Methanol...

- Is primarily produced from natural gas
- Has diversified end uses

**Traditional Uses (60% of Demand)**

**Formaldehyde**
Wood Industry, Pharmaceuticals, Automotive

**Acetic Acid**
Fleece, Adhesives, Paints

**Dimethyl Terephthalate**
Recyclable plastic bottles

**Methyl Chloride**
Silicones

**Energy & MTO**
(40% of Demand; High Growth)

- Fuel Blending
- DME (di-methyl-ether)
- MTO
  - Methanol-to-Olefins
- MTBE
- Marine Fuels
Fast Paced Demand Growth

- Projected 7.5% CAGR, led by energy applications

2002 - 2013 CAGR:
Energy: 9.1%
Total: 5.2%

2014 - 2017 CAGR:
Energy: 11.2%
Total: 7.5%

Note: 1 tonne methanol = 332.6 US gallons

Source: IHS Chemical, January, 2014. Excludes integrated methanol demand for methanol to olefins and propylene
Methanol industry in USA revitalized

**USA Methanol Production Resurgence**

**New Plants:**
1. Latin America
2. Middle East
3. Asia

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1. Middle East
2. Asia
3. Latin America

**New Plants:**
1. Methanex Egypt
2. 4 - 5 MMT USA New
3. 5 - 6 MMT re-start (Mainly North America but also New Zealand, Libya, Azerbaijan)

**New Plants:**
1. USA
2. Iran
3. Russia/Africa
4. LA
5. Other

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**Source:** IHS December 2013 – Demand figures exclude integrated Methanol to Olefins
Potential for methanol based fuels in USA

- Produced at lower cost than oil based products like gasoline
  - Reinvestment economics drive the long term methanol price
- Clean burning; produced from natural gas or any renewable carbon based feedstock
- Abundant feedstock
- Strategic benefits of energy security
- Methanol fuel is like ethanol and it’s low cost
- Easy to integrate into existing liquid transportation fuel infrastructure
- What’s needed?
  - Government regulations that level the playing field and allow for true consumer choice. Not subsidies (e.g. Open Fuels Standard)
Methanex Growth: Relocations to Louisiana

- Relocating two plants from Chile to Louisiana
- Relocation offers significant capital savings and reduced project timeframe

Geismar 1:
- Plant start up targeted for late 2014
- All plant and equipment on site
- One million tonnes of methanol/year
- ~1,000 construction jobs over two years
- ~130 permanent full-time, high-skilled jobs
Methanex Growth: Relocations to Louisiana

- Geismar 2
  - Plant start up targeted for H1 2016
  - One million tonnes of methanol/year
  - Dismantling in progress
  - ~1,500 construction jobs over two years
  - ~35 permanent full-time, high skilled jobs

- Both projects budgeted at ~ $1.1 billion

- Opens the potential for rebuilding America’s chemical industry. Downstream economic benefits
Methanex Growth: Relocations to Louisiana

- **Attractive project attributes:**
  - 10-year natural gas contract with Chesapeake to supply one plant
  - Significant capital and schedule savings vs. greenfield
  - Louisiana: attractive business environment & large methanol consuming region

- **Evaluating Other Opportunities in North America**
  - Potential third relocation
  - Greenfield project in North America
• Methanol industry forecast to grow rapidly due to methanol’s growing global use in energy applications

• Methanol offers a low-cost, clean route to US energy independence and the foundation for other downstream industries

• Requires government support (not subsidies), to level the playing field for using methanol as a fuel
  • Underpins additional methanol projects and domestic job growth

• Methanex committed to growing in North America
Thank you