METHANEX CORP
Form 6-K
July 26, 2012

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 JULY 2012

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 .

NEWS RELEASE

Methanex Corporation

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Vancouver, BC Canada V6C 3M1

Investor Relations: (604) 661-2600

http://www.methanex.com

For immediate release

METHANEX REPORTS STRONGER EBITDA IN THE SECOND QUARTER PROJECTS IN NEW ZEALAND AND LOUISIANA DRIVING FUTURE GROWTH

JULY 25, 2012

For the second quarter of 2012, Methanex reported Adjusted EBITDA[1] of $113 million and Adjusted net income[1] of $44 million ($0.47 per share on a diluted basis[1]). This compares with Adjusted EBITDA[1] of $93 million and Adjusted net income[1] of $39 million ($0.41 per share on a diluted basis[1]) for the first quarter of 2012.

Bruce Aitken, President and CEO of Methanex commented, Overall methanol demand has remained good and the pricing environment has been relatively stable, despite some demand softness in certain derivatives. We reported higher EBITDA in the second quarter due primarily to higher sales of Methanex-produced methanol.

Mr. Aitken added, Industry demand growth is expected to significantly exceed new capacity additions over the next few years and we have a number of growth projects in place to capitalize on the positive industry conditions. In New Zealand, the recent restart of a second plant increases our cash generation capability and we are investigating further initiatives which could increase annual production capacity by up to 900,000 tonnes by the end of 2013. We also announced today that we have reached a final investment decision to proceed with the project to relocate an idle Chile facility to Geismar, Louisiana. The project is on track to add one million tonnes of annual production capacity by the end of 2014.

Mr. Aitken concluded, With over US$600 million of cash on hand, an undrawn credit facility, a robust balance sheet, and strong cash flow generation, we are well positioned to repay our $200 million bond coming due in August, invest in the Louisiana project and other strategic opportunities to grow the Company, and continue to deliver on our commitment to return excess cash to shareholders.

A conference call is scheduled for July 26, 2012 at 12:00 noon ET (9:00 am PT) to review these second quarter results. To access the call, dial the Conferencing operator ten minutes prior to the start of the call at (416) 340-8018, or toll free at (866) 223-7781. A playback version of the conference call will be available for three weeks at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 2530127. There will be a simultaneous audio-only webcast of the conference call, which can be accessed from our website at www.methanex.com. The webcast will be available on our 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 , on the NASDAQ Global Market in the United States under the trading symbol MEOH , and on the foreign securities market of the Santiago Stock Exchange in Chile under the trading symbol Methanex . Methanex can be visited online at www.methanex.com.

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FORWARD-LOOKING INFORMATION WARNING

This Second Quarter 2012 press release contains forward-looking statements with respect to us and the chemical industry. Refer to *Forward-Looking Information Warning* in the attached Second Quarter 2012 Management s Discussion and Analysis for more information.

[1] *Adjusted EBITDA, Adjusted net income and Adjusted diluted 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 amounts associated with the 40% non-controlling interest in the methanol facility in Egypt, the mark-to-market impact of items which impact the comparability of our earnings from one period to another, which currently include only the mark-to-market impact of share-based compensation as a result of changes in our share price, and Louisiana project relocation expenses. Refer to Additional Information Supplemental Non-GAAP Measures on page 13 of the attached Interim Report for the three months ended June 30, 2012 for reconciliations to the most comparable GAAP measures.*

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For further information, contact:

Jason Chesko

Director, Investor Relations

Tel: 604.661.2600

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Interim Report

For the

Three Months Ended

June 30, 2012

At July 25, 2012 the Company had 93,827,060 common shares issued and outstanding and stock options exercisable for 3,933,537 additional common shares.

Share Information

Methanex Corporation s common shares are listed for trading on the Toronto Stock Exchange under the symbol MX, on the Nasdaq Global Market under the symbol MEOH and on the foreign securities market of the Santiago Stock Exchange in Chile under the trading symbol Methanex.

Investor Information

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

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SECOND QUARTER MANAGEMENT S DISCUSSION AND ANALYSIS

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the second quarter of 2012, we recorded net income attributable to Methanex shareholders of $52 million compared with $22 million for the first quarter of 2012 and $41 million for the second quarter of 2011. Adjusted net income[1] for the second quarter of 2012 was $44 million ($0.47 per share on a diluted basis[1]) compared wtih $39 million ($0.41 per share on a diluted basis[1]) for both the first quarter of 2012 and the second quarter of 2011. A reconciliation of net income attributable to Methanex shareholders to Adjusted net income is as follows:

	Three Months Ended			Six Months Ended	
($ millions)	**Jun 30 2012**	Mar 31 2012	Jun 30 2011	**Jun 30 2012**	Jun 30 2011
Net income attributable to Methanex shareholders	**$ 52**	$ 22	$ 41	**$ 74**	$ 75
Mark-to-market impact of share-based compensation, net of tax	**(10)**	17	(2)	**7**	1
Louisiana project relocation expenses, net of tax	**2**			**2**	
Adjusted net income [1]	**$ 44**	$ 39	$ 39	**$ 83**	$ 76

We recorded Adjusted EBITDA[1] of $113 million for the second quarter of 2012 compared with $93 million for the first quarter of 2012. The increase in Adjusted EBITDA[1] was primarily driven by an increase in sales of Methanex-produced methanol from 926,000 tonnes in the first quarter of 2012 to 1,001,000 tonnes in the second quarter of 2012.

Global methanol production for the second quarter of 2012 was 1,034,000 tonnes compared with 945,000 tonnes for the first quarter of 2012.

Average realized price for the second quarter of 2012 was $384 per tonne compared with $382 per tonne for the first quarter of 2012.

During the second quarter of 2012, the Board of Directors approved a 9 percent increase to our quarterly dividend to shareholders, from $0.17 to $0.185 per share, and we paid a quarterly dividend of $17 million.

We recently completed re-start activities at the second Motunui facility in New Zealand and successfully commenced production on July 1, 2012. The addition of this second facility adds 0.65 million tonnes of annual production capacity and increases the Motunui site capacity to about 1.5 million tonnes per year.

In July 2012, we reached a final investment decision to proceed with the project to relocate an idle Chile facility to Geismar, Louisiana. The project will add one million tonnes of annual production capacity and is expected to be operational by the end of 2014. We have commenced dismantling of the plant and expect to receive all key permits by the end of 2012.

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 Second Quarter 2012 Management s Discussion and Analysis (MD&A) dated July 25, 2012 for Methanex Corporation (the Company) should be read in conjunction with the Company s condensed consolidated interim financial statements for the period ended June 30, 2012 as well as the 2011 Annual Consolidated Financial Statements and MD&A included in the Methanex 2011 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 2011 Annual Report and additional information relating to Methanex is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

FINANCIAL AND OPERATIONAL DATA

	Three Months Ended			**Six Months Ended**	
($ millions, except where noted)	**Jun 30 2012**	Mar 31 2012	Jun 30 2011	**Jun 30 2012**	Jun 30 2011
Production (thousands of tonnes) (attributable to Methanex shareholders)	**1,034**	945	1,050	**1,979**	1,851
Sales volumes (thousands of tonnes):					
Produced methanol (attributable to Methanex shareholders)	**1,001**	926	970	**1,927**	1,818
Purchased methanol	**569**	691	664	**1,260**	1,499
Commission sales [1]	**276**	198	231	**474**	403
Total sales volumes	**1,846**	1,815	1,865	**3,661**	3,720
Methanex average non-discounted posted price ($ per tonne) [2]	**452**	437	421	**444**	428
Average realized price ($ per tonne) [3]	**384**	382	363	**383**	365
Adjusted EBITDA (attributable to Methanex shareholders) [4]	**113**	93	102	**206**	183
Cash flows from operating activities	**135**	93	78	**229**	202
Adjusted cash flows from operating activities (attributable to Methanex shareholders) [4]	**110**	89	86	**199**	167
Net income attributable to Methanex shareholders	**52**	22	41	**74**	75
Adjusted net income (attributable to Methanex shareholders) [4]	**44**	39	39	**83**	76
Basic net income per common share (attributable to Methanex shareholders)	**0.56**	0.24	0.44	**0.80**	0.81
Diluted net income per common share (attributable to Methanex shareholders)	**0.50**	0.23	0.43	**0.78**	0.80
Adjusted diluted net income per common share (attributable to Methanex shareholders) [4]	**0.47**	0.41	0.41	**0.88**	0.81
Common share information (millions of shares):					
Weighted average number of common shares	**94**	93	93	**93**	93
Diluted weighted average number of common shares	**95**	95	95	**95**	94
Number of common shares outstanding, end of period	**94**	94	93	**94**	93

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, 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)	Q2 2012 Capacity [1]	Q2 2012 Production	Q1 2012 Production	Q2 2011 Production	YTD Q2 2012 Production	YTD Q2 2011 Production
Chile I, II, III and IV [2]	**950**	**82**	113	142	**195**	325
New Zealand [3]	**558**	**210**	174	207	**384**	410
Atlas (Trinidad) (63.1% interest)	**288**	**264**	127	263	**391**	526
Titan (Trinidad)	**225**	**196**	215	186	**411**	307
Egypt (60% interest)	**190**	**164**	202	178	**366**	209
Medicine Hat	**118**	**118**	114	74	**232**	74
	2,329	**1,034**	945	1,050	**1,979**	1,851

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.

2 In July 2012, we reached a final investment decision to proceed with the project to relocate an idle Chile facility to Geismar, Louisiana. The Chile capacity in the above table includes 1.0 million tonnes of annual production capacity, which is being relocated to Louisiana (refer to the Chile section below for more information).

3 The production capacity of New Zealand represents the two 0.85 million tonne facilities at Motunui and the 0.53 million tonne facility at Waitara Valley. In July, we restarted the second Motunui facility, but due to current distillation capacity constraints at the Motunui site, the combined production capacity of both plants is approximately 1.5 million tonnes, compared with the combined nameplate capacity of 1.7 1.9 million tonnes, depending on natural gas composition (refer to the New Zealand section on page 4 for more information).

Chile

We continue to operate our Chile facilities significantly below site capacity. This is primarily due to curtailments of natural gas supply from Argentina refer to the Management s Discussion and Analysis included in our 2011 Annual Report for more information.

During the second quarter of 2012, we produced 82,000 tonnes in Chile operating one plant at approximately 30% of capacity. We continue to work closely with Empresa Nacional del Petroleo (ENAP) to manage through the seasonality of gas demand with the objective of maintaining our operations throughout the winter season in 2012.

Our primary goal is to progressively increase production at the Chile site with natural gas from suppliers in Chile. We are pursuing investment opportunities with ENAP, GeoPark Chile Limited (GeoPark) and others to help accelerate natural gas exploration and development in southern Chile. We are working with ENAP to develop natural gas in the Dorado Riquelme block. Under the arrangement, we fund a 50% participation in the block and, as at June 30, 2012, we had contributed approximately $111 million. Over the past few years, we have also provided funding to support and accelerate GeoPark s natural gas exploration and development activities in southern Chile. GeoPark has agreed to supply us with all natural gas sourced from the Fell block under a ten-year exclusive supply arrangement that commenced in 2008. During the second quarter of 2012, substantially all production at our Chilean facilities was produced with natural gas supplied from the Fell and Dorado Riquelme blocks. We are also participating in other exploration blocks with international oil and gas companies and as at June 30, 2012, we had contributed $14 million for our share of the exploration costs.

While significant investments have been made in the last few years for natural gas exploration and development in southern Chile, the timelines for significant increases in gas production are much longer than we had originally anticipated and existing gas fields are experiencing declines. As a result, the short-term outlook for gas supply in Chile continues to be challenging.

We announced today that we have reached a final investment decision to proceed with the project to relocate an idle Chile facility to Geismar, Louisiana and we are also examining the viability of other projects to increase the utilization of our Chilean assets.

The future operating rate of our Chile site is primarily dependent on demand for natural gas for residential purposes, which is higher in the southern hemisphere winter, production rates from existing natural gas fields, and the level of natural gas deliveries from future exploration and development activities in southern Chile. We cannot provide assurance that we, ENAP, GeoPark or others will be successful in the exploration and development of natural gas or that we will obtain any additional natural gas from suppliers in Chile on commercially acceptable terms. As a result, we cannot provide assurance in the level of natural gas supply or that we will be able to source sufficient natural gas to operate any capacity in Chile or that we will have sufficient future cash flows from Chile to support the carrying value of our Chilean assets and that this will not have an adverse impact on our results of operations and financial condition.

New Zealand

During the second quarter of 2012, we operated one Motunui facility in New Zealand and produced 210,000 tonnes, which represents full capacity for one Motunui facility. In July, we restarted a second Motunui facility, which adds 650,000 tonnes of annual production capacity to our New Zealand operations and brings the current site capacity to approximately 1.5 million tonnes. We are currently assessing the feasibility of debottlenecking the Motunui site and the potential to restart our nearby 530,000 tonne Waitara Valley plant which could add a further 900,000 tonnes of annual production capacity in New Zealand by the end of 2013.

Trinidad

In Trinidad, we own 100% of the Titan facility with an annual production capacity of 900,000 tonnes and have a 63.1% interest in the Atlas facility with an annual production capacity of 1,150,000 tonnes (63.1% interest). The Titan facility produced 196,000 tonnes in the second quarter of 2012 compared with 215,000 tonnes in the first quarter of 2012. Production in the second quarter of 2012 was lower than the first quarter of 2012 due to minor unplanned maintenance outages and periodic natural gas curtailments.

The Atlas facility produced 264,000 tonnes in the second quarter of 2012 compared with 127,000 tonnes in the first quarter of 2012. The Atlas facility was shut down for a 38 day outage in January 2012 for maintenance and to repair an equipment failure. At the end of the second quarter of 2012, the Atlas facility was operating at approximately 95% of capacity.

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 in Trinidad (NGC) and downstream demand from NGC s customers which becomes apparent when an upstream supply issue arises. We are engaged with key stakeholders to find a solution to this issue, but in the meantime we expect to continue to experience some gas curtailments to our Trinidad site.

Egypt

The Egypt methanol facility produced 164,000 tonnes (60% interest) in the second quarter of 2012 compared with 202,000 tonnes in the first quarter of 2012. We have a 60% equity interest in the facility and marketing rights for 100% of the production. The lower second quarter of 2012 production is due to planned maintenance and inspection activities that commenced late in the quarter and to natural gas restrictions due to upstream gas platform outages and seasonal domestic demand for natural gas electricity generation.

Medicine Hat

Our 470,000 tonne per year facility in Medicine Hat, Alberta produced 118,000 tonnes in the second quarter of 2012 compared with 114,000 tonnes during the first quarter of 2012. We are currently assessing the feasibility of debottlenecking the Medicine Hat facility which could add a further 90,000 tonnes of annual production capacity.

FINANCIAL RESULTS

For the second quarter of 2012 we recorded Adjusted EBITDA of $113 million and Adjusted net income of $44 million ($0.47 per share on a diluted basis). This compares with Adjusted EBITDA of $93 million and Adjusted net income of $39 million ($0.41 per share on a diluted basis) for the first quarter of 2012 and Adjusted EBITDA of $102 million and Adjusted net income of $39 million ($0.41 per share on a diluted basis) for the second quarter of 2011.

We calculate Adjusted EBITDA and Adjusted net income by excluding amounts associated with the 40% non-controlling interest in Egypt that we do not own, 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 diluted net income per common share is as follows:

	Three Months Ended	Six Months Ended