METHANEX CORP
Form 6-K
February 04, 2004

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 JANUARY 2004

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 o 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 o 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: January 28, 2004

By: /s/ RANDY MILNER

Name: Randy Milner
Title: Senior Vice President, General Counsel & Corporate Secretary

NEWS RELEASE

For immediate release

METHANEX COMPLETES HIGHLY PROFITABLE YEAR   MOMENTUM CONTINUES INTO 2004

January 28, 2004

Methanex Corporation recorded income before unusual items (after-tax) of US$29.2 million (US$0.24 per share) and generated EBITDA[1] of US$82.8 million for the fourth quarter ended December 31, 2003. This compares to income before unusual items (after-tax) of US$32.1 million (US$0.27 per share) and EBITDA of US$83.0 million for the third quarter 2003, and to income before unusual items (after-tax) of US$55.3 million (US$0.44 per share) and EBITDA of US$99.0 million for the same period in 2002. Including the impact of previously announced asset restructuring charges related to the write down of the New Zealand and Medicine Hat production facilities, the Company recorded a net loss in the fourth quarter 2003 of US$110.2 million (US$0.92 per share). This compares to a net loss of US$7.8 million (US$0.06 per share) for the third quarter 2003 and a net loss of US$30.4 million (US$0.24 per share) for the same period in 2002.

For the year ended December 31, 2003, income before unusual items (after-tax) was US$186.7 million (US$1.52 per share) and EBITDA was US$391.6 million. In 2002, income before unusual items (after-tax) was US$112.1 million (US$0.89 per share) and EBITDA was US$269.6 million. Including the impact of unusual items, net income for the year ended December 31, 2003 was US$7.5 million (US$0.06 per share) compared with US$26.4 million (US$0.21 per share) for 2002.

Bruce Aitken, President and COO of Methanex commented,   We continue to operate in an environment of strong methanol prices. Our average realized price for the fourth quarter 2003 was US$204 per tonne compared with US$216 per tonne for the previous quarter and US$188 per tonne for the fourth quarter 2002. Tight methanol market conditions are creating upward price momentum early in 2004. In the United States, the Methanex non-discounted reference price for January 2004 is US$249 per tonne (US$0.75 per gallon). In Europe, we posted a first quarter contract transaction price of EURO 200, before discounts, or approximately US$250 per tonne (US$0.75 per gallon) while non-discounted prices in Asia are currently between US$260   275 per tonne.

Mr. Aitken continued,   Looking ahead, we are optimistic that the favourable methanol market conditions enjoyed throughout 2003 will continue in 2004. We expect that the impact of planned new capacity additions is likely to be largely offset by further shut-downs of high cost North American production. As announced in the fourth quarter, we acquired the customer contracts and certain production rights to Terra Industries 700,000 tonne per year methanol plant located in Beaumont, Texas. This transaction, which is similar to the arrangement announced with Lyondell in 2002, provides us with valuable flexibility as we add two increments of low cost capacity over the next twelve months. We expect to add the 1.7 million tonne per year Atlas methanol facility in Trinidad, in which we have a 63.1% interest, in the second quarter of this year and complete our 840,000 tonne per year Chile IV project in early 2005. These new plants will improve the quality of our earnings and enhance our ability to generate substantial cash from our business.

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For further information, contact:

Chris Cook
Director, Investor Relations

Information in this news release and the attached management s discussion and analysis may contain forward-looking statements. By their nature, such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. They include world-wide economic conditions, the availability and cost of gas feedstock, the ability to implement business strategies and pursue business opportunities, conditions in the methanol and other industries including the supply and demand for methanol and the risks attendant with producing and marketing methanol, integrating acquisitions and realizing anticipated synergies and carrying out major capital expenditure projects. Please also refer to page 40 of our 2002 Annual Report for more information on forward-looking statements

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Mr. Aitken concluded, During the fourth quarter, we finalized a US$250 million three-year revolving credit facility replacing the expiring US$291 million facility. This undrawn facility, combined with the close to US$300 million of cash on hand at year end, allows us to maintain our strong and flexible financial position. We have the financial capacity to complete our capital spending programs and pursue new opportunities to enhance our strategic position in methanol and continue to deliver on our commitment to return excess cash to shareholders.

A conference call is scheduled for Thursday, January 29 at 11:00 am EST (8:00 am PST) to review these fourth quarter results. To access the call, dial the Telus Conferencing operator ten minutes prior to the start of the call at (416) 883-0139, or toll free at (888) 458-1598. The security passcode for the call is 75577. A playback version of the conference call will be available for seven days at (877) 653-0545. The reservation number for the playback version is 190522. There will be a simultaneous audio-only webcast of the conference call, which can be accessed from our website at www.methanex.com.

Methanex is a Vancouver based, publicly-traded company engaged in the worldwide production and marketing of methanol. Methanex shares are listed for trading on the Toronto Stock Exchange in Canada under the trading symbol MX and on the Nasdaq National Market in the United States under the trading symbol MEOH.

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1 For a definition of EBITDA, please refer to Additional Information Supplemental Non-GAAP Measures included in this Interim Report.

For further information, contact:

Chris Cook
Director, Investor Relations

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At December 31, 2003, the number of common shares outstanding was 120,007,767.

Contact Information
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Share Information
Methanex Corporation s common shares are listed for trading on the Toronto Stock Exchange under the symbol MX and on the Nasdaq National Market under the symbol MEOH.

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Investor Information
All financial reports, news releases and corporate information can be accessed on our web site at www.methanex.com.

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Fourth Quarter Management s Discussion and Analysis

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

This fourth quarter 2003 Management s Discussion and Analysis should be read in conjunction with the 2002 annual consolidated financial statements and the Management s Discussion and Analysis included in the Methanex 2002 Annual Report.

	2003			2002	
($ millions, except where noted)	Three months ended December 31	Three months ended September 30	Year ended December 31	Three months ended December 31	Year ended December 31
Sales volumes (thousands of tonnes)					
Company produced	1,328	1,200	4,933	1,347	5,686
Purchased	399	350	1,392	278	809
Commission sales			254	197	725
	1,727	1,550	6,579	1,822	7,220
Average realized methanol price ($ per tonne)	$ 204	$ 216	$ 220	$ 188	$ 155
Net income (loss)	$ (110.2)	$ (7.8)	$ 7.5	$ (30.4)	$ 26.4
Income before unusual items (after-tax)[1]	$ 29.2	$ 32.1	$ 186.7	$ 55.3	$ 112.1
Operating income	$ 55.9	$ 59.0	$ 296.5	$ 72.9	$ 158.3
Cash flows from operating activities[2]	$ 63.3	$ 69.0	$ 330.4	$ 91.7	$ 244.6
EBITDA[3]	$ 82.8	$ 83.0	$ 391.6	$ 99.0	$ 269.6
Basic net income (loss) per share	$ (0.92)	$ (0.06)	$ 0.06	$ (0.24)	$ 0.21
Basic income before unusual items (after-tax) per share[1]	$ 0.24	$ 0.27	$ 1.52	$ 0.44	$ 0.89
Number of common shares outstanding (millions of shares)	120.0	119.5	120.0	125.7	125.7
Weighted average number of common shares outstanding (millions of shares)	119.7	119.2	123.0	125.2	126.6

1 *Unusual items include items that are considered by management to be non-operational and/or non-recurring. For a reconciliation of net income (loss) to income before unusual items (after-tax) and the basis for the calculation of basic income before unusual items (after-tax) per share, refer to Additional Information Supplemental Non-GAAP Measures .*

2 *Before changes in non-cash working capital and the utilization of prepaid natural gas.*

3 *EBITDA differs from the most comparable GAAP measure, cash flows from operating activities, primarily because it does not include changes in non-cash working capital and the utilization of prepaid natural gas, cash flows related to interest, income taxes, asset restructuring charges and other unusual items. For a reconciliation of cash flows from operating activities to EBITDA, refer to Additional*

Information *Supplemental Non-GAAP Measures* .

Continued Strong Financial Results

For the fourth quarter ended December 31, 2003, we recorded income before unusual items (after-tax) of $29.2 million ($0.24 per share) and EBITDA of $82.8 million. This compares to income before unusual items (after-tax) of $32.1 million ($0.27 per share) and EBITDA of $83.0 million for the third quarter ended September 30, 2003. For the fourth quarter ended December 31, 2002, we recorded income before unusual items (after-tax) of $55.3 million ($0.44 per share) and EBITDA of $99.0 million. Including the impact of unusual items, we recorded a net loss for the fourth quarter of 2003 of $110.2 million ($0.92 per share). This compares with a net loss of $7.8 million ($0.06 per share) for the third quarter ended September 30, 2003 and a net loss of $30.4 million ($0.24 per share) for the fourth quarter ended December 31, 2002.

For the year ended December 31, 2003, we recorded income before unusual items (after-tax) of $186.7 million ($1.52 per share) and EBITDA of $391.6 million compared with income before unusual items (after-tax) of $112.1 million ($0.89 per share) and EBITDA of $269.6 million for the year ended December 31, 2002. Including the impact of unusual items, net income for the year ended December 31, 2003 was $7.5 million ($0.06 per share) compared with net income of $26.4 million ($0.21 per share) for the year ended December 31, 2002.

For a description and analysis of unusual items refer to Unusual Items .

EBITDA

The change in EBITDA resulted from:

($ millions)	**Q4-2003 compared with Q3-2003**	**Q4-2003 compared with Q4-2002**	**2003 compared with 2002**
Higher (lower) realized price of produced methanol	(16)	21	325
Lower (higher) cash cost	3	(25)	(110)
Higher (lower) sales volume of produced methanol	12	(6)	(61)
Higher (lower) margin on the sale of purchased methanol	1	(6)	(32)
Increase (decrease) in EBITDA		(16)	122

Higher (lower) realized price of produced methanol Methanol prices are characterized by volatility and are affected by the methanol supply/demand balance, which is influenced by global industry capacity, industry operating rates and the strength of demand. Methanol prices are also influenced by the cost structure of North American production that is determined primarily by prevailing natural gas prices.

Our average realized price for the fourth quarter of 2003 was $204 per tonne compared with $216 per tonne for the third quarter of 2003 and $188 per tonne for the fourth quarter of 2002. The change in average realized price for produced methanol decreased EBITDA by $16 million in comparison with the third quarter of 2003 and increased EBITDA by $21 million in comparison with the fourth quarter of 2002. The average realized price for the year ended December 31, 2003 was $220 per tonne compared with $155 per tonne for the same period in 2002 and this increased EBITDA by $325 million.

Lower (higher) cash cost The most significant components of our cash costs are natural gas and distribution costs associated with delivering methanol to customers from our production facilities. We purchase natural gas for our Kitimat facility on a short-term basis and the purchase price is set in a competitive market that can fluctuate widely. Natural gas costs for our Chilean facility are adjusted by a formula related to methanol prices on a twelve-month trailing average basis. In Trinidad, we purchase natural gas through a take-or-pay supply contract and prices are adjusted quarterly by a formula related to methanol prices. In New Zealand, due to the redetermination of the Maui gas field completed in 2003 we lost substantially all of our long-term natural gas entitlements. Natural gas in New Zealand is purchased through take-or-pay and other purchase contracts reflecting the current prevailing market price for natural gas.

Our cash costs for the fourth quarter of 2003 were slightly lower than the third quarter of 2003 and this increased EBITDA by $3 million.

Higher cash costs decreased EBITDA by $25 million for the fourth quarter of 2003 compared with the fourth quarter of 2002 and by $110 million for the year ended December 31, 2003 compared with the same period in 2002. For the fourth quarter of 2003 compared with the fourth quarter of 2002, higher natural gas costs in Chile, New Zealand and Kitimat decreased EBITDA by $12 million, $2 million and $4 million, respectively. For the year ended December 31, 2003 compared with the same period in 2002, higher natural gas costs in Chile, New Zealand and Kitimat decreased EBITDA by $27 million, $13 million and $33 million, respectively. The remaining increase in cash costs for both periods is primarily due to higher unit costs resulting from reduced production at our New Zealand facilities and higher ocean freight costs as a result of increased fuel costs and changes in shipping patterns.

Higher (lower) sales volume of produced methanol Due to planned sales increases and strong demand, our sales of produced methanol in the fourth quarter were higher than the third quarter and this increased EBITDA by $12 million. Our sales volume of produced methanol in 2003 has been impacted by lower production from our facilities in New Zealand, however, sales of production from the Titan plant in Trinidad acquired in May 2003 have partially offset this impact. Lower sales volume of produced methanol decreased EBITDA for the fourth quarter of 2003 by $6 million compared with the fourth quarter of 2002 and decreased EBITDA by $61 million for the year ended December 31, 2003 compared with the same period in 2002.

Higher (lower) margin on the sale of purchased methanol We purchase methanol, at market prices, in order to satisfy customer requirements. As a consequence, we realize holding gains or losses on the resale of this product depending on the prevailing methanol price at the time of resale. The cost for purchased methanol also includes storage and handling costs. We incurred a loss of $12 million on the sale of approximately 399,000 tonnes of purchased methanol in the fourth quarter of 2003 compared with a loss of $13 million in the third quarter of 2003 and a loss of $6 million in the fourth quarter of 2002. For the year ended December 31, 2003, we incurred a loss of $40 million on the sale of approximately 1,392,000 tonnes of purchased methanol compared with a loss of $8 million for the same period in 2002.

Depreciation and Amortization

Depreciation and amortization expense for the fourth quarter of 2003 was $27 million compared with $26 million for the same period in 2002. For the year ended December 31, 2003, depreciation and amortization expense was $95 million compared with $111 million for the same period in 2002. Depreciation expense was lower due primarily to reduced sales volume of produced product. In addition, we wrote off our Fortier facility at the end of 2002 and this has resulted in lower depreciation expense for 2003.

Interest Expense and Interest and Other Income

Interest expense ($ millions)	**Three months ended December 31, 2003**	**Three months ended December 31, 2002**	**Year ended December 31, 2003**	**Year ended December 31, 2002**
Interest expense before capitalized interest	$ 17	$ 10	$ 59	$ 38
Less: capitalized interest	(7)	(4)	(20)	(9)
Interest expense	$ 10	$ 6	$ 39	$ 29

The increase in interest expense, net of capitalized interest, relates primarily to an increase in the level of long-term debt.

Interest and other income Interest and other income for the fourth quarter of 2003 was $3 million compared with $2 million for the same period in 2002. For the year ended December 31, 2003, interest and other income was $14 million compared with $10 million for the same period in 2002.

Unusual Items

($ millions)	Three months ended December 31, 2003	Three months ended December 31, 2002	Year ended December 31, 2003	Year ended December 31, 2002
Asset restructuring charges	$ 139	$ 115	$ 139	$ 115
Write-off of plant and equipment under development			40	
Site restoration adjustment		(27)		(27)
Total	$ 139	$ 88	$ 179	$ 88

During the fourth quarter of 2003 we recorded a non-cash asset impairment charge of $130 million, before and after-tax, to write down property, plant and equipment and related assets in New Zealand and Medicine Hat, Alberta. We also incurred costs and made payments of $9 million primarily for employee termination benefits to reduce the workforce at our New Zealand operations by approximately 82 employees and for costs to re-mothball the Medicine Hat facility. The Medicine Hat facility has been idled since 2001. The asset restructuring charges reflect changed economics for natural gas in both New Zealand and North America. The write-downs in 2003 complete the restructuring of our assets not supported by long-term low-cost natural gas supply.

During the third quarter of 2003 we recorded a $40 million write off of plant and equipment under development as a result of our decision to not proceed with the construction of a 1.3 million tonne methanol plant in Western Australia.

During the fourth quarter of 2002 we recorded an asset restructuring charge of $115 million related to the write-off of our Fortier, Louisiana methanol facility which has been idled since March of 1999. The Fortier asset restructuring charge was partially offset by a $27 million reduction in the accrual for site restoration for our New Zealand facilities.

Income Taxes

The effective income tax rate for the fourth quarter ended December, 2003, excluding unusual items, was 40% compared with 19% for the same period in 2002. For the year ended December 31, 2003, the effective tax rate, excluding unusual items, was 31% compared with 20% for 2002. Due to the existence of unrecorded tax benefits in New Zealand, our income earned in this region has not attracted accounting income taxes. As a result of a reduction in our natural gas entitlements in New Zealand and the resulting lower production levels we earned a higher proportion of our 2003 earnings from product produced in Chile, where we record accounting income taxes, and this resulted in a higher effective tax rate compared with 2002.

Operating Performance

During the fourth quarter of 2003 we experienced planned and unplanned shutdowns at our Chile facilities. These shutdowns represented approximately 100,000 tonnes of reduced production. We operated our Kitimat, Chile and Trinidad facilities during the fourth quarter of 2003 at 89% of their combined capacity. These facilities operated at 92% of their combined capacity for the year ended December 31, 2003.

Natural gas supply constraints during 2003 resulted in reduced production at our New Zealand facilities and during the fourth quarter of 2003 production in New Zealand was limited to 158,000 tonnes. At this time, we have sufficient contracted natural gas to produce approximately 0.5 million tonnes at our New Zealand facilities in 2004 and we are continuing to pursue our efforts to secure additional natural gas supply which could increase 2004 production to 1.0 million tonnes. There can be no assurance, however, that we will be able to secure additional natural gas on commercially acceptable terms.

Supply/Demand Fundamentals

We continue to operate in an environment of strong methanol prices and favourable industry fundamentals. Stronger demand, particularly in Asia, combined with higher North American natural gas prices and low global inventory levels has recently resulted in even tighter market conditions and higher methanol prices.

We expect that the 1.7 million tonne Atlas plant, in which we have a 63.1% interest, will be the first increment of new production this year. NPC in Iran is also planning for new capacity in 2004 and we expect that this facility will commence production during the second half of the year. We expect that the impact of the planned new capacity additions is likely to be largely offset by further shut-downs of high cost North America production. During 2004, we have certain production rights for the methanol plants owned by Lyondell and Terra Industries in Texas. Through these arrangements we are able to determine the level of production from these facilities. These facilities have a combined annual capacity of approximately 1.5 million tonnes. The production rights and exclusive rights to all methanol produced at Terra Industries 700,000 tonne per year methanol facility and the related methanol customer contracts were acquired during the fourth quarter of 2003 for $25 million.

The Methanex non-discounted reference prices for January 2004 are $249 per tonne ($0.75 per gallon), EURO 200 per tonne (approximately US$250 per tonne) and $250 per tonne for the United States, Europe and Asia, respectively. Currently, spot prices in the United States are approximately $233-241 per tonne ($0.70 -0.73 per gallon). Prices in Asia are currently between $260 and $275 per tonne.

Low-cost Methanol Capacity Under Development

We are currently constructing low-cost methanol production facilities in Trinidad and Chile. Construction of Atlas is continuing and we expect this facility to start production during the second quarter of 2004. With the acquisition in May 2003 of Titan, which is adjacent to Atlas, we have established a Trinidad production hub underpinned by long-term natural gas contracts. These facilities will provide us with low-cost, duty-free supply to North America and Western Europe.

Chile IV, an 840,000 tonne per year expansion to our low-cost Chilean methanol production facility, is progressing and we expect to complete construction in early 2005.

Liquidity and Capital Projects

Cash flows from operating activities before changes in non-cash working capital and the utilization of prepaid natural gas in the fourth quarter of 2003 were $63 million compared with $92 million for the same period in 2002. The decrease relates primarily to cash settlements as a result of the asset restructuring charges and lower EBITDA in the fourth quarter of 2003.

Our proportionate share of capital expenditures during the fourth quarter of 2003 for the Atlas methanol project was $21 million. Our share of the amount drawn on the Atlas joint venture debt facilities during the fourth quarter was $17 million and our estimated remaining cash equity contribution to complete the construction of Atlas and fund the debt reserve fund is approximately $44 million.

Capital expenditures for Chile IV during the fourth quarter of 2003 were $53 million. The total project is estimated to cost $275 million, including $25 million of capitalized interest. Total capital expenditures to December 31, 2003 were $142 million, including $6 million of capitalized interest.

During the fourth quarter of 2003 we paid a quarterly dividend of US$0.06 per share, or approximately $7 million.

We have excellent financial capacity and flexibility. Our cash balance at December 31, 2003 was $288 million. During the fourth quarter we finalized a $250 million three-year revolving credit facility replacing the expiring $291 million facility, allowing us to maintain our strong and flexible financial position. The revolving credit facility was undrawn at December 31, 2003. The planned capital maintenance expenditure program directed towards major maintenance, turnarounds and catalyst changes is estimated to total approximately $80 million for the period to the end of 2006. We have the financial capacity to complete the capital maintenance spending program, fund the remaining equity contribution for Atlas and complete the construction of Chile IV. We also have the capacity to pursue new opportunities to enhance our strategic position in methanol.

Short-term Outlook

Industry fundamentals continue to be favourable. High North American natural gas prices, low global inventory levels and stronger demand have resulted in tight market conditions and higher methanol prices in early 2004. In this environment we are continuing to focus on maximizing the value generated from our low-cost facilities and maintaining our global market position. The methanol price will ultimately depend on industry operating rates, the rate of industry restructuring and the strength of global demand. We believe that our excellent financial position and financial flexibility, outstanding global supply network and low-cost position will ensure that Methanex continues to be the leader in the methanol industry.

January 28, 2004

Additional Information Supplemental Non-GAAP Measures

In addition to providing measures prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), Methanex presents certain supplemental non-GAAP measures. These are EBITDA, income before unusual items (after-tax) and basic income before unusual items (after-tax) per share. These measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. These measures are provided to assist readers in evaluating the operating performance and liquidity of the Company s ongoing business. These measures should be considered in addition to, and not as a substitute for, net income, cash flows from operating activities and other measures of financial performance and liquidity reported in accordance with GAAP.

Income before Unusual Items (after-tax) and Basic Income before Unusual Items (after-tax) Per Share

These supplemental non-GAAP measures are provided to assist readers in comparing earnings from one period to another without the impact of unusual items that are considered to be non-operational and/or non-recurring. Basic income before unusual items (after-tax) per share has been calculated by dividing income before unusual items (after-tax) by the weighted average number of common shares outstanding.

The following table shows a reconciliation of net income (loss) to income before unusual items (after-tax):

	2003			**2002**	
($ thousands)	**Three months ended December 31**	**Three months ended September 30**	**Twelve months ended December 31**	**Three months ended December 31**	**Twelve months ended December 31**
Net income (loss)	$(110,195)	$ (7,750)	$ 7,508	$ (30,382)	$ 26,414
Add (deduct) unusual items:					
Site restoration adjustment				(26,972)	(26,972)
Asset restructuring charges (after-tax)	139,352		139,352	112,687	112,687
Write-off of plant and equipment under development		39,833	39,833		
Income before unusual items (after-tax)	$ 29,157	$ 32,083	$ 186,693	$ 55,333	$ 112,129

EBITDA

This supplemental non-GAAP measure is provided to assist readers in determining the ability of Methanex to generate cash from operations. EBITDA differs from the most comparable GAAP measure, cash flows from operating activities, primarily because it does not include changes in non-cash working capital and the utilization of prepaid natural gas, cash flows related to interest, income taxes, asset restructuring charges and other unusual items.

The following table shows a reconciliation of cash flows from operating activities to EBITDA:

	2003			**2002**	
($ thousands)	**Three months ended December 31**	**Three months ended September 30**	**Twelve months ended December 31**	**Three months ended December 31**	**Twelve months ended December 31**
Cash flows from operating activities	$ 95,357	$ 73,611	$ 360,964	$ 87,236	$ 190,109
Add (deduct):					
Changes in non-cash working capital and the utilization of prepaid natural gas	(32,093)	(4,606)	(30,554)	4,509	54,485

Other non-cash operating expenses	(6,159)	(2,372)	(13,158)	(3,162)	(10,030)
Asset restructuring charges cash settlements	9,787		9,787		
Interest expense	10,358	11,035	38,815	5,945	28,972
Interest and other income	(3,195)	(2,372)	(13,843)	(1,665)	(10,365)
Income taxes current	8,783	7,745	39,586	6,159	16,465
EBITDA	$ 82,838	$ 83,041	$ 391,597	$ 99,022	$ 269,636

Methanex Corporation

Consolidated Statements of Income and Retained Earnings (unaudited)	**Three months ended December 31**		**Years ended December 31**	
(thousands of U.S. dollars, except number of shares and per share amounts)	**2003**	**2002**	**2003**	**2002**
Revenue	$ 351,555	$ 306,993	$ 1,394,450	$ 1,008,792
Cost of sales and operating expenses	268,717	207,971	1,002,853	739,156
Depreciation and amortization	26,939	26,084	95,107	111,289
Operating income before undernoted items	55,899	72,938	296,490	158,347
Interest expense (note 8)	(10,358)	(5,945)	(38,815)	(28,972)
Interest and other income	3,195	1,665	13,843	10,365
Asset restructuring charges (note 9)	(139,352)	(115,387)	(139,352)	(115,387)
Write-off of plant and equipment under development (note 2)			(39,833)	
Site restoration adjustment		26,972		26,972
Income (loss) before income taxes	(90,616)	(19,757)	92,333	51,325
Income taxes:				