

# 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

## **METHANEX REPORTS HIGHER FOURTH QUARTER 2016 EARNINGS AND RECORD PRODUCTION AND SALES VOLUME**

January 25, 2017

For the fourth quarter of 2016, Methanex reported net income attributable to Methanex shareholders of \$24 million (\$0.28 net income per common share on a diluted basis) compared to a net loss of \$11 million (\$0.12 net loss per common share on a diluted basis) in the third quarter of 2016. Adjusted EBITDA for the fourth quarter of 2016 was \$139 million and Adjusted net income was \$41 million (\$0.46 Adjusted net income per common share). This compares with Adjusted EBITDA of \$74 million and an Adjusted net loss of \$1 million (\$0.01 Adjusted net loss per common share) for the third quarter of 2016.

For the year ended December 31, 2016, Methanex reported a net loss attributable to Methanex shareholders of \$13 million (\$0.14 net loss per common share on a diluted basis), Adjusted EBITDA of \$287 million, and an Adjusted net loss of \$15 million (\$0.17 Adjusted net loss per common share). This compares with net income attributable to Methanex shareholders of \$201 million (\$2.01 net income per common share on a diluted basis), Adjusted EBITDA of \$401 million and Adjusted net income of \$110 million (\$1.20 Adjusted net income per common share) for the year ended December 31, 2015.

John Floren, President and CEO of Methanex commented, "Methanol pricing increased significantly through the fourth quarter and into 2017 due to solid supply and demand fundamentals, resulting in higher Adjusted EBITDA and earnings during the fourth quarter. Our average realized methanol price was \$278 per tonne compared to \$236 per tonne achieved in the third quarter. Strong demand continues to be led by methanol-to-olefins (MTO), as two new MTO facilities, capable of consuming over three million tonnes of methanol, built methanol inventory through the quarter and started up at the end of December. We estimate that total demand was 11% higher in the fourth quarter of 2016 when compared to the same period in 2015."

"We achieved record sales volume for the third consecutive quarter, with sales of 2.5 million tonnes during the fourth quarter of 2016. Annual sales volume grew 12% in 2016 versus 2015, to a new annual record of 9.5 million tonnes. Our improving sales volume was supported by record quarterly and annual production of 1.9 million tonnes and 7.0 million tonnes, respectively, both up 35% from the comparable periods of 2015."

John Floren continued, "I am very pleased with the Company's track record of growing our production over the past four years, as the production growth has significantly increased our leverage to higher methanol pricing. In Chile, our fourth quarter production was the highest since the first quarter of 2011. We continue to make progress on securing additional natural gas in Chile and, during the fourth quarter of 2016, we signed a tolling agreement with YPF SA in Argentina through April 2018. We expect the first volume of natural gas under this tolling contract to be delivered in the first quarter of 2017. We continue to be optimistic that our underutilized 1.7 million tonne Chile facilities represent a very low capital cost growth opportunity for Methanex due to the significant progress in developing natural gas reserves in the area."

Mr. Floren concluded, "During the quarter, we paid a \$25 million dividend to shareholders. With \$224 million of cash on hand, an undrawn credit facility, a robust balance sheet, and strong future cash generation capability, we are well positioned to meet our financial commitments, invest to grow the Company and return excess cash to shareholders."

## FURTHER INFORMATION

The information set forth in this news release summarizes Methanex's key financial and operational data for the fourth quarter of 2016. It is not a complete source of information for readers and is not in any way a substitute for reading the fourth quarter 2016 Management's Discussion and Analysis ("MD&A") dated January 25, 2017 and the unaudited condensed consolidated interim financial statements for the period ended December 31, 2016, 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 December 31, 2016 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			Years Ended	
	Dec 31 2016	Sep 30 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(\$ millions except per share amounts and where noted)</i>					
Production (thousands of tonnes) (attributable to Methanex shareholders)	1,859	1,749	1,389	7,017	5,193
Sales volume (thousands of tonnes)					
Methanex-produced methanol	1,750	1,860	1,372	6,828	5,050
Purchased methanol	526	411	636	1,892	2,780
Commission sales	245	205	178	758	641
Total sales volume <sup>1</sup>	2,521	2,476	2,186	9,478	8,471
Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup>	312	272	327	279	374
Average realized price (\$ per tonne) <sup>3</sup>	278	236	277	242	322
Revenue	585	510	484	1,998	2,226
Adjusted revenue	635	537	555	2,118	2,495
Adjusted EBITDA	139	74	80	287	401
Cash flows from operating activities	72	74	44	250	297
Adjusted net income (loss)	41	(1)	15	(15)	110
Net income (loss) (attributable to Methanex shareholders)	24	(11)	10	(13)	201
Adjusted net income (loss) per common share	0.46	(0.01)	0.16	(0.17)	1.20
Basic net income (loss) per common share	0.28	(0.12)	0.10	(0.14)	2.21
Diluted net income (loss) per common share	0.28	(0.12)	0.10	(0.14)	2.01
Common share information (millions of shares)					
Weighted average number of common shares	90	90	90	90	91
Diluted weighted average number of common shares	90	90	90	90	91
Number of common shares outstanding, end of period	90	90	90	90	90

<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"). TollingVolume was nil for the three months and year ended December 31, 2016 compared to 5,000 tonnes and 74,000 tonnes for the same periods in 2015.

<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> Averageralized 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 (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

	Three Months Ended			Years Ended	
	Dec 31 2016	Sep 30 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(\$ millions except number of shares and per share amounts)</i>					
Net income (loss) (attributable to Methanex shareholders)	\$ 24	\$ (11)	\$ 10	\$ (13)	\$ 201
Mark-to-market impact of share-based compensation, net of tax	17	10	5	19	(34)
Argentina gas settlement, net of tax	—	—	—	(21)	—
Gain related to the termination of a terminal services agreement, net of tax	—	—	—	—	(57)
Adjusted net income (loss)	\$ 41	\$ (1)	\$ 15	\$ (15)	\$ 110
Diluted weighted average shares outstanding (millions)	90	90	90	90	91
Adjusted net income (loss) per common share	\$ 0.46	\$ (0.01)	\$ 0.16	\$ (0.17)	\$ 1.20

- We recorded net income attributable to Methanex shareholders of \$24 million during the fourth quarter of 2016, compared to a net loss of \$11 million in the third quarter of 2016. The increase in earnings is primarily due to an increase in our realized price during the fourth quarter which was partially offset by changes in the cost of methanol we purchase from others and lower sales of produced volume compared to the third quarter. Our average realized price increased to \$278 per tonne for the fourth quarter of 2016 from \$236 per tonne for the third quarter of 2016.
- We recorded Adjusted EBITDA of \$139 million for the fourth quarter of 2016 compared with \$74 million for the third quarter of 2016. Adjusted net income was \$41 million for the fourth quarter of 2016, compared to Adjusted net loss of \$1 million for the third quarter of 2016. The improvement in Adjusted EBITDA and Adjusted net earnings was primarily due to the increase in our average realized price.
- Total sales for the fourth quarter of 2016 were a record 2,521,000 tonnes compared with 2,476,000 tonnes for the third quarter of 2016. Sales of Methanex-produced methanol were 1,750,000 tonnes in the fourth quarter of 2016 compared with 1,860,000 tonnes in the third quarter of 2016. Sales of Methanex-produced methanol were lower than production in the fourth quarter, which resulted in a build of our produced product inventory by approximately 100,000 tonnes during the quarter. Please refer to the Production Highlights section of this document for production detail.
- Cash flows from operating activities in the fourth quarter of 2016 were \$72 million compared with \$74 million for the third quarter of 2016 and Adjusted EBITDA was \$139 million, an increase of \$65 million from the third quarter. We generated cash from operating activities before changes in non-cash working capital of \$125 million during the quarter, which exceeds our cash requirements related to debt service, the dividend, and maintenance capital. Partially offsetting this was an increase in non-cash working capital from operating activities in the fourth quarter compared to the third quarter, primarily the result of the impact of the increase in the realized price of methanol on trade receivables and inventory.
- Our planned capital maintenance expenditure program directed towards maintenance, turnarounds and catalyst changes for operations, including our 63.1% share of Atlas and 50% of Egypt, is currently estimated to be approximately \$80 million to the end of 2017.
- During the fourth quarter of 2016 we paid a \$0.275 per common share dividend to shareholders for a total of \$25 million.

## PRODUCTION HIGHLIGHTS

<i>(thousands of tonnes)</i>	<b>Annual Operating Capacity<sup>1</sup></b>	<b>2016 Production</b>	2015 Production	<b>Q4 2016 Production</b>	Q3 2016 Production	Q4 2015 Production
New Zealand <sup>2</sup>	<b>2,430</b>	<b>2,181</b>	1,856	<b>536</b>	559	412
Geismar (USA) <sup>3</sup>	<b>2,000</b>	<b>2,055</b>	959	<b>526</b>	519	244
Trinidad (Methanex interest) <sup>4</sup>	<b>2,000</b>	<b>1,605</b>	1,644	<b>455</b>	420	432
Egypt (50% interest)	<b>630</b>	<b>293</b>	74	<b>96</b>	69	58
Medicine Hat (Canada)	<b>600</b>	<b>488</b>	456	<b>92</b>	114	155
Chile <sup>5</sup>	<b>880</b>	<b>395</b>	204	<b>154</b>	68	88
	<b>8,540</b>	<b>7,017</b>	5,193	<b>1,859</b>	1,749	1,389

<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> We commenced methanol production from Geismar 1 during the first quarter of 2015 and from Geismar 2 late in the fourth quarter of 2015.

<sup>4</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities.

<sup>5</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to economical natural gas feedstock.

Production for the fourth quarter of 2016 was a record 1,859,000 tonnes compared with 1,749,000 tonnes for the third quarter of 2016. Key production and operational highlights during the fourth quarter include:

- New Zealand production was 536,000 tonnes.
- Geismar production was 526,000 tonnes. Production rates continue to be strong, reflecting, in part, the relatively new catalyst at these plants.
- Trinidad production was 455,000 tonnes, which equates to an operating rate of 91% . Although we continue to experience gas curtailments in Trinidad, we had improved gas availability at both plants during the quarter.
- Egypt production was 96,000 tonnes (Methanex share). The plant was taken offline for planned maintenance activities for approximately 35 days during the fourth quarter of 2016 and has been running at high rates since mid-November.
- Medicine Hat production was 92,000 tonnes or 61% of capacity, due to an outage at the plant and subsequent reduction in rates for the remainder of the quarter that resulted in lost production of approximately 70,000 tonnes. We expect the plant to return to full operating rates during the first quarter of 2017 after a repair is executed.
- Chile production was 154,000 tonnes, 100% supported by natural gas supplies from Chile. During the fourth quarter of 2016, we signed a tolling agreement with YPF SA in Argentina through April 2018 whereby natural gas received is converted into methanol and then re-delivered to Argentina. We have not yet received natural gas under this contract but expect the first volume to be delivered in the first quarter of 2017.

## **CONFERENCE CALL**

A conference call is scheduled for January 26, 2017 at 12:00 noon ET (9:00 am PT) to review these fourth quarter results. To access the call, dial the conferencing operator ten minutes prior to the start of the call at (416) 340-8530, or toll free at (800) 769-8320. Presentation slides summarizing the Q4 2016 results and a simultaneous audio-only webcast of the conference call can be accessed from our website at [www.methanex.com](http://www.methanex.com). A playback version of the conference call will be available until February 16, 2017 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 9850965. The webcast will be available on the website for three weeks following the call.

## **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 fourth quarter 2016 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 fourth quarter 2016 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 (loss), Adjusted net income (loss) 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 12 of the Company's MD&A for the year ended December 31, 2016 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:

Sandra Daycock  
Director, Investor Relations  
Methanex Corporation  
604-661-2600