METHANEX CORP
Form 6-K
November 01, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF OCTOBER 2013

METHANEX CORPORATION

(Registrant s name)

SUITE 1800, 200 BURRARD STREET, VANCOUVER, BC V6C 3M1 CANADA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ¨ Form 40-F x

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82 .

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

METHANEX CORPORATION

Date: October 30, 2013

By: /s/ RANDY MILNER
Name: Randy Milner
Title: Senior Vice President, General Counsel & Corporate Secretary

NEWS RELEASE

Methanex Corporation

1800 - 200 Burrard St.

Vancouver, BC Canada V6C 3M1

Investor Relations: (604) 661-2600

http://www.methanex.com

For immediate release

METHANEX REPORTS HIGHER EBITDA AND EARNINGS IN THE THIRD QUARTER

OCTOBER 30, 2013

For the third quarter of 2013, Methanex reported Adjusted EBITDA[1] of $184 million and Adjusted net income[1] of $117 million ($1.22 per share on a diluted basis[1]). This compares with Adjusted EBITDA[1] of $157 million and Adjusted net income[1] of $99 million ($1.02 per share on a diluted basis[1]) for the second quarter of 2013.

John Floren, President and CEO of Methanex commented, During the third quarter, methanol market conditions remained healthy and pricing increased across all regions, contributing to higher EBITDA and earnings. We are making solid progress and remain on track to increase our operating capacity to 8 million tonnes by 2016. We recently announced the completion of a number of key growth initiatives in New Zealand, Canada and Chile that will add up to one million tonnes of annual operating capacity. In addition, our projects to relocate two production facilities from Chile to Louisiana are scheduled to add one million tonnes of operating capacity by the end of 2014 and a further one million tonnes in early 2016.

Mr. Floren added, We also recently announced the sale of a 10% equity interest in the Egypt methanol facility to Arab Petroleum Investments Corporation (APICORP). This is a win/win transaction that aligns with APICORP s investment strategy and signals confidence in the long term prospects of the Egyptian economy. For us, it generates additional capital to help fund our growth initiatives. In Egypt, we have built a world-class methanol facility, operated by a professional staff of highly qualified Egyptians. We continue to remain optimistic regarding our Egyptian operations and its ability to create value for shareholders today and well into the future.

Mr. Floren concluded, This is an exciting time for our business. Robust demand for methanol led by energy applications, particularly in the areas of fuel blending and methanol-to-olefins, is continuing to support healthy market conditions. Our existing growth projects have the ability to add capacity when new market supply is limited and offer significant upside to our earnings and cash flows. With almost $700 million of cash on hand, an undrawn credit facility, a robust balance sheet and strong cash flow generation, we are well positioned to grow our business and deliver on our commitment to return excess cash to shareholders.

A conference call is scheduled for October 31, 2013 at 12:00 noon ET (9:00 am PT) to review these third quarter results. To access the call, dial the Conferencing operator ten minutes prior to the start of the call at (416) 340-2218, or toll free at (866) 226-1793. A playback version of the conference call will be available until November 21, 2013 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 4459948. Presentation slides summarizing Q3-13 results and a simultaneous audio-only webcast of the conference call can be accessed from our website at www.methanex.com. The webcast will be available on the website for three weeks following the call.

Methanex is a Vancouver-based, publicly traded company and is the world s largest 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 Third Quarter 2013 press release contains forward-looking statements with respect to us and the chemical industry. Refer to Forward-Looking Information Warning in the attached Third Quarter 2013 Management s Discussion and Analysis for more information.

[1] *Adjusted EBITDA, Adjusted net income and Adjusted net income per common share are non-GAAP measures which 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 items considered by management to be non-operational. Refer to Additional Information Supplemental Non-GAAP Measures on page 13 of the attached Interim Report for the three months ended September 30, 2013 for reconciliations to the most comparable GAAP measures.*

-end-

For further information, contact:

Investor Inquiries:

Sandra Daycock

Director, Investor Relations

Methanex Corporation

604-661-2600

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Interim Report

for the

Three Months Ended
September 30, 2013

At October 30, 2013 the Company had

95,687,579 common shares issued

and outstanding and stock options exercisable for 2,430,984 additional common shares.

Share Information

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.

Transfer Agents & Registrars

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Toronto, Ontario Canada M5H 4A6

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Investor Information

All financial reports, news releases and corporate information can be accessed on our website at www.methanex.com.

Contact Information

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1-800-661-8851

THIRD QUARTER MANAGEMENT S DISCUSSION AND ANALYSIS

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

A reconciliation from net income attributable to Methanex shareholders to Adjusted net income[1] and the calculation of Adjusted net income per common share[1] is as follows:

	Three Months Ended			Nine Months Ended	
($ millions except number of shares and per share amounts)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Net income (loss) attributable to Methanex shareholders	**$ 87**	$ 54	$ (3)	**$ 201**	$ 72
Mark-to-market impact of share-based compensation, net of tax	**30**	9		**67**	6
Geismar project relocation expenses, net of tax		22	39	**22**	41
Write-off of oil and gas rights, net of tax		14		**14**	
Adjusted net income [1]	**$ 117**	$ 99	$ 36	**$ 304**	$ 119
Diluted weighted average shares outstanding (millions)	**97**	96	94	**96**	95
Adjusted net income per common share [1]	**$ 1.22**	$ 1.02	$ 0.38	**$ 3.16**	$ 1.26

We recorded Adjusted EBITDA[1] of $184 million for the third quarter of 2013 compared with $157 million for the second quarter of 2013. The increase in Adjusted EBITDA[1] was primarily due to an increase in average realized price to $438 per tonne for the third quarter of 2013 from $425 per tonne for the second quarter of 2013.

Production for the third quarter of 2013 was 1,035,000 tonnes compared with 1,052,000 tonnes for the second quarter of 2013. Refer to the Production Summary section on page 3.

Sales of Methanex-produced methanol were 1,040,000 tonnes in the third quarter of 2013 compared with 1,021,000 in the second quarter of 2013.

We recently restarted the 530,000 tonne Waitara Valley facility and completed a debottlenecking project at the Motunui facilities. After completing a planned major refurbishment at the Motunui 2 facility in the fourth quarter of 2013, we expect our New Zealand operations to be able to produce at the site s full annual production capacity of up to 2.4 million tonnes, depending on natural gas composition. We also completed the project to debottleneck the Medicine Hat facility which increases the site s annual production capacity by 90,000 tonnes.

The relocation of two production facilities from Chile to Geismar, Louisiana remains on track with Geismar I scheduled to be operational by the end of 2014 and Geismar II by early 2016.

During the third quarter of 2013, we paid a $0.20 per share dividend to shareholders for a total of $19 million.

On October 22, 2013, we announced that we had reached an agreement to sell a 10% equity interest in EMethanex for $110 million. Subject to the completion of certain conditions precedent, we expect the sale to be completed in the fourth quarter of 2013.

[1] 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 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

This Third Quarter 2013 Management s Discussion and Analysis (MD&A) dated October 30, 2013 for Methanex Corporation (the Company) should be read in conjunction with the Company s condensed consolidated interim financial statements for the period ended September 30, 2013 as well as the 2012 Annual Consolidated Financial Statements and MD&A included in the Methanex 2012 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 2012 Annual Report and additional information relating to Methanex is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Effective January 1, 2013, we adopted new IFRS standards related to consolidation and joint arrangement accounting. Under these new standards, our 63.1% interest in the Atlas entity, which was previously proportionately consolidated in our financial statements, is accounted for using the equity method. This change has been applied retrospectively. As a result, amounts related to Atlas are no longer included in individual line items in our consolidated financial statements and the net assets and net earnings are presented separately. For purposes of analyzing our consolidated financial results in this MD&A, the Adjusted EBITDA from our 63.1% interest in the Atlas entity is included in Adjusted EBITDA.

FINANCIAL AND OPERATIONAL DATA

	Three Months Ended			**Nine Months Ended**	
($ millions, except per share amounts and where noted)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Production (thousands of tonnes) (attributable to Methanex shareholders)	**1,035**	1,052	1,025	**3,150**	3,004
Sales volumes (thousands of tonnes):					
Methanex-produced methanol (attributable to Methanex shareholders)	**1,040**	1,021	1,053	**3,085**	2,980
Purchased methanol	**715**	749	641	**2,052**	1,901
Commission sales [1]	**237**	242	205	**698**	679
Total sales volumes	**1,992**	2,012	1,899	**5,835**	5,560
Methanex average non-discounted posted price ($ per tonne) [2]	**502**	494	433	**490**	440
Average realized price ($ per tonne) [3]	**438**	425	373	**424**	380
Adjusted EBITDA (attributable to Methanex shareholders) [4]	**184**	157	104	**491**	310
Cash flows from operating activities	**181**	125	122	**424**	336
Adjusted net income (attributable to Methanex shareholders) [4]	**117**	99	36	**304**	119
Net income (loss) attributable to Methanex shareholders	**87**	54	(3)	**201**	72
Adjusted net income per common share (attributable to Methanex shareholders) [4]	**1.22**	1.02	0.38	**3.16**	1.26
Basic net income (loss) per common share (attributable to Methanex shareholders)	**0.91**	0.57	(0.03)	**2.12**	0.77
Diluted net income (loss) per common share (attributable to Methanex shareholders)	**0.90**	0.56	(0.03)	**2.09**	0.76
Common share information (millions of shares):					
Weighted average number of common shares	**95**	95	94	**95**	94
Diluted weighted average number of common shares	**97**	96	94	**96**	95
Number of common shares outstanding, end of period	**96**	95	94	**96**	94

[1] Commission sales represent volumes marketed on a commission basis related to the 36.9% of the Atlas methanol facility and 40% of the Egypt methanol facility that we do not own.

[2] 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.

[3] 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 volumes of Methanex-produced (attributable to Methanex shareholders) and purchased methanol.

[4] 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 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

PRODUCTION SUMMARY

(thousands of tonnes)	**Q3 2013 Capacity [1]**	**Q3 2013 Production**	**Q2 2013 Production**	**Q3 2012 Production**	**YTD Q3 2013 Production**	**YTD Q3 2012 Production**
New Zealand [2]	**608**	**349**	361	346	**1,019**	730
Atlas (Trinidad) (63.1% interest)	**281**	**254**	201	255	**703**	646
Titan (Trinidad)	**218**	**128**	169	186	**478**	597
Egypt (60% interest)	**190**	**168**	163	62	**464**	428
Medicine Hat (Canada)[3]	**140**	**130**	129	117	**390**	349
Chile I and IV	**450**	**6**	29	59	**96**	254
Geismar I and II (Louisiana, USA)[4]						
	1,887	**1,035**	1,052	1,025	**3,150**	3,004

1 The production capacity of our facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies. Actual production for a facility in any given year may be higher or lower than annual production capacity due to a number of factors, including natural gas composition or the age of the facility s catalyst.

2 The annual production capacity of New Zealand represents the two Motunui facilities and the Waitara Valley facility (refer to New Zealand section below).

3 In September 2013, we completed a debottlenecking project which increased the annual production capacity of the Medicine Hat facility by 90,000 tonnes to 560,000 tonnes.

4 We are relocating two idle Chile facilities to Geismar, Louisiana. The Geismar I facility is scheduled to be operational by the end of 2014 and the Geismar II facility in early 2016.

New Zealand

Our New Zealand methanol facilities produced 349,000 tonnes of methanol in the third quarter of 2013 compared with 361,000 tonnes in the second quarter of 2013. We recently restarted the 530,000 tonne Waitara Valley facility and completed a debottlenecking project at the Motunui facilities. After completing a planned major refurbishment at the Motunui 2 facility in the fourth quarter of 2013, we expect our New Zealand operations to be able to produce at the site s full annual production capacity of up to 2.4 million tonnes, depending on natural gas composition.

Trinidad

In Trinidad, we own 100% of the Titan facility with an annual production capacity of 875,000 tonnes and have a 63.1% interest in the Atlas facility with an annual production capacity of 1,125,000 tonnes (63.1% interest). The Titan facility produced 128,000 tonnes in the third quarter of 2013 compared with 169,000 tonnes in the second quarter of 2013 and the Atlas facility produced 254,000 tonnes in the third quarter of 2013 compared with 201,000 tonnes in the second quarter of 2013. The Titan facility underwent a 30-day planned turnaround during the third quarter of 2013 and returned to normal operation in early October.

We continue to experience some natural gas curtailments to our Trinidad facilities due to a mismatch between upstream commitments to supply the Natural Gas Company of Trinidad and Tobago (NGC) and downstream demand from NGC s customers, which becomes apparent when an upstream supplier has a technical issue or planned maintenance that reduces gas delivery. We are engaged with key stakeholders to find a solution to this issue, but in the meantime expect to continue to experience gas curtailments to the Trinidad site.

Egypt

The Egypt methanol facility produced 168,000 tonnes (60% interest) in the third quarter of 2013 compared with 163,000 tonnes in the second quarter of 2013. The Egypt facility experienced an unplanned outage during the third quarter of 2013 which resulted in lost production of approximately 15,000 tonnes.

The Egypt facility has experienced periodic natural gas supply restrictions since mid-2012 which have resulted in production below full capacity. This situation may persist in the future and become more acute during the summer months when electricity demand is at its peak. Refer to page 25 of our 2012 Annual Report for further details.

On October 22, 2013, we announced the sale of a 10% equity interest in the Egypt methanol facility to Arab Petroleum Investments Corporation (APICORP) for $110 million. Subject to the completion of certain conditions precedent, we expect the sale to be completed in the fourth quarter of 2013.

Medicine Hat, Canada

During the third quarter of 2013, we produced 130,000 tonnes at our Medicine Hat facility compared with 129,000 tonnes during the second quarter of 2013. In September 2013, we increased the annual production capacity of the Medicine Hat facility by 90,000 tonnes through the completion of a debottlenecking project that added distillation capacity to the site.

Chile

After idling our Chile operations in the second quarter of 2013 as a result of insufficient natural gas feedstock during the southern hemisphere winter, we restarted the Chile I facility in late September 2013. Our Chile operations produced 6,000 tonnes during the third quarter of 2013, supported by natural gas supplies from both Chile and Argentina through a tolling arrangement.

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.

Geismar, Louisiana

We are in the process of relocating two idle Chile facilities to Geismar, Louisiana (Geismar I and Geismar II). The 1.0 million tonne Geismar I facility is scheduled to be operational by the end of 2014 and the 1.0 million tonne Geismar II facility in early 2016. During the third quarter of 2013, we incurred $67 million of capital expenditures related to these projects, excluding capitalized interest. Remaining capital expenditures for these projects are estimated to be $780 million.

FINANCIAL RESULTS

For the third quarter of 2013 we recorded Adjusted EBITDA of $184 million and Adjusted net income of $117 million ($1.22 per share on a diluted basis). This compares with Adjusted EBITDA of $157 million and Adjusted net income of $99 million ($1.02 per share on a diluted basis) for the second quarter of 2013.

For the third quarter of 2013, we reported net income attributable to Methanex shareholders of $87 million ($0.90 per share on a diluted basis) compared with net income attributable to Methanex shareholders for the second quarter of 2013 of $54 million ($0.56 income per share on a diluted basis).

Effective January 1, 2013, we adopted new IFRS standards related to consolidation and joint arrangement accounting. Under these new standards, our 63.1% interest in the Atlas entity, which was previously proportionately consolidated in our financial statements, is accounted for using the equity method. This change has been applied retrospectively. As a result, amounts related to Atlas are no longer included in individual line items in our consolidated financial statements and the net assets and net earnings are presented separately. For purposes of analyzing our consolidated financial results in this MD&A, the Adjusted EBITDA from our 63.1% interest in the Atlas entity is included in Adjusted EBITDA. 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 calculate Adjusted EBITDA and Adjusted net income by including amounts related to our equity share of the Atlas (63.1% interest) and Egypt (60% interest) facilities and by excluding the mark-to-market impact of share-based compensation as a result of changes in our share price and items which are considered by management to be non-operational. Refer to Additional Information Supplemental Non-GAAP Measures on page 13 for a further discussion on how we calculate these measures.

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:

	Three Months Ended			**Nine Months Ended**	
($ millions except number of shares and per share amounts)	**Sep 30 2013**	Jun 30 2013	*Sep 30 2012*	**Sep 30 2013**	Sep 30 2012
Net income (loss) attributable to Methanex shareholders	**$ 87**	$ 54	$ (3)	**$ 201**	$ 72
Mark-to-market impact of share-based compensation, net of tax	**30**	9		**67**	6
Geismar project relocation expenses, net of tax		22	39	**22**	41
Write-off of oil and gas rights, net of tax		14		**14**	
Adjusted net income [1]	**$ 117**	$ 99	$ 36	**$ 304**	$ 119
Diluted weighted average shares outstanding (millions)	**97**	96	94	**96**	95
Adjusted net income per common share [1]	**$ 1.22**	$ 1.02	$ 0.38	**$ 3.16**	$ 1.26

[1] 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 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

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 is as follows:

	Three Months Ended			**Nine Months Ended**	
($ millions)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Consolidated statements of income:					
Revenue	**$ 758**	$ 733	$ 608	**$ 2,143**	$ 1,875
Cost of sales and operating expenses, excluding mark-to-market impact of share-based compensation	**(565)**	(571)	(507)	**(1,633)**	(1,528)
Adjusted EBITDA of associate (Atlas) [1]	**15**	18	15	**42**	24
	208	180	116	**552**	371
Comprised of:					
Adjusted EBITDA (attributable to Methanex shareholders) [2]	**184**	157	104	**491**	310
Attributable to non-controlling interests	**24**	23	12	**61**	61
	208	180	116	**552**	371
Mark-to-market impact of share-based compensation	**(33)**	(9)		**(73)**	(7)
Depreciation and amortization	**(29)**	(29)	(40)	**(88)**	(114)
Geismar project relocation expenses and charges		(34)	(61)	**(34)**	(65)
Write-off of oil and gas rights		(17)		**(17)**	
Earnings of associate, excluding amount included in Adjusted EBITDA [1]	**(9)**	(12)	(9)	**(29)**	(24)
Finance costs	**(14)**	(15)	(15)	**(44)**	(49)
Finance income and other expenses	**2**	3	(4)	**3**	(2)
Income tax expense	**(24)**	(1)	15	**(37)**	(9)
Net income	**$ 101**	$ 66	$ 2	**$ 233**	$ 101
Net income (loss) attributable to Methanex shareholders	**$ 87**	$ 54	$ (3)	**$ 201**	$ 72

[1] Earnings of associate has been divided into an amount included in Adjusted EBITDA and an amount excluded from Adjusted EBITDA. The amount excluded from Adjusted EBITDA represents depreciation and amortization, finance costs, finance income and other expenses and income tax expense relating to earnings of associate.

[2] This item is a non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore is unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information Supplemental Non-GAAP Measures on page 13 for a description of the non-GAAP measure and reconciliation to the most comparable GAAP measure.

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 17.

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

($ millions)	**Q3 2013 compared with Q2 2013**	**Q3 2013 compared with Q3 2012**	**YTD Q3 2013 compared with YTD Q3 2012**
Average realized price	$ 24	$ 115	$ 236
Sales volume	(2)	6	26
Total cash costs	5	(41)	(81)
Increase in Adjusted EBITDA	$ 27	$ 80	$ 181

Average realized price

	Three Months Ended			Nine Months Ended	
($ per tonne)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Methanex average non-discounted posted price	**502**	494	433	**490**	440
Methanex average realized price	**438**	425	373	**424**	380

Methanol market conditions remained healthy and pricing increased across all regions during the third quarter of 2013 (refer to Supply/Demand Fundamentals section on page 11 for more information). Our average non-discounted posted price for the third quarter of 2013 was $502 per tonne compared with $494 per tonne for the second quarter of 2013 and $433 per tonne for the third quarter of 2012. Our average realized price for the third quarter of 2013 was $438 per tonne compared with $425 per tonne for the second quarter of 2013 and $373 per tonne for the third quarter of 2012. The change in average realized price for the third quarter of 2013 increased Adjusted EBITDA by $24 million compared with the second quarter of 2013 and increased Adjusted EBITDA by $115 million compared with the third quarter of 2012. Our average realized price for the nine months ended September 30, 2013 was $424 per tonne compared with $380 per tonne for the same period in 2012 and this increased Adjusted EBITDA by $236 million.

Sales volume

Methanol sales volumes excluding commission sales for the three and nine month periods ended September 30, 2013 were higher than comparable periods in 2012 by 61,000 tonnes and 256,000 tonnes and this resulted in higher Adjusted EBITDA by $6 million and $26 million, respectively.

Total cash costs

The primary drivers of changes in our total cash costs are changes in the cost of methanol we produce at our facilities (Methanex-produced methanol) and changes in the cost of methanol we purchase from others (purchased methanol). All of our production facilities except Medicine Hat are underpinned by natural gas purchase agreements with pricing terms that include base and variable price components. We supplement our production with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and 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.

The impact on Adjusted EBITDA from changes in our cash costs are explained below:

($ millions)	**Q3 2013 compared with Q2 2013**	**Q3 2013 compared with Q3 2012**	**YTD Q3 2013 compared with YTD Q3 2012**
Methanex-produced methanol costs	$ 3	$ (5)	$ (38)
Proportion of Methanex-produced methanol sales	5	(8)	(9)

Purchased methanol costs	(3)	(32)	(70)
Logistics costs		4	25
Other, net			11
	$ 5	$ (41)	$ (81)

Methanex-produced methanol costs

We purchase natural gas for the New Zealand, Trinidad, Egypt and Chile methanol facilities under natural gas purchase 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 third quarter of 2013 compared with the second quarter of 2013, Methanex-produced methanol costs were lower by $3 million primarily due to a change in the mix of production sold from inventory. For the third quarter of 2013 and nine month period ended September 30, 2013 compared with the same periods in 2012, Methanex-produced methanol costs were higher by $5 million and $38 million, respectively, primarily due to the impact of higher 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 third quarter of 2013 compared with the second quarter of 2013, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by $5 million. For the third quarter of 2013 and nine month period ended September 30, 2013 compared with the same periods in 2012, a lower proportion of Methanex-produced methanol sales decreased Adjusted EBITDA by $8 million and $9 million, respectively.

Purchased methanol costs

Changes in purchased methanol costs for all periods presented are primarily as a result of changes in methanol pricing.

Logistics costs

Logistics costs vary from period to period depending on the levels of production from each of our production facilities and the resulting impact on our supply chain. Over the past year, we have completed several initiatives that have reduced logistics costs and improved the efficiency of our supply chain. Logistics costs in the third quarter of 2013 were $4 million lower than the third quarter of 2012 and logistics costs for the nine month period were $25 million lower than in the same period in 2012.

Other, net

We have commenced the process of building a manufacturing organization in Geismar, Louisiana. Under IFRS, costs incurred related to organizational build-up are not eligible for capitalization and are charged directly to earnings as incurred. During the third quarter of 2013, we incurred approximately $3 million of Geismar organizational build-up costs and the remaining organizational build-up costs are estimated to be approximately $25 million.

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 the 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 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 and analyzed separately.

	Three Months Ended			Nine Months Ended	
($ millions except share price)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Methanex Corporation share price [1]	**$ 51.27**	$ 42.84	$ 28.54	**$ 51.27**	$ 28.54
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income	**$ 5**	$ 6	$ 3	**$ 17**	$ 17
Mark-to-market impact due to change in share price	**33**	9		**73**	7
Total share-based compensation expense	**$ 38**	$ 15	$ 3	**$ 90**	$ 24

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

The Methanex Corporation share price increased from $42.84 per share at June 30, 2013 to $51.27 per share at September 30, 2013. As a result of the increase in the share price and the resulting impact on the fair value of the outstanding units, we recorded a $33 million mark-to-market expense on share-based compensation in the third quarter of 2013. For the nine month period ended September 30, 2013, we recorded a $73 million mark-to-market share-based compensation expense as a result of the increase in the share price from $31.87 at December 31, 2012 to $51.27 at September 30, 2013.

Depreciation and Amortization

Depreciation and amortization was $29 million for the third quarter of 2013 compared with $29 million for the second quarter of 2013 and $41 million for the third quarter of 2012. Depreciation and amortization for the nine month period ended September 30, 2013 was $88 million compared with $115 million for the same period in 2012. Depreciation and amortization is lower in 2013 compared with 2012 primarily as a result of the lower carrying value of our Chile assets due to the asset impairment charge recorded in the fourth quarter of 2012.

Finance Costs

($ millions)	Three Months Ended Sep 30 2013	Jun 30 2013	Sep 30 2012	Nine Months Ended Sep 30 2013	Sep 30 2012
Finance costs before capitalized interest	**$ 16**	$ 17	$ 16	**$ 49**	$ 50
Less capitalized interest	**(2)**	(2)	(1)	**(5)**	(1)
Finance costs	**$ 14**	$ 15	$ 15	**$ 44**	$ 49

Finance costs before capitalized interest primarily relate to interest expense on the unsecured notes and limited recourse debt facilities. Capitalized interest relates to interest costs capitalized for the Geismar projects.

Finance Income and Other Expenses

($ millions)	Three Months Ended Sep 30 2013	Jun 30 2013	Sep 30 2012	Nine Months Ended Sep 30 2013	Sep 30 2012
Finance income and other expenses	**$ 2**	$ 3	$ (4)	**$ 3**	$ (2)

The change in finance income and other expenses for all periods presented was primarily due to the impact of changes in foreign exchange rates.

Income Taxes

A summary of our income taxes for the third quarter of 2013 compared with the second quarter of 2013 is as follows:

	Three Months Ended September 30, 2013		Three Months Ended June 30, 2013	
($ millions, except where noted)	Net Income	Adjusted Net Income [1]	Net Income	Adjusted Net Income [1]
Amount before income tax	**$ 124**	**$ 143**	$ 67	$ 114
Income tax expense	**(23)**	**(26)**	(1)	(15)
Amount after income tax	**$ 101**	**$ 117**	$ 66	$ 99
Effective tax rate	**19%**	**18%**	2%	14%

[1] This item is a non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore is unlikely to be comparable to similar measures presented by other companies. Refer to Additional

Information Supplemental Non-GAAP Measures on page 13 for a description of the non-GAAP measure and reconciliation to the most comparable GAAP measure.

For the third quarter of 2013, the effective tax rate was 19% compared with 2% for the second quarter of 2013. Adjusted net income represents the amount that is attributable to Methanex shareholders and excludes the mark-to-market impact of share-based compensation and items that are considered by management to be non-operational. The effective tax rate related to Adjusted net income was 18% for the third quarter of 2013 compared with 14% for the second quarter of 2013.

We earn the majority of our pre-tax earnings in Trinidad, Egypt, Chile, Canada and New Zealand. In Trinidad and Chile, the statutory tax rate is 35% and in Egypt, the statutory tax rate is 25%. We have loss carryforwards in Canada and New Zealand which have not been recognized for accounting purposes. In addition, as the Atlas entity is accounted for using the equity method, any income taxes related to Atlas are included in earnings of associate and therefore excluded from total income taxes.

SUPPLY/DEMAND FUNDAMENTALS

We estimate that methanol demand, excluding methanol demand from integrated methanol to olefins facilities, is currently approximately 55 million tonnes on an annualized basis.

The outlook for methanol demand growth continues to be strong. Traditional chemical derivatives consume about two-thirds of global methanol demand and growth is correlated to industrial production.

Energy-related applications consume the remaining one-third of global methanol demand, and the wide disparity between the price of crude oil and that of natural gas and coal has resulted in an increased use of methanol in energy-related applications, such as direct methanol blending into gasoline and DME and biodiesel production. Growth of direct methanol blending into gasoline in China has been particularly strong and we believe that future growth in this application is supported by numerous provincial and national fuel-blending standards, such as M15 or M85 (15% methanol and 85% methanol, respectively).

Methanex Non-Discounted Regional Posted Prices [1]

(US$ per tonne)	**Oct 2013**	**Sep 2013**	**Aug 2013**	**Jul 2013**
United States	549	532	532	532
Europe [2]	539	505	505	505
Asia	490	470	470	450

[1] Discounts from our posted prices are offered to customers based on various factors.
[2] 408 for Q4 2013 (Q3 2013 390) converted to United States dollars.

China is also leading the commercialization of methanol s use as a feedstock to manufacture olefins. The use of methanol to produce olefins, at current energy prices, is proving to be cost competitive relative to the traditional production of olefins from naphtha. There are now three methanol-to-olefins (MTO) plants operating in China which are dependent on merchant methanol supply and which have the capacity to consume approximately 3.5 million tonnes of methanol annually. There are other MTO plants which are integrated and purchase methanol to supplement their production when required. We believe demand potential into energy-related applications and olefins production will continue to grow.

During the third quarter of 2013, overall market conditions remained healthy and prices increased. Our average non-discounted price in the third quarter was $502 per tonne compared with $494 per tonne in the second quarter. We recently announced an increase in our North American non-discounted price for November to $599 per tonne.

The methanol price will ultimately depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand. Over the next few years, there is a modest level of new capacity expected to come on-stream relative to demand growth expectations. We recently announced the restart of our Waitara Valley facility and the completion of debottlenecking projects in New Zealand and Canada which have added up to 1.0 million tonnes of additional operating capacity. A 0.8 million tonne plant in Channelview, Texas is expected to restart in 2013 and a 0.7 million tonne plant in Azerbaijan is expected to start-up in 2014. We are relocating two idle Chile facilities to Geismar, Louisiana with the first 1.0 million tonne facility scheduled to start up by the end of 2014 and the second 1.0 million tonne facility in early 2016. We expect that production from new capacity in China will be consumed in that country and that higher cost production capacity in China will need to operate in order to satisfy demand growth.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities in the third quarter of 2013 increased by $56 million to $181 million compared with $125 million for the second quarter of 2013 and increased by $59 million compared to $122 million for the third quarter of 2012. Cash flows from operating activities for the nine month period ended September 30, 2013 increased by $88 million to $424 million compared with $336 million for the same period in 2012. The changes in cash flows from operating activities resulted from changes in the following:

($ millions)	Q3 2013 compared with Q2 2013	Q3 2013 compared with Q3 2012	YTD Q3 2013 compared with YTD Q3 2012
Change in Adjusted EBITDA (attributable to Methanex shareholders)	$ 27	$ 80	$ 181
Exclude change in Adjusted EBITDA of associate (Atlas)	3		(18)
Cash flows attributable to non-controlling interests	1	12	
Non-cash working capital	5	(56)	(54)
Income taxes paid	(5)	(8)	(14)
Geismar project relocation expenses	34	35	5
Share-based payments	(6)	(6)	(11)
Other	(3)	2	(1)
Increase in cash flows from operating activities	$ 56	$ 59	$ 88

During the third quarter of 2013, we paid a quarterly dividend of $0.20 per share, or $19 million.

We operate in a highly competitive commodity industry and believe it is appropriate to maintain a conservative balance sheet and retain financial flexibility. At September 30, 2013, our cash balance was $686 million, including $35 million related to the non-controlling interest in Egypt. On October 22, 2013, we announced the sale of a 10% equity interest in the Egypt methanol facility to Arab Petroleum Investments Corporation (APICORP) for $110 million. Subject to the completion of certain conditions precedent, we expect the sale to be completed in the fourth quarter of 2013. We invest our cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity. We have a strong balance sheet and an undrawn $400 million credit facility provided by highly rated financial institutions that expires in mid-2016.

Our planned capital maintenance expenditure program directed towards maintenance, turnarounds and catalyst changes for existing operations is currently estimated to total approximately $70 million to the end of 2014. We recently restarted the Waitara Valley facility and completed debottlenecking projects in New Zealand and Medicine Hat. We are in the process of a major refurbishment of the Motunui 2 facility in New Zealand with estimated remaining capital expenditures of approximately $100 million. We are relocating two methanol plants from our Chile site to Geismar, Louisiana. During the third quarter of 2013, capital expenditures related to the Geismar projects were $67 million, excluding capitalized interest. Remaining capital expenditures related to the Geismar projects are approximately $780 million. We believe that we have the financial capacity to fund these growth initiatives with cash on hand, cash generated from operations and the undrawn bank facility.

We believe we are well positioned to meet our financial commitments, invest to grow the Company and continue to deliver on our commitment to return excess cash to shareholders.

SHORT-TERM OUTLOOK

Entering the fourth quarter, market conditions remain healthy and methanol prices are rising.

The methanol price will ultimately depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand. We believe that our financial position and financial flexibility, outstanding global supply network and competitive-cost position will provide a sound basis for Methanex to continue to be the leader in the methanol industry and to invest to grow the Company.

CONTROLS AND PROCEDURES

For the three months ended September 30, 2013, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ADDITIONAL INFORMATION SUPPLEMENTAL NON-GAAP MEASURES

In addition to providing measures prepared in accordance with International Financial Reporting Standards (IFRS), we present certain supplemental non-GAAP measures. These are Adjusted EBITDA, Adjusted net income, Adjusted net income per common share and operating income. These measures do not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and therefore are unlikely to be comparable to similar measures presented by other companies. These supplemental non-GAAP measures are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another. We believe these measures are useful in assessing operating performance and liquidity of the Company s ongoing business on an overall basis. We also believe Adjusted EBITDA is frequently used by securities analysts and investors when comparing our results with those of other companies.

Adjusted EBITDA (attributable to Methanex shareholders)

Adjusted EBITDA differs from the most comparable GAAP measure, net income attributable to Methanex shareholders, because it excludes depreciation and amortization, finance costs, finance income and other expenses, income tax expense, mark-to-market impact of share-based compensation, Geismar project relocation expenses and charges and write-off of oil and gas rights. Adjusted EBITDA includes an amount representing our 63.1% interest in the Atlas facility and our 60% interest in the methanol facility in Egypt.

Adjusted EBITDA and Adjusted net income exclude the mark-to-market impact of share-based compensation related to the impact of changes in our share price on share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. The mark-to-market impact related to performance share units that is excluded from Adjusted EBITDA and Adjusted net income is calculated as the difference between the grant date value determined using a Methanex total shareholder return factor of 100% and the fair value recorded at each period end. As share-based awards will be settled in future periods, the ultimate value of the units is unknown at the date of grant and therefore the grant date value recognized in Adjusted EBITDA and Adjusted net income may differ from the total settlement cost.

The following table shows a reconciliation from net income attributable to Methanex shareholders to Adjusted EBITDA:

	Three Months Ended			**Nine Months Ended**	
($ millions)	**Sep 30 2013**	Jun 30 2013	Sep 30 2012	**Sep 30 2013**	Sep 30 2012
Net income (loss) attributable to Methanex shareholders	**$ 87**	$ 54	$ (3)	**$ 201**	$ 72
Mark-to-market impact of share-based compensation	**33**	9		**73**	7
Depreciation and amortization	**29**	29	41	**88**	114
Geismar project relocation expenses and charges		34	61	**34**	65
Write-off of oil and gas rights		17		**17**	
Finance costs	**14**	15	15	**44 **	