

# NEWS RELEASE



Methanex Corporation  
1800 - 200 Burrard St.  
Vancouver, BC Canada V6C 3M1  
Investor Relations: (604) 661-2600  
[www.methanex.com](http://www.methanex.com)

For immediate release

July 25, 2018

## METHANEX REPORTS SECOND QUARTER 2018 EARNINGS

**VANCOUVER, BRITISH COLUMBIA** - For the second quarter of 2018, Methanex (TSX:MX) (NASDAQ:MEOH) reported net income attributable to Methanex shareholders of \$111 million (\$1.36 per common share on a diluted basis) compared to net income of \$169 million (\$2.00 per common share on a diluted basis) in the first quarter of 2018. Adjusted EBITDA for the second quarter of 2018 was \$275 million and Adjusted net income was \$143 million (\$1.75 per common share). This compares with Adjusted EBITDA of \$306 million and Adjusted net income of \$171 million (\$2.03 per common share) for the first quarter of 2018.

John Floren, President and CEO of Methanex commented, "Methanol prices have remained strong through the second quarter as a result of healthy methanol demand from energy-related and traditional chemical applications combined with various industry production outages globally resulting in tight market conditions. Our average realized price increased slightly to \$405 per tonne in the second quarter compared to \$402 per tonne in the first quarter of 2018. Our Adjusted EBITDA reflects the impact of lower sales of produced product as a result of our reduced production volume in New Zealand in the quarter."

"We returned \$241 million to shareholders through our regular dividend and share repurchases during the second quarter. To June 30, 2018 we have repurchased 3,850,000 common shares, of the 6,590,095 approved, for approximately \$253 million since the start of our normal course issuer bid on March 13, 2018."

"In addition, the restart of our Chile IV plant is on track to be complete by the end of Q3 2018. The investments we have made over the past few years to increase our production capability have substantially improved our earnings power and ability to generate significant free cash flow at a wide range of methanol prices. We have low capital and financing requirements in the near term and have \$320 million of cash on hand at the end of the second quarter, a committed revolving credit facility and a robust balance sheet. Our balanced approach to capital allocation remains unchanged. We believe we are well positioned to meet our financial commitments, pursue our growth opportunities and deliver on our commitment to return excess cash to shareholders through dividends and share repurchases," Floren said.

## FURTHER INFORMATION

The information set forth in this news release summarizes Methanex's key financial and operational data for the second quarter of 2018. It is not a complete source of information for readers and is not in any way a substitute for reading the second quarter 2018 Management's Discussion and Analysis ("MD&A") dated July 25, 2018 and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2018, both of which are available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com). The MD&A and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2018 are also available on the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

## FINANCIAL AND OPERATIONAL DATA

	Three Months Ended			Six Months Ended	
	Jun 30 2018	Mar 31 2018	Jun 30 2017	Jun 30 2018	Jun 30 2017
<i>(\$ millions except per share amounts and where noted)</i>					
Production (thousands of tonnes) (attributable to Methanex shareholders)	<b>1,648</b>	1,943	1,614	<b>3,591</b>	3,480
Sales volume (thousands of tonnes)					
Methanex-produced methanol	<b>1,729</b>	1,884	1,790	<b>3,613</b>	3,546
Purchased methanol	<b>709</b>	613	387	<b>1,322</b>	899
Commission sales	<b>329</b>	321	297	<b>650</b>	601
Total sales volume <sup>1</sup>	<b>2,767</b>	2,818	2,474	<b>5,585</b>	5,046
Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup>	<b>478</b>	475	398	<b>476</b>	418
Average realized price (\$ per tonne) <sup>3</sup>	<b>405</b>	402	327	<b>403</b>	347
Revenue	<b>950</b>	962	669	<b>1,912</b>	1,480
Adjusted revenue	<b>972</b>	987	716	<b>1,959</b>	1,548
Adjusted EBITDA	<b>275</b>	306	174	<b>581</b>	441
Cash flows from operating activities	<b>290</b>	244	243	<b>534</b>	458
Adjusted net income	<b>143</b>	171	74	<b>314</b>	214
Net income (attributable to Methanex shareholders)	<b>111</b>	169	84	<b>280</b>	216
Adjusted net income per common share	<b>1.75</b>	2.03	0.85	<b>3.79</b>	2.40
Basic net income per common share	<b>1.36</b>	2.02	0.96	<b>3.39</b>	2.43
Diluted net income per common share	<b>1.36</b>	2.00	0.89	<b>3.38</b>	2.39
Common share information (millions of shares)					
Weighted average number of common shares	<b>82</b>	84	88	<b>83</b>	89
Diluted weighted average number of common shares	<b>82</b>	84	88	<b>83</b>	89
Number of common shares outstanding, end of period	<b>80</b>	83	87	<b>80</b>	87

<sup>1</sup> Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("TollingVolume"). There was 48,000 MT of TollingVolume produced in the second quarter of 2018 and 40,000MT in the first quarter of 2018. There was no TollingVolume in the second quarter of 2017.

<sup>2</sup> Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available at [www.methanex.com](http://www.methanex.com).

<sup>3</sup> Average realized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding TollingVolume.

A reconciliation from net income attributable to Methanex shareholders to Adjusted net income and the calculation of Adjusted net income per common share is as follows:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Six Months Ended	
	Jun 30 2018	Mar 31 2018	Jun 30 2017	Jun 30 2018	Jun 30 2017
Net income (attributable to Methanex shareholders)	\$ 111	\$ 169	\$ 84	\$ 280	\$ 216
Mark-to-market impact of share-based compensation, net of tax	32	2	(10)	34	(2)
Adjusted net income	\$ 143	\$ 171	\$ 74	\$ 314	\$ 214
Diluted weighted average shares outstanding (millions)	82	84	88	83	89
Adjusted net income per common share	\$ 1.75	\$ 2.03	\$ 0.85	\$ 3.79	\$ 2.40

- We recorded net income attributable to Methanex shareholders of \$111 million during the second quarter of 2018 compared to net income of \$169 million in the first quarter of 2018. The decrease in earnings is primarily due to a decrease in sales of Methanex-produced methanol and the mark-to-market impact of share-based compensation due to the increase in the Methanex share price.
- We recorded Adjusted EBITDA of \$275 million for the second quarter of 2018 compared with \$306 million for the first quarter of 2018. Adjusted net income was \$143 million for the second quarter of 2018 compared to Adjusted net income of \$171 million for the first quarter of 2018. The decrease in Adjusted EBITDA and Adjusted net income is primarily due to a decrease in sales of Methanex-produced methanol.
- Production for the second quarter of 2018 was 1,648,000 tonnes compared with 1,943,000 tonnes for the first quarter of 2018. The decrease of 295,000 tonnes in production is primarily due to natural gas supply constraints and a scheduled turnaround and maintenance activities at our New Zealand facilities.
- Total sales volume for the second quarter of 2018 was 2,767,000 tonnes compared with 2,818,000 tonnes for the first quarter of 2018. Sales of Methanex-produced methanol were 1,729,000 tonnes in the second quarter of 2018 compared with 1,884,000 tonnes in the first quarter of 2018.
- Cash flows from operating activities in the second quarter of 2018 increased to \$290 million compared with \$244 million for the first quarter of 2018, an increase of \$46 million. Cash flows from operating activities increased despite a decrease in Adjusted EBITDA primarily as a result of a reduction in non-cash working capital.
- To June 30, 2018 we have repurchased 3,850,000 common shares, of the 6,590,095 approved, for approximately \$253 million since the start of our normal course issuer bid on March 13, 2018.
- During the second quarter of 2018 we paid a \$0.33 per common share quarterly dividend to shareholders for a total of \$27 million.
- We recently signed agreements to supply gas to underpin over half of Methanex's 2.4 million tonnes of annual production capacity in New Zealand for a period of 11 years through 2029. These new agreements will combine with contracts from other natural gas producers to supply our New Zealand facilities.
- We continue to make good progress on a potential Geismar 3 production facility. Our Board of Directors has recently approved moving to the next phase of the project to commence site-specific engineering work known as front-end engineering and design or "FEED". We expect to spend approximately \$50 to \$60 million on this project prior to reaching a final investment decision by mid-2019. We believe that the potential Geismar 3 project would be advantaged relative to other projects being contemplated or under construction in the US Gulf.

## PRODUCTION HIGHLIGHTS

<i>(thousands of tonnes)</i>	Q2 2018		Q1 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017
	Operating Capacity <sup>1</sup>	Production	Production	Production	Production	Production
New Zealand <sup>2</sup>	608	252	487	350	739	883
Geismar (USA)	500	518	513	437	1,031	930
Trinidad (Methanex interest) <sup>3</sup>	500	442	459	449	901	845
Egypt (50% interest)	158	165	165	159	330	318
Medicine Hat (Canada)	150	143	153	159	296	277
Chile <sup>4</sup>	220	128	166	60	294	227
	<b>2,136</b>	<b>1,648</b>	1,943	1,614	<b>3,591</b>	3,480

<sup>1</sup> Operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The operating capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

<sup>2</sup> The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility.

<sup>3</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities.

<sup>4</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock.

Key production and operational highlights during the second quarter include:

- New Zealand produced 252,000 tonnes compared with 487,000 tonnes in the first quarter of 2018. Production in the second quarter of 2018 is lower than the first quarter of 2018 by 235,000 tonnes primarily as a result of a scheduled turnaround and maintenance activities at our Motunui site and gas supply constraints due to a damaged natural gas pipeline impacting gas deliveries from offshore sources. Turnaround activities were completed at the end of June. The pipeline is now operational and we have begun receiving gas supply from this source to our site again.
- Geismar production rates continue to be strong, with production of 518,000 tonnes.
- Trinidad produced 442,000 tonnes (Methanex interest) compared with 459,000 tonnes in the first quarter of 2018. We continue to experience gas curtailments in Trinidad.
- Egypt produced 165,000 tonnes (Methanex interest) in both the first and second quarters of 2018. We expect to receive 100% of contracted gas supply for the foreseeable future.
- Medicine Hat produced 143,000 tonnes during the second quarter of 2018, and 153,000 tonnes in the first quarter of 2018. Production in the second quarter of 2018 is lower than the first quarter of 2018 by 10,000 tonnes primarily as a result of CO<sub>2</sub> supply constraint. We expect CO<sub>2</sub> supply to resume late in the third quarter of 2018.
- Chile produced 128,000 tonnes, including 48,000 tonnes produced through a tolling arrangement with natural gas from Argentina. This compares to 166,000 tonnes during the first quarter of 2018, including 40,000 tonnes through the tolling arrangement. Production in the second quarter of 2018 is lower than the first quarter of 2018 as a result of lower natural gas deliveries during the southern hemisphere winter.

## **CONFERENCE CALL**

A conference call is scheduled for July 26, 2018 at 12:00 noon ET (9:00 am PT) to review these second quarter results. To access the call, dial the conferencing operator ten minutes prior to the start of the call at (416) 340-2216, or toll free at (800) 273-9672. A simultaneous audio-only webcast of the conference call can be accessed from our website at [www.methanex.com](http://www.methanex.com) and will also be available following the call. A playback version of the conference call will be available until August 9, 2018 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 9087593#.

## **ABOUT METHANEX**

Methanex is a Vancouver-based, publicly traded company and is the world's largest producer and supplier of methanol to major international markets. Methanex shares are listed for trading on the Toronto Stock Exchange in Canada under the trading symbol "MX" and on the NASDAQ Global Market in the United States under the trading symbol "MEOH".

## **FORWARD-LOOKING INFORMATION WARNING**

This second quarter 2018 press release contains forward-looking statements with respect to us and the chemical industry. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control. Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. Methanex does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law. Refer to Forward-Looking Information Warning in the second quarter 2018 Management's Discussion and Analysis for more information which is available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com), the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

## **NON-GAAP MEASURES**

The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income per common share, Adjusted revenue and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP. These measures represent the amounts that are attributable to Methanex Corporation shareholders and are calculated by excluding the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events. Refer to Additional Information - Supplemental Non-GAAP measures on page 13 of the Company's MD&A for the period ended June 30, 2018 for reconciliations to the most comparable GAAP measures. Unless otherwise indicated, the financial information presented in this release is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

-end-

For further information, contact:

Kim Campbell  
Manager, Investor Relations  
Methanex Corporation  
604-661-2600