

METHANEX CORP
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Methanex Corporation
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NEWS RELEASE Vancouver, BC Canada V6C 3M1
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For immediate release

January 31, 2018

METHANEX REPORTS HIGHER FOURTH QUARTER 2017 RESULTS AND INCREASES DIVIDEND BY 10%

VANCOUVER, BRITISH COLUMBIA - For the fourth quarter of 2017, Methanex (TSX:MX) (NASDAQ:MEOH) reported net income attributable to Methanex shareholders of \$68 million (\$0.81 per common share on a diluted basis) compared to net income of \$32 million (\$0.38 per common share on a diluted basis) in the third quarter of 2017. Adjusted EBITDA for the fourth quarter of 2017 was \$254 million and Adjusted net income was \$143 million (\$1.70 per common share). This compares with Adjusted EBITDA of \$143 million and Adjusted net income of \$52 million (\$0.60 per common share) for the third quarter of 2017.

Excluded from Adjusted net income is a \$37 million non-cash charge from the revaluation of a net deferred tax asset as a result of tax reform in the United States and a \$38 million mark-to-market impact of share-based compensation due to the increase in the Methanex share price. For the year ended December 31, 2017, Methanex reported net income attributable to Methanex shareholders of \$316 million (\$3.64 net income per common shares on a diluted basis), Adjusted EBITDA of \$838 million and Adjusted net income of \$409 million (\$4.71 net income per common share). This compares with 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) for the year ended December 31, 2016.

John Floren, President and CEO of Methanex commented, "Methanol pricing increased significantly through the fourth quarter and into early 2018 due to strong demand and methanol supply challenges. Our average realized methanol price was \$350 per tonne in the fourth quarter of 2017 and \$337 per tonne for the full year. We are extremely pleased with our operational and financial performance in 2017 as we achieved record production and sales volume and the highest Adjusted EBITDA in the Company's history."

"These record results enabled us to return \$388 million to shareholders in 2017 through our regular dividend and the repurchase of 10% of the public float, or 6.2 million shares. I am pleased to announce that the Board of Directors has approved a 10% increase to the quarterly dividend to shareholders, to \$0.33 per share from \$0.30 per share. Our cash position and liquidity are strong and it is our intention to initiate a new 10% normal course issuer bid in March 2018, which is the earliest timing allowed under Canadian securities legislation."

"We are progressing the restart of our Chile IV plant and expect to complete the project by Q3 2018. We have low capital and financing requirements in the medium term, and have the ability to generate significant free cash flow at a wide range of methanol prices. With \$375 million of cash on hand at the end of the fourth quarter, a committed revolving credit facility, robust balance sheet and strong cash generation capability, we believe we are well positioned to meet our financial commitments, pursue our near-term growth opportunities in Chile 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 fourth quarter of 2017. It is not a complete source of information for readers and is not in any way a substitute for reading the fourth quarter 2017 Management's Discussion and Analysis ("MD&A") dated January 31, 2018 and the unaudited condensed consolidated interim financial statements for the period ended December 31, 2017, both of which are available from the Investor Relations section of our website at www.methanex.com. The MD&A and the unaudited condensed consolidated interim financial statements for the period ended December 31, 2017 are also available on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

FINANCIAL AND OPERATIONAL DATA

(\$ millions except per share amounts and where noted)	Three Months Ended			Years Ended	
	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Production (thousands of tonnes) (attributable to Methanex shareholders)	1,942	1,765	1,859	7,187	7,017
Sales volume (thousands of tonnes)					
Methanex-produced methanol	1,930	1,753	1,750	7,229	6,828
Purchased methanol	633	757	526	2,289	1,892
Commission sales	289	261	245	1,151	758
Total sales volume ¹	2,852	2,771	2,521	10,669	9,478
Methanex average non-discounted posted price (\$ per tonne) ²	403	351	312	396	279
Average realized price (\$ per tonne) ³	350	307	278	337	242
Revenue	861	720	585	3,061	1,998
Adjusted revenue	904	775	635	3,227	2,118
Adjusted EBITDA	254	143	139	838	287
Cash flows from operating activities	206	124	66	788	227
Adjusted net income (loss)	143	52	41	409	(15)
Net income (loss) (attributable to Methanex shareholders)	68	32	24	316	(13)
Adjusted net income (loss) per common share	1.70	0.60	0.46	4.71	(0.17)
Basic net income (loss) per common share	0.81	0.38	0.28	3.64	(0.14)
Diluted net income (loss) per common share	0.81	0.38	0.28	3.64	(0.14)
Common share information (millions of shares)					
Weighted average number of common shares	84	86	90	87	90
Diluted weighted average number of common shares	84	86	90	87	90
Number of common shares outstanding, end of period	84	85	90	84	90

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 ("Tolling Volume"). There has been no Tolling Volume produced in the periods presented.

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.

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 Tolling Volume.

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:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Years Ended	
	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Net income (loss) (attributable to Methanex shareholders)	\$68	\$32	\$24	\$316	\$(13)
U.S. tax reform charge	37	—	—	37	—
Mark-to-market impact of share-based compensation, net of tax	38	20	17	56	19
Argentina gas settlement	—	—	—	—	(21)
Adjusted net income (loss)	\$143	\$52	\$41	\$409	\$(15)
Diluted weighted average shares outstanding (millions)	84	86	90	87	90
Adjusted net income (loss) per common share	\$1.70	\$0.60	\$0.46	\$4.71	\$(0.17)

We recorded net income attributable to Methanex shareholders of \$68 million during the fourth quarter of 2017 compared to net income of \$32 million in the third quarter of 2017. The increase in earnings is primarily due to an increase in our average realized methanol price during the fourth quarter, offset by a \$37 million non-cash charge from the revaluation of a net deferred tax asset as a result of tax reform in the United States and a \$38 million mark-to-market impact of share-based compensation due to the increase in the Methanex share price.

We recorded Adjusted EBITDA of \$254 million for the fourth quarter of 2017 compared with \$143 million for the third quarter of 2017. Adjusted net income was \$143 million for the fourth quarter of 2017 compared to Adjusted net income of \$52 million for the third quarter of 2017. The increase in Adjusted EBITDA and Adjusted net income is primarily due to an increase in our average realized methanol price to \$350 per tonne for the fourth quarter of 2017 from \$307 per tonne for the third quarter of 2017.

Production for the fourth quarter of 2017 was a record 1,942,000 tonnes compared with 1,765,000 tonnes for the third quarter of 2017.

Total sales volume for the fourth quarter of 2017 was a record 2,852,000 tonnes compared with 2,771,000 tonnes for the third quarter of 2017. Sales of Methanex-produced methanol were 1,930,000 tonnes in the fourth quarter of 2017 compared with 1,753,000 tonnes in the third quarter of 2017.

Cash flows from operating activities in the fourth quarter of 2017 increased to \$206 million compared with \$124 million for the third quarter of 2017, an increase of \$82 million. The increase is primarily the result of the impact of higher realized methanol prices.

During the fourth quarter of 2017 we completed the 10% normal course issuer bid initiated in March 2017 repurchasing the maximum 6,152,358 common shares in 2017 for approximately \$286 million.

During the fourth quarter of 2017 we paid a \$0.30 per common share dividend to shareholders for a total of \$25 million.

We announced today that the Board of Directors has approved a 10% increase to our quarterly dividend to shareholders, to \$0.33 per share per quarter from \$0.30 per share per quarter to be effective March 2018.

Our cash position and liquidity are strong and it is our intention to initiate a new 10% normal course issuer bid on March 2018, which is the earliest timing allowed under Canadian securities legislation.

In 2017 we achieved record production and sales volume and the highest annual Adjusted EBITDA in the Company's history.

PRODUCTION HIGHLIGHTS

(thousands of tonnes)	Annual Operating Capacity ¹	2017 Production	2016 Production	Q4 2017 Production	Q3 2017 Production	Q4 2016 Production
New Zealand ²	2,430	1,943	2,181	558	502	536
Geismar (USA)	2,000	1,935	2,055	506	499	526
Trinidad (Methanex interest) ³	2,000	1,768	1,605	466	457	455
Egypt (50% interest)	630	534	293	145	71	96
Medicine Hat (Canada)	600	593	488	158	158	92
Chile ⁴	880	414	395	109	78	154
	8,540	7,187	7,017	1,942	1,765	1,859

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.

¹ The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility.

² The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities.

³ 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 fourth quarter include:

New Zealand production increased to 558,000 tonnes compared with 502,000 tonnes in the third quarter of 2017. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition.

Geismar production rates continue to be strong, with production of 506,000 tonnes.

Trinidad produced 466,000 tonnes (Methanex interest) compared with 457,000 tonnes in the third quarter of 2017. We continue to experience gas curtailments in Trinidad.

Egypt produced 145,000 tonnes (Methanex share). Following the turnaround performed during the third quarter of 2017, the plant has run at high rates.

Medicine Hat continued to run at high rates with production of 158,000 tonnes.

Chile produced 109,000 tonnes, produced using only natural gas supply from Chile.

CONFERENCE CALL

A conference call is scheduled for February 1, 2018 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) 340-2216, 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 and will also be available following the call. A playback version of the conference call will be available until February 15, 2018 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 4927889#.

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 2017 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 2017 Management's Discussion and Analysis for more information which is available from the Investor Relations section of our website at www.methanex.com, the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at 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 13 of the Company's MD&A for the period ended December 31, 2017 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").

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For further information, contact:

Dean Richardson
Vice President, Treasury and Investor Relations
Methanex Corporation
604-661-2600

<p>Management's Discussion and Analysis for the Three Months and Year Ended December 31, 2017 At January 30, 2018 the Company had 83,770,654 common shares issued and outstanding and stock options exercisable for 1,282,267 additional common shares.</p>	<p>Share Information</p> <p>Methanex Corporation's common shares are listed for trading on the Toronto Stock Exchange under the symbol MX and on the Nasdaq Global Market under the symbol MEOH.</p> <p>Transfer Agents & Registrars AST Trust Company (Canada) 320 Bay Street Toronto, Ontario Canada M5H 4A6 Toll free in North America: 1-800-387-0825</p>	<p>Investor Information</p> <p>All financial reports, news releases and corporate information can be accessed on our website at www.methanex.com.</p> <p>Contact Information Methanex Investor Relations 1800 - 200 Burrard Street Vancouver, BC Canada V6C 3M1 E-mail: invest@methanex.com Methanex Toll-Free: 1-800-661-8851</p>
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FOURTH QUARTER MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Except where otherwise noted, all currency amounts are stated in United States dollars.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
(\$ millions except number of shares and per share amounts)					
Net income (loss) (attributable to Methanex shareholders)	\$68	\$32	\$24	\$316	\$(13)
U.S. tax reform charge	37	—	—	37	—
Mark-to-market impact of share-based compensation, net of tax	38	20	17	56	19
Argentina gas settlement	—	—	—	—	(21)
Adjusted net income (loss)	\$143	\$52	\$41	\$409	\$(15)
Diluted weighted average shares outstanding (millions)	84	86	90	87	90
Adjusted net income (loss) per common share	\$1.70	\$0.60	\$0.46	\$4.71	\$(0.17)

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 and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information - Supplemental Non-GAAP Measures on page 13 of the MD&A for reconciliations to the most comparable GAAP measures.

We recorded net income attributable to Methanex shareholders of \$68 million during the fourth quarter of 2017 compared to net income of \$32 million in the third quarter of 2017. The increase in earnings is primarily due to an increase in our average realized methanol price during the fourth quarter, offset by a \$37 million non-cash charge from the revaluation of a net deferred tax asset as a result of tax reform in the United States and a \$38 million mark-to-market impact of share-based compensation due to the increase in the Methanex share price. Refer to the Income Taxes section on page 10 of the MD&A.

We recorded Adjusted EBITDA of \$254 million for the fourth quarter of 2017 compared with \$143 million for the third quarter of 2017. Adjusted net income was \$143 million for the fourth quarter of 2017 compared to Adjusted net income of \$52 million for the third quarter of 2017. The increase in Adjusted EBITDA and Adjusted net income is primarily due to an increase in our average realized methanol price to \$350 per tonne for the fourth quarter of 2017 from \$307 per tonne for the third quarter of 2017.

Production for the fourth quarter of 2017 was a record 1,942,000 tonnes compared with 1,765,000 tonnes for the third quarter of 2017. Refer to the Production Summary section on page 4 of the MD&A.

Total sales volume for the fourth quarter of 2017 was a record 2,852,000 tonnes compared with 2,771,000 tonnes for the third quarter of 2017. Sales of Methanex-produced methanol were 1,930,000 tonnes in the fourth quarter of 2017 compared with 1,753,000 tonnes in the third quarter of 2017.

METHANEX CORPORATION 2017 FOURTH QUARTER PAGE 1
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash flows from operating activities in the fourth quarter of 2017 increased to \$206 million compared with \$124 million for the third quarter of 2017, an increase of \$82 million. The increase is primarily the result of the impact of higher realized methanol prices.

During the fourth quarter of 2017 we completed the 10% normal course issuer bid initiated in March 2017 repurchasing the maximum 6,152,358 common shares in 2017 for approximately \$286 million.

During the fourth quarter of 2017 we paid a \$0.30 per common share dividend to shareholders for a total of \$25 million.

We announced today that the Board of Directors has approved a 10% increase to our quarterly dividend to shareholders, to \$0.33 per share per quarter from \$0.30 per share per quarter to be effective March 2018.

Our cash position and liquidity are strong and it is our intention to initiate a new 10% normal course issuer bid on March 2018, which is the earliest timing allowed under Canadian securities legislation.

In 2017 we achieved record production and sales volume and the highest annual Adjusted EBITDA in the Company's history.

This Fourth Quarter 2017 Management's Discussion and Analysis dated January 31, 2018 for Methanex Corporation ("the Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended December 31, 2017 as well as the 2016 Annual Consolidated Financial Statements and MD&A included in the Methanex 2016 Annual Report. Unless otherwise indicated, the financial information presented in this interim report is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Methanex 2016 Annual Report and additional information relating to Methanex is available on our website at www.methanex.com, the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

FINANCIAL AND OPERATIONAL DATA

(\$ millions except per share amounts and where noted)	Three Months Ended			Years Ended	
	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Production (thousands of tonnes) (attributable to Methanex shareholders)	1,942	1,765	1,859	7,187	7,017
Sales volume (thousands of tonnes)					
Methanex-produced methanol	1,930	1,753	1,750	7,229	6,828
Purchased methanol	633	757	526	2,289	1,892
Commission sales	289	261	245	1,151	758
Total sales volume ¹	2,852	2,771	2,521	10,669	9,478
Methanex average non-discounted posted price (\$ per tonne) ²	403	351	312	396	279
Average realized price (\$ per tonne) ³	350	307	278	337	242
Revenue	861	720	585	3,061	1,998
Adjusted revenue	904	775	635	3,227	2,118
Adjusted EBITDA	254	143	139	838	287
Cash flows from operating activities	206	124	66	788	227
Adjusted net income (loss)	143	52	41	409	(15)
Net income (loss) (attributable to Methanex shareholders)	68	32	24	316	(13)
Adjusted net income (loss) per common share	1.70	0.60	0.46	4.71	(0.17)
Basic net income (loss) per common share	0.81	0.38	0.28	3.64	(0.14)
Diluted net income (loss) per common share	0.81	0.38	0.28	3.64	(0.14)
Common share information (millions of shares)					
Weighted average number of common shares	84	86	90	87	90
Diluted weighted average number of common shares	84	86	90	87	90
Number of common shares outstanding, end of period	84	85	90	84	90

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 ("Tolling Volume"). There has been no Tolling Volume produced in the periods presented.

¹ 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.

² 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 Tolling Volume.

PRODUCTION SUMMARY

(thousands of tonnes)	Annual Operating Capacity ¹	2017 Production	2016 Production	Q4 2017 Production	Q3 2017 Production	Q4 2016 Production
New Zealand ²	2,430	1,943	2,181	558	502	536
Geismar (USA)	2,000	1,935	2,055	506	499	526
Trinidad (Methanex interest) ³	2,000	1,768	1,605	466	457	455
Egypt (50% interest)	630	534	293	145	71	96
Medicine Hat (Canada)	600	593	488	158	158	92
Chile ⁴	880	414	395	109	78	154
	8,540	7,187	7,017	1,942	1,765	1,859

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 ¹ 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.

² The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility (refer to the New Zealand section below).

³ The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities (refer to the Trinidad section below).

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

New Zealand

The New Zealand facilities produced 558,000 tonnes of methanol in the fourth quarter of 2017 compared with 502,000 tonnes in the third quarter of 2017. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition.

United States

The Geismar facilities produced 506,000 tonnes during the fourth quarter of 2017 compared to 499,000 tonnes during the third quarter of 2017.

Trinidad

The Trinidad facilities produced 466,000 tonnes (Methanex interest) in the fourth quarter of 2017 compared with 457,000 tonnes (Methanex interest) in the third quarter of 2017. We continue to experience gas curtailments in Trinidad.

Egypt

The Egypt facility produced 290,000 tonnes (Methanex share - 145,000 tonnes) in the fourth quarter of 2017 compared to 142,000 tonnes (Methanex share - 71,000 tonnes) in the third quarter of 2017. Following the turnaround performed during the third quarter of 2017, the plant has run at high rates.

The Egypt facility has experienced periodic natural gas supply restrictions since mid-2012. Gas deliveries in 2017 have improved significantly compared to 2016. We are optimistic that the strong efforts by Egyptian governmental entities to fast-track existing and new upstream gas supply in Egypt are leading to improved gas deliveries and an improved outlook for gas deliveries in the medium term.

Canada

The Medicine Hat facility produced 158,000 tonnes in both the fourth and third quarter of 2017.

Chile

The Chile facility produced 109,000 tonnes during the fourth quarter of 2017, using only natural gas supplies from Chile, compared to 78,000 tonnes during the third quarter of 2017.

The future of our Chile operations is primarily dependent on the level of natural gas exploration and development in southern Chile and our ability to secure a sustainable natural gas supply to our facilities on economic terms from Chile and Argentina. 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.

FINANCIAL RESULTS

For the fourth quarter of 2017, we reported net income attributable to Methanex shareholders of \$68 million (\$0.81 per common share on a diluted basis) compared with net income attributable to Methanex shareholders for the third quarter of 2017 of \$32 million (\$0.38 per common share on a diluted basis).

For the fourth quarter of 2017, we recorded Adjusted EBITDA of \$254 million and Adjusted net income of \$143 million (\$1.70 per common share). This compares with Adjusted EBITDA of \$143 million and Adjusted net income of \$52 million (\$0.60 per common share) for the third quarter of 2017.

We calculate Adjusted EBITDA and Adjusted net income (loss) by including amounts related to our equity share of the Atlas facility (63.1% interest) and by excluding the non-controlling interests' share, 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 MD&A for a further discussion on how we calculate these measures. Our analysis of depreciation and amortization, finance costs, finance income and other expenses and income taxes is consistent with the presentation of our consolidated statements of income and excludes amounts related to Atlas.

We review our financial results by analyzing changes in Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses and income taxes. A summary of our consolidated statements of income (loss) is as follows:

(\$ millions)	Three Months Ended			Years Ended	
	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Consolidated statements of income (loss):					
Revenue	\$861	\$720	\$585	\$3,061	\$1,998
Cost of sales and operating expenses	(666)	(625)	(480)	(2,352)	(1,774)
Mark-to-market impact of share-based compensation	46	24	19	68	22
Adjusted EBITDA (attributable to associate)	36	37	24	148	63
Amounts excluded from Adjusted EBITDA attributable to non-controlling interests	(23)	(13)	(9)	(87)	(22)
Adjusted EBITDA (attributable to Methanex shareholders)	254	143	139	838	287
U.S. tax reform charge	(37)	—	—	(37)	—
Mark-to-market impact of share-based compensation	(46)	(24)	(19)	(68)	(22)
Argentina gas settlement	—	—	—	—	33
Depreciation and amortization	(57)	(58)	(55)	(232)	(228)
Finance costs	(24)	(25)	(24)	(95)	(90)
Finance income and other expenses	4	4	(1)	13	4
Income tax recovery (expense)	(16)	3	(11)	(59)	9
Earnings of associate adjustment ¹	(17)	(18)	(14)	(72)	(43)
Non-controlling interests adjustment ¹	7	7	9	28	37
Net income (loss) (attributable to Methanex shareholders)	\$68	\$32	\$24	\$316	\$(13)
Net income (loss)	\$85	\$38	\$25	\$375	\$(28)

¹ These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

Adjusted EBITDA (attributable to Methanex shareholders)

Our operations consist of a single operating segment - the production and sale of methanol. We review the results of operations by analyzing changes in the components of Adjusted EBITDA. For a discussion of the definitions used in our Adjusted EBITDA analysis, refer to How We Analyze Our Business on page 16 of the MD&A. Changes in these components - average realized price, sales volume and total cash costs - similarly impact net income or loss attributable to Methanex shareholders.

The changes in Adjusted EBITDA resulted from changes in the following:

(\$ millions)	Q4 2017	Q4 2017	2017
	compared with Q3 2017	compared with Q4 2016	compared with 2016
Average realized price	\$ 109	\$ 185	\$ 910
Sales volume	4	23	43
Total cash costs	(2)	(93)	(402)
Increase in Adjusted EBITDA	\$ 111	\$ 115	\$ 551

Average realized price

(\$ per tonne)	Three Months Ended			Years Ended	
	Dec 31	Sep 30	Dec 31	Dec 31	Dec 31
	2017	2017	2016	2017	2016
Methanex average non-discounted posted price	403	351	312	396	279
Methanex average realized price	350	307	278	337	242

Methanex's average realized price for the fourth quarter of 2017 increased compared to the third quarter of 2017 driven by higher average non-discounted posted prices in North America, Asia Pacific and Europe (refer to Supply/Demand Fundamentals section on page 11 of the MD&A for more information). Our average realized price for the fourth quarter of 2017 was \$350 per tonne compared with \$307 per tonne in the third quarter of 2017 and \$278 per tonne in the fourth quarter of 2016. The increase in average realized price for the fourth quarter of 2017 compared with the third quarter of 2017 increased Adjusted EBITDA by \$109 million, and the increase in average realized price for the fourth quarter of 2017 compared with the fourth quarter of 2016 increased Adjusted EBITDA by \$185 million.

For the year ended December 31, 2017, Methanex's average non-discounted posted price increased to \$396 per tonne from \$279 per tonne for same period in 2016. Our average realized price increased to \$337 per tonne for the year ended December 31, 2017 from \$242 per tonne for the same period in 2016. This change in average realized price increased Adjusted EBITDA by \$910 million.

Sales volume

Methanol sales volume excluding commission sales volume in the fourth quarter of 2017 was 53,000 tonnes higher than the third quarter of 2017 and 287,000 tonnes higher than the fourth quarter of 2016. The increase in the fourth quarter of 2017 compared to the third quarter of 2017 and the fourth quarter of 2016 increased Adjusted EBITDA by \$4 million and \$23 million, respectively. For the year ended December 31, 2017 compared with the same period in 2016, methanol sales volume excluding commission sales volume was 798,000 tonnes higher and this resulted in higher Adjusted EBITDA by \$43 million.

Total cash costs

The primary drivers of changes in our total cash costs are changes in the cost of Methanex-produced methanol and changes in the cost of methanol we purchase from others ("purchased methanol"). More than half of our production is underpinned by natural gas purchase agreements with pricing terms that include base and variable price components linked to the price of methanol. We supplement our production with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and to support our marketing efforts within the major global markets.

We have adopted the first-in, first-out method of accounting for inventories and it generally takes between 30 and 60 days to sell the methanol we produce or purchase. Accordingly, the changes in Adjusted EBITDA as a result of changes in Methanex-produced and purchased methanol costs primarily depend on changes in methanol pricing and the timing of inventory flows.

In a rising price environment, our margins at a given price are higher than in a stable price environment as a result of timing of methanol purchases and production versus sales. Generally, the opposite applies when methanol prices are decreasing.

The changes in Adjusted EBITDA due to changes in total cash costs were due to the following:

(\$ millions)	Q4 2017	Q4 2017	2017
	compared	compared	compared
	with	with	with
Methanex-produced methanol costs	Q3 2017	Q4 2016	2016
	\$ (8)	\$ (44)	\$ (154)
Proportion of Methanex-produced methanol sales	16	(3)	(13)

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Purchased methanol costs	(18)	(53)	(238)			
Other, net	8		7		3				
Decrease in Adjusted EBITDA due to changes in total cash costs	\$	(2)	\$	(93)	\$	(402)

METHANEX CORPORATION 2017 FOURTH QUARTER PAGE 7
MANAGEMENT'S DISCUSSION AND ANALYSIS

Methanex-produced methanol costs

Natural gas is the primary feedstock at our methanol facilities and is the most significant component of Methanex-produced methanol costs. We purchase natural gas for more than half of our production under agreements where the unique terms of each contract include a base price and a variable price component linked to the price of methanol to reduce our commodity price risk exposure. The variable price component of each gas contract is adjusted by a formula related to methanol prices above a certain level. For the fourth quarter of 2017 compared with the third quarter of 2017, Methanex-produced methanol costs were higher by \$8 million primarily due to the impact of changes in realized methanol prices on the variable portion of our natural gas cost and changes in the mix of production sold from inventory. For the three months and year ended December 31, 2017 compared with the same periods in 2016, Methanex-produced methanol costs were higher by \$44 million and \$154 million, respectively, primarily due to the impact of changes in realized methanol prices on the variable portion of our natural gas costs and changes in the mix of production sold from inventory.

Proportion of Methanex-produced methanol sales

The cost of purchased methanol is directly linked to the selling price for methanol at the time of purchase and the cost of purchased methanol is generally higher than the cost of Methanex-produced methanol. Accordingly, an increase in the proportion of Methanex-produced methanol sales results in a decrease in our overall cost structure for a given period. For the fourth quarter of 2017 compared with the third quarter of 2017, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by \$16 million. For the three months ended and year ended December 31, 2017 compared with the same periods in 2016, a lower proportion of Methanex-produced methanol sales decreased Adjusted EBITDA by \$3 million and \$13 million, respectively. The proportion of Methanex-produced methanol sales decreased in 2017 due to total sales volume increasing more than production volume.

Purchased methanol costs

Changes in purchased methanol costs for all periods presented are primarily a result of changes in methanol pricing and the timing of purchases sold from inventory.

Other, net

Other, net relates to logistics costs, selling, general and administrative expenses and other operational charges.

Mark-to-Market Impact of Share-based Compensation

We grant share-based awards as an element of compensation. Share-based awards granted include stock options, share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. For all share-based awards, share-based compensation is recognized over the related vesting period for the proportion of the service that has been rendered at each reporting date. Share-based compensation includes an amount related to the grant-date value and a mark-to-market impact as a result of subsequent changes in the fair value of the share-based awards primarily driven by the Company's share price. The grant-date value amount is included in Adjusted EBITDA and Adjusted net income. The mark-to-market impact of share-based compensation as a result of changes in our share price is excluded from Adjusted EBITDA and Adjusted net income (loss) and analyzed separately.

(\$ millions except share price)	Three Months Ended			Years Ended	
	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Methanex Corporation share price ¹	\$60.55	\$50.30	\$43.80	\$60.55	\$43.80
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income (loss)	2	2	2	11	11
Mark-to-market impact due to change in share price	46	24	19	68	22
Total share-based compensation expense, before tax	\$48	\$26	\$21	\$79	\$33

¹ US dollar share price of Methanex Corporation as quoted on the NASDAQ Global Market on the last trading day of the respective period.

For all periods presented, the mark-to-market impact on share-based compensation is primarily due to increases in the Methanex Corporation share price.

METHANEX CORPORATION 2017 FOURTH QUARTER PAGE 8
MANAGEMENT'S DISCUSSION AND ANALYSIS

Depreciation and Amortization

Depreciation and amortization was \$57 million for the fourth quarter of 2017 compared with \$58 million for the third quarter of 2017 and \$55 million for the fourth quarter of 2016. The decrease in depreciation and amortization for the fourth quarter of 2017 compared to the third quarter of 2017, despite higher sales of Methanex-produced methanol, is primarily due to the mix of production sold from inventory. Depreciation and amortization for the year ended December 31, 2017 was \$232 million compared with \$228 million for the same period in 2016. The increase in depreciation and amortization for the three months ended and year ended December 31, 2017 compared with the same periods in 2016 is primarily due to higher sales volume of Methanex-produced methanol.

Finance Costs

	Three Months Ended		Years Ended	
(\$ millions)	Dec 31 2017	Sep 30 2016	Dec 31 2017	Dec 31 2016
Finance costs	\$24	\$ 25	\$ 24	\$95
				\$ 90

Finance costs are primarily comprised of interest on the unsecured notes, limited recourse debt facilities and finance lease obligations. Finance costs for the fourth quarter of 2017 are comparable to those for the third quarter of 2017 and the fourth quarter of 2016. The increase in finance costs for the year ended December 31, 2017 compared to the same period in 2016 is primarily due to interest incurred relating to ocean going vessels treated as finance leases initiated during 2016.

Finance Income and Other Expenses

	Three Months Ended			Years Ended
(\$ millions)	Dec 31 2017	Sep 30 2017	Dec 31 2016	Dec 31 2016
Finance income and other expenses	\$			4