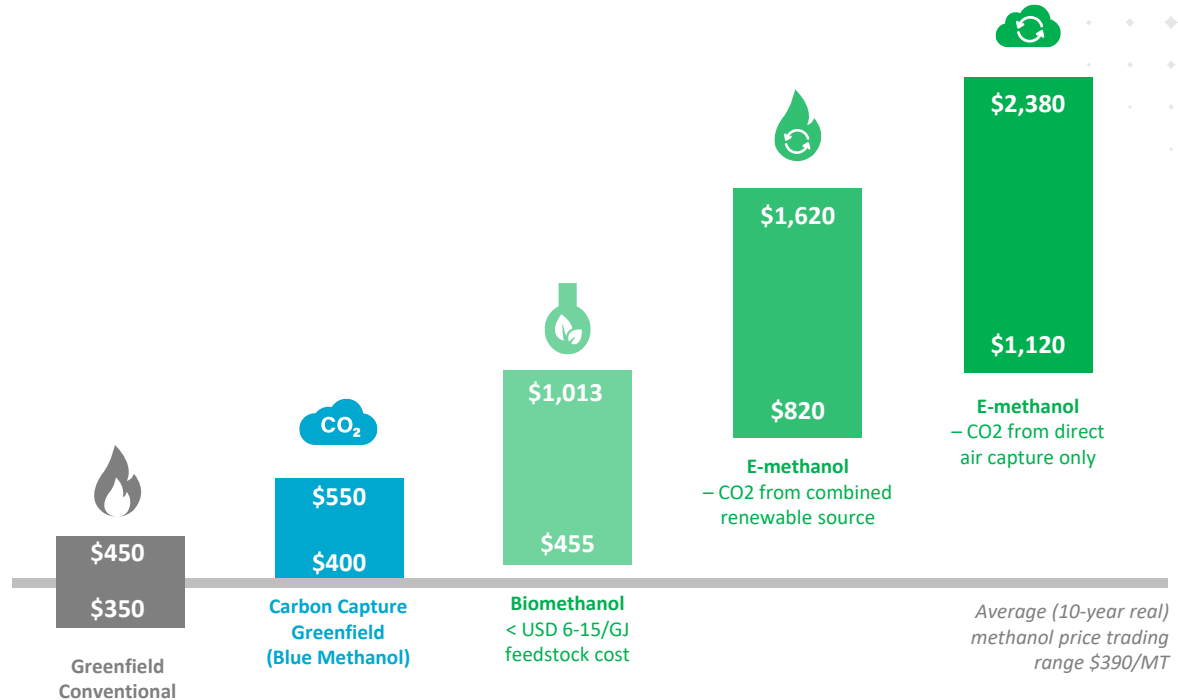


# Price response required to incentivize new low-carbon methanol production

In the long-term we expect methanol pricing will respond to incent investment as demand for low and zero carbon methanol increases from market segments with Scope 3 emission goals

The cost for lower emission methanol is expected to decrease as technologies mature and become scalable

Range of current capital and production costs for different forms of methanol  
USD \$/tonne of methanol\*



## Industry leadership is core to our strategy and strong performance

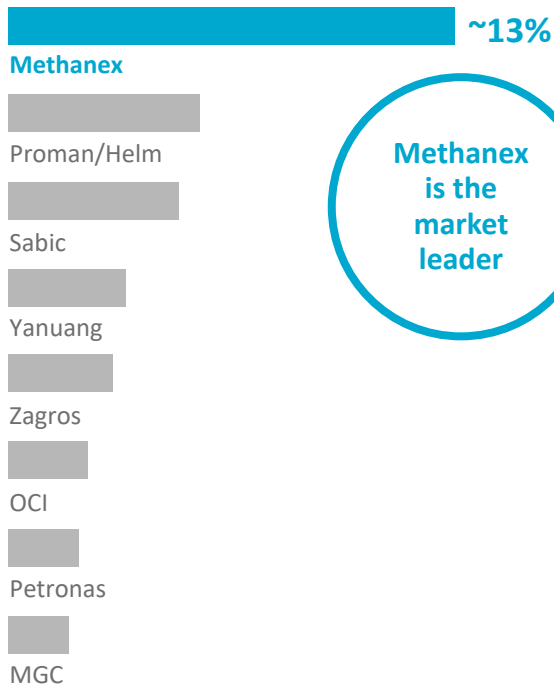
*A leading global pure-play methanol producer*

**Scale and flexibility enables Methanex to be the supplier of choice and attract and retain customers around the world**

Ability to optimize global sourcing plans while delivering product safely and reliably

Support the expansion of the methanol market by advocacy, new market development and product stewardship

Unique global position as the only supplier with well-established production and sales in all major regions



*Estimated industry market share 2021*

Source: Methanex



# Sustainable competitive advantage from integrated global capabilities

*Investing in industry-leading, secure, reliable supply from a global network of plants is a fundamental driver of long-term success*

Responsible Care

Network of production sites to supply every major global market

Fleet of dedicated ocean vessels

Extensive integrated global supply chain and distribution network

In-region customer service to quickly respond to customer needs

Sharing of best practices and expertise

Industry leading customers



# Focused cost discipline

*Our low-cost structure enables us to provide secure supply to our customers and create value throughout the cycle*



## Natural gas

Flexible cost structure as approximately 60% of our natural gas supply contracts are linked to methanol prices:

- North America: ~65% of current natural gas requirements under fixed price contracts or hedges
- Rest of world: natural gas price varies based on methanol prices which enables assets to be competitive across a wide range of methanol prices

*Natural gas prices vary with methanol pricing*



## Logistics

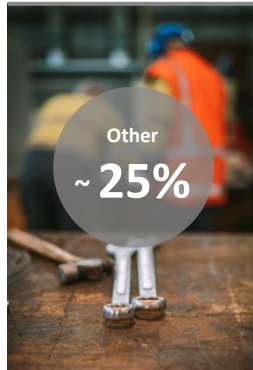
Fleet of ~30 leased and owned vessels supplemented with short-term COA vessels and spot vessel shipments

Integrated supply chain allows benefit of back-haul shipments

Network of owned and leased terminals worldwide

Various in-region logistics capabilities including barge, rail, truck and pipeline

*Logistics costs vary based on oil/bunker fuel prices*

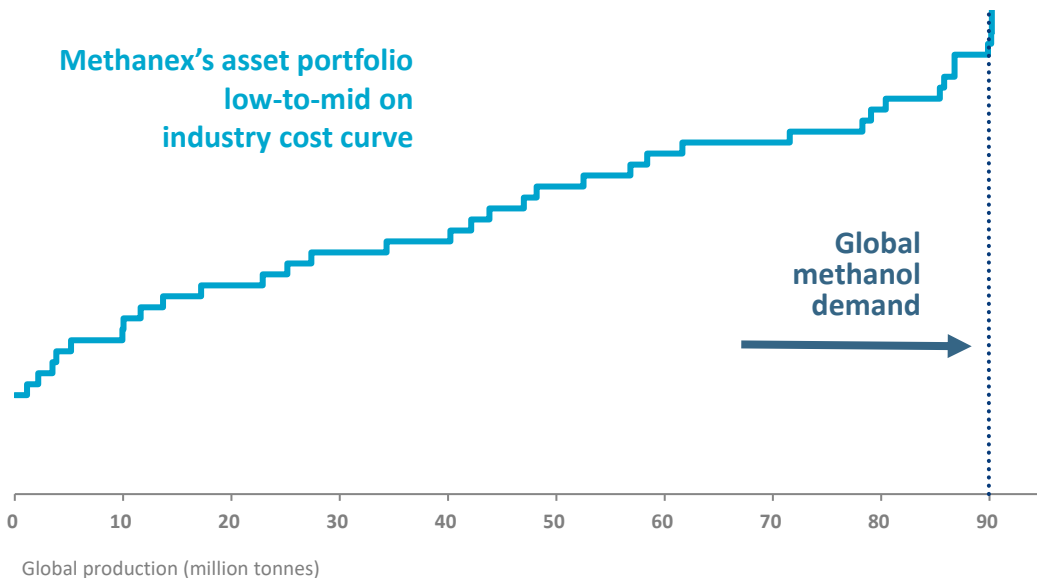


## Fixed + variable manufacturing and G&A costs

Costs include people, utilities (oxygen, CO<sub>2</sub>, power, etc.), and other variable costs

# Competitive position on attractive industry cost curve

Illustrative methanol industry cost curve  
(\$/tonne)



## Methanex assets competitive across a wide range of methanol prices due to position on cost curve

We estimate that our assets are positioned on the low-to-mid portion of the industry cost curve

Marginal producers on the high end of cost curve are high-cost coal and natural gas-based production in China

Other higher cost regions are Russia, Europe, and India

## High energy prices shifting cost curve higher

Global energy shortages and higher energy prices have shifted the cost curve and provide firm methanol price support

# Consistent capital allocation priorities with emphasis on financial flexibility

## Maintain our business

Maintenance capital and debt service.



## Profitable growth

Pursue value accretive growth opportunities. Executing the 1.8 mmt advantaged G3 project.

## Shareholder distributions

Strong track record of and continued commitment to returning excess cash to shareholders.



**To manage cyclicalities and maintain a strong and flexible balance sheet we will:**

1. **Target higher cash balances:** maintain a minimum of \$300M cash plus remaining G3 capital costs on balance sheet
2. **Target lower leverage:** target 3x debt/EBITDA at ~\$275-\$300/tonne methanol prices; next debt maturity in 2024
3. **Continue shareholder distributions:** return excess cash to shareholders through a sustainable dividend with greater weighting on flexible vehicles for distributions such as share buybacks.

# Geismar 3 is an industry-leading plant

*Optimizing efficiency and reducing emissions intensity through synergistic design*

## Investment strategy

Meeting growing demand for methanol

Significant capital and operating cost savings from brownfield site advantages generates strong project returns and cash flow generation

One of the lowest CO<sub>2</sub> emissions intensity profiles in the industry at ~0.4 tonnes of CO<sub>2</sub> /tonne of methanol compared to our portfolio intensity of ~0.6 which is **~5 times lower than a coal-based methanol plant**

Significantly de-risked during care and maintenance period; all major equipment items are onsite

## Key milestones

Broke ground September 2019; project put on care and maintenance Q2 2020 to Q3 2021 due to the pandemic; restarted construction in August 2021

~55% complete as of April 2022

### Q2 – Q4 2022

- Pipe rack installation
- Tank erection
- Foundations
- Electrical + instrumentation

### 2023

- HV power energized
- Utility systems commissioned
- Oxygen available
- Mechanical completion



## Project highlights

1.8 mmt methanol plant located adjacent existing Geismar 1 and 2 plants

Capital spend \$1.25-1.35 billion

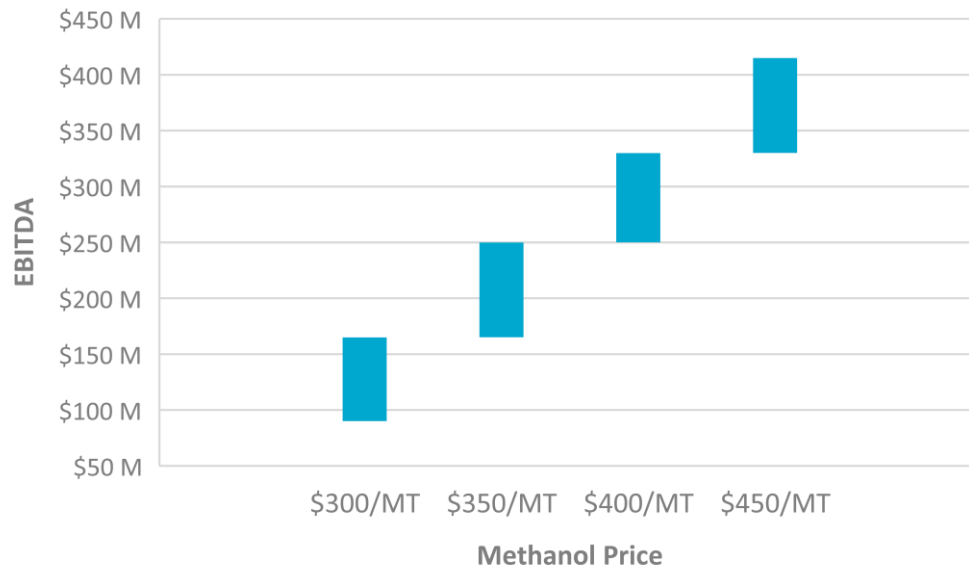
- \$625 – 725 million of remaining capital costs (as of Q1 2022)

Commercial production by end of 2023/early 2024

**Geismar 3 project to  
generate significant EBITDA  
at a variety of methanol  
prices and gas prices**



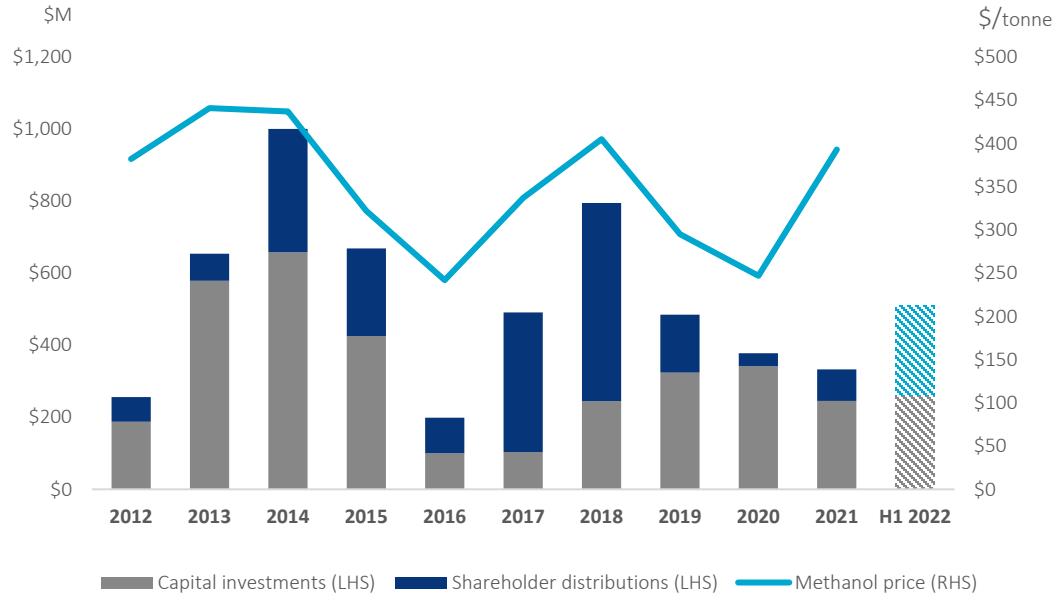
### G3 potential EBITDA



Range based on Henry Hub gas prices between \$3 – 5/mmbtu. 2022 dollars.

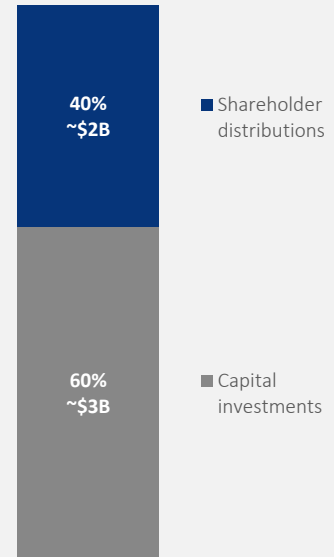
# Consistent track record of balanced capital investment and shareholder distributions

## 10-year capital allocation history



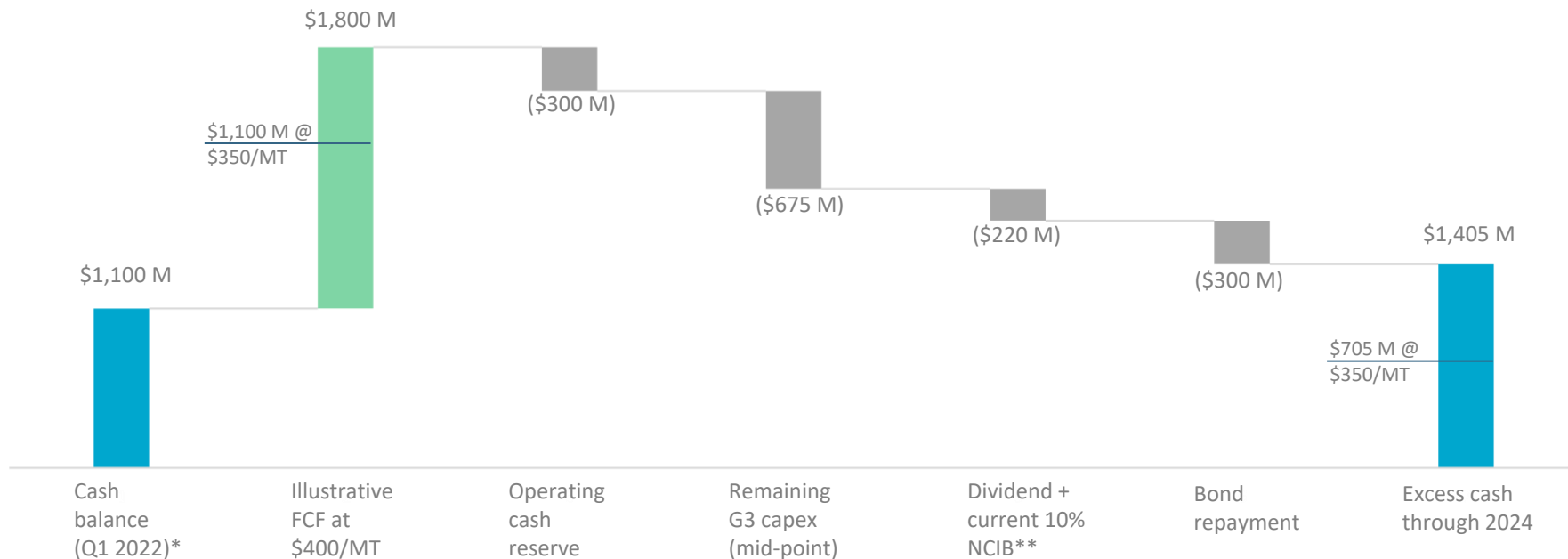
Shareholder distributions include dividend and share buybacks. H1 2022 is illustrative only and is not a forecast. Methanol price reflects Methanex's quarterly average realized price

## 10-year capital allocation mix



## Strong excess cash generation creates options

*Illustrative cash flow waterfall Q1 2022 to 2024 at \$400/MT*



# Embedding sustainability: from strategy to action <sup>1</sup>

*Solutions focused and committed to continual improvement*



## Safety

Achieve zero harm



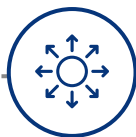
## Reduce emissions

Reduce Scope 1 and Scope 2 GHG emission intensity by 10%<sup>2</sup>



## Carbon capture

Complete a feasibility study for carbon capture, utilization, and storage (CCUS) for our North American assets<sup>3</sup>



## Green methanol

Pursuing green methanol offtakes and have the ability to produce green methanol at our Geismar site using renewable natural gas to supply the market as it develops



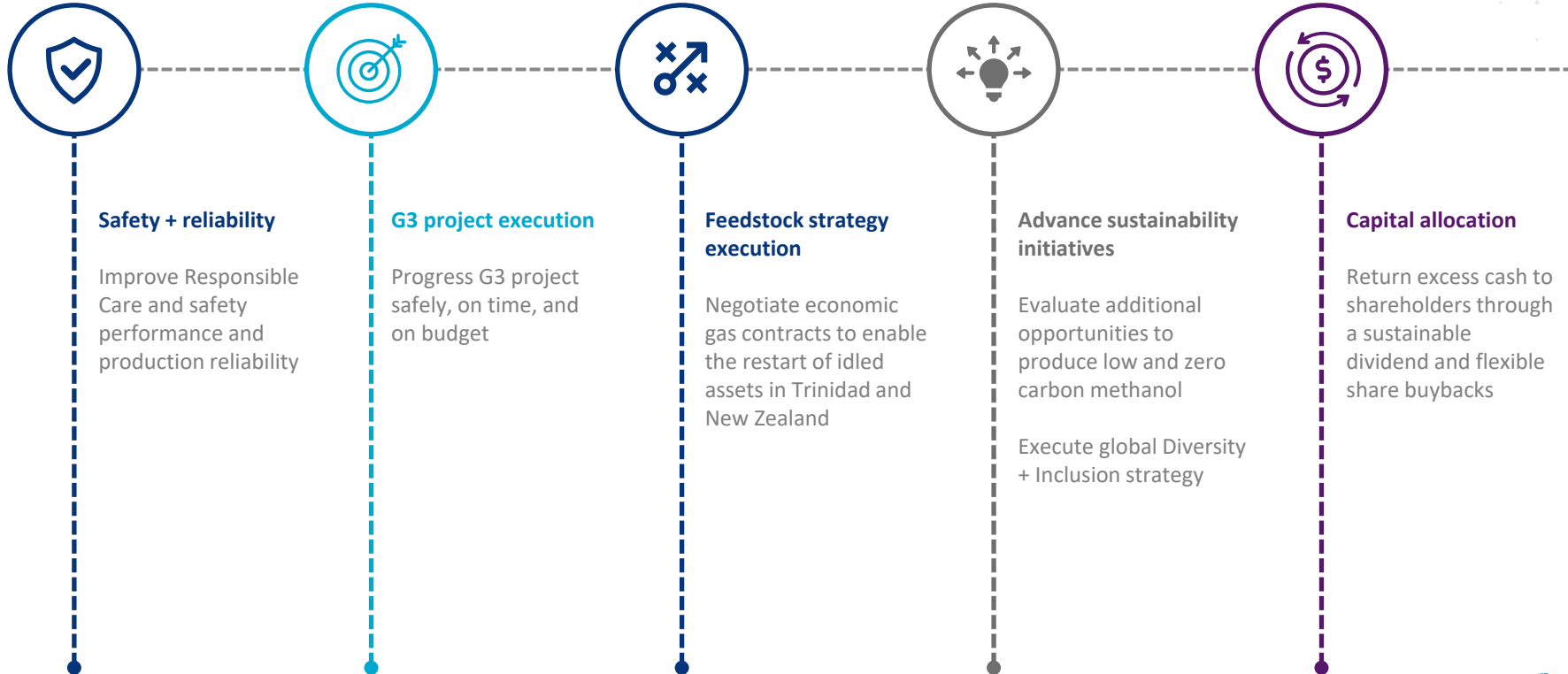
## Diversity + inclusion

Implement a three-year diversity and inclusion roadmap across all sites

1. For a full list of our ESG commitments see our 2021 Sustainability Report
2. By 2030 from 2019 levels
3. CCUS can materially reduce GHG emissions by up to 90 per cent at existing plants



# Strategic Priorities



## Modeling information

### Financial profile

**~\$110M**

Lease Principal Payments

**~\$160M**

Interest Expense

**~\$350M**

Depreciation + Amortization

**~30%**

Effective tax rate (mid-cycle pricing)

### Capital expenditures

**~\$120M**

Run-rate maintenance CAPEX



**2022 posted price discount rate guidance: 20%**

### Gas cost structure

#### Gas

**~37**mmbtu/MT

Portfolio efficiency

**~\$4.00**mmbtu/MT

Avg. gas cost at \$400/MT ARP\*

**~60%**

Gas costs linked to ARP

\*Assumes \$3.25/mmbtu Henry Hub gas price. \$10/MT change in annual realized price (ARP) impacts average portfolio gas cost/MT by ~\$2.50.

# Forward-looking statements and non-GAAP measures

This presentation, our First Quarter 2022 Management's Discussion and Analysis ("MD&A") as well as comments made during the First Quarter 2022 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," "targets," "plan," "predict" 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 and anticipated timing and rate of return of such 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,
- the timing of the closing of the sale of a minority interest in our Waterfront Shipping subsidiary,
- expected cash flows, cash balances, earnings capability, debt levels and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants 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,
- our shareholder distribution strategy and expected 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, including our Geismar 3 Project,
- our financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels) and GDP growth,
- expected outcomes of litigation or other disputes, claims and assessments,
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties, and
- the potential future impact of the COVID-19 pandemic.

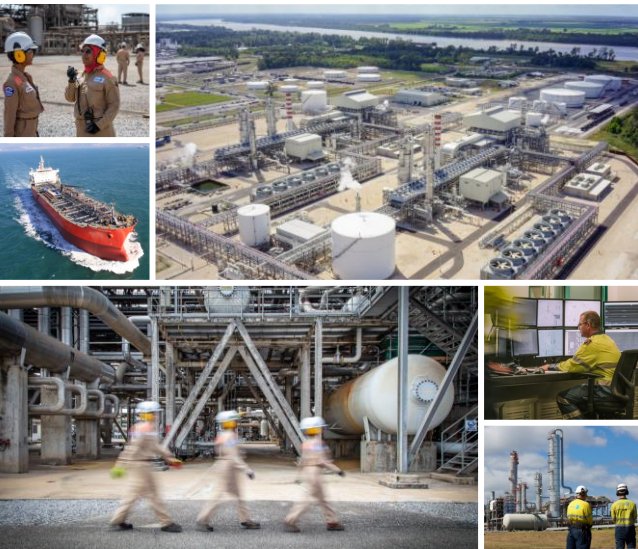
We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document are based on our experience, our perception of trends, current conditions and expected future developments as well as other factors. Certain material factors or assumptions 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 or 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,
- the expected timing and capital cost of our Geismar 3 Project,
- global and regional economic activity (including industrial production levels) and GDP growth,
- 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,
- our ability to meet timeline and budget targets for the Geismar 3 Project, including the impact of any cost pressures arising from labour costs,
- the signing of definitive agreements and the receipt of regulatory and other customary approvals in respect of the sale of a minority interest in our Waterfront Shipping subsidiary,
- competing demand for natural gas, especially with respect to any domestic needs for gas and electricity,
- actions of governments and governmental authorities, including, without limitation, 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,
- the impacts of the COVID-19 pandemic, and
- other risks described in our 2021 Annual MD&A and First Quarter 2022 MD&A

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



# Appendix

## Global methanol demand by application

	Applications	% of global demand <sup>1</sup>	End uses
<b>Traditional chemical applications</b>  <i>(Over 50% of global methanol demand)</i>	Formaldehyde	~26%	Used as wood adhesive for plywood, particleboard and other engineered wood products Also used as raw material for a variety of building and automotive products
	Acetic acid	~8%	Used to produce a wide variety of products including adhesives, paper, paint, plastics, resins, solvents, pharmaceuticals and textiles
	Other traditional	~16%	Used to produce a wide range of products including adhesives, coatings, plastics, film, textiles, paints, solvents, paint removers, polyester resins/fibers, silicone products
<b>Energy-related applications</b>	Methyl tert-butyl ether (MTBE)	~11%	Used as an oxygenate blending into gasoline to contribute octane and reduce the amount of harmful exhaust emissions from motor vehicles
	Fuel applications	~10%	Used as an alternative cleaner-burning fuel for transportation, industrial boilers and kilns, and in a smaller quantity, for cooking stoves
	Dimethyl ether (DME)	~6%	A clean-burning fuel that is used as a substitute for liquified petroleum gas (LPG) for household cooking and heating. Can be used as a clean-burning substitute for diesel fuel in transportation
	Biodiesel	~5%	A renewable fuel made from plant oils or animal fats that uses methanol in the production process
<b>Methanol-to-Olefins</b>	Methanol-to-olefins (MTO)	~18%	Used as an alternative feedstock to produce light olefins (ethylene and propylene) to produce various everyday products used in packaging, textiles, plastic parts/containers and auto components

## Illustrative Adjusted EBITDA and free cash flow capabilities assumptions

<sup>1</sup> Adjusted EBITDA reflects Methanex's proportionate ownership interest. Approximately 65% of our current North American and ~30% of incremental Geismar 3 natural gas requirements are under fixed price contracts or hedges. The unhedged portion of our North American natural gas requirements are purchased under contracts at spot prices. Estimates assume Henry Hub natural gas price of \$4.00/mmbtu. The Adjusted EBITDA figures are adjusted for approximately \$50 million of non-cash impact from the sale of 40% minority interest in the Waterfront Shipping subsidiary to Mitsui O.S.K. Lines, Ltd that closed on February 1, 2022. This transaction had an insignificant impact on the free cashflow figures.

<sup>2</sup> Free cash flow capability is after lease payments, cash interest (based on current debt levels), debt service, maintenance capital, estimated cash taxes and other cash payments. Various factors including rising/declining methanol prices, planned and unplanned production outages, production mix,

changes in tax rates, and other items can impact actual free cash flow. Incremental free cash flow from G3 is presented net of estimated maintenance capital. G3 is presented with zero cash tax due to the significant tax shelter available to it.

<sup>3</sup> Assumes all existing plants operate at full capacity and idle assets return to production. Incremental gas costs, capex, logistics and tax rates are assumed to be the same as existing production capacity on a per tonne basis.



# Thank you

## Investor Relations

T: 604 661 2600

[invest@methanex.com](mailto:invest@methanex.com)

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