



CHEMSYSTEMS
SBA PROGRAM

Report Abstract

Methanol Strategic Business Analysis

January 2012

CHEMSYSTEMS SBA PROGRAM

Report Abstract

Methanol Strategic Business Analysis

January 2012



Griffin House, 1st Floor South, 161 Hammersmith Road, London W6 8BS, UK
Tel: +44 20 7950 1600 Fax: +44 20 7950 1550

Nexant, Inc. (www.nexant.com) is a leading management consultancy to the global energy, chemical, and related industries. For over 38 years, ChemSystems has helped clients increase business value through assistance in all aspects of business strategy, including business intelligence, project feasibility and implementation, operational improvement, portfolio planning, and growth through M&A activities. Nexant has its main offices in San Francisco (California), White Plains (New York), and London (UK), and satellite offices worldwide.

Nexant's Methanol SBA program details the core issues and insights from our accumulated expertise to providing subscribers with a good understanding of not only the fundamental drivers but also likely future strategic direction of the methanol industry. For details on how to access our detailed Strategic Business Analysis on Methanol please contact chemsystems@nexant.com.

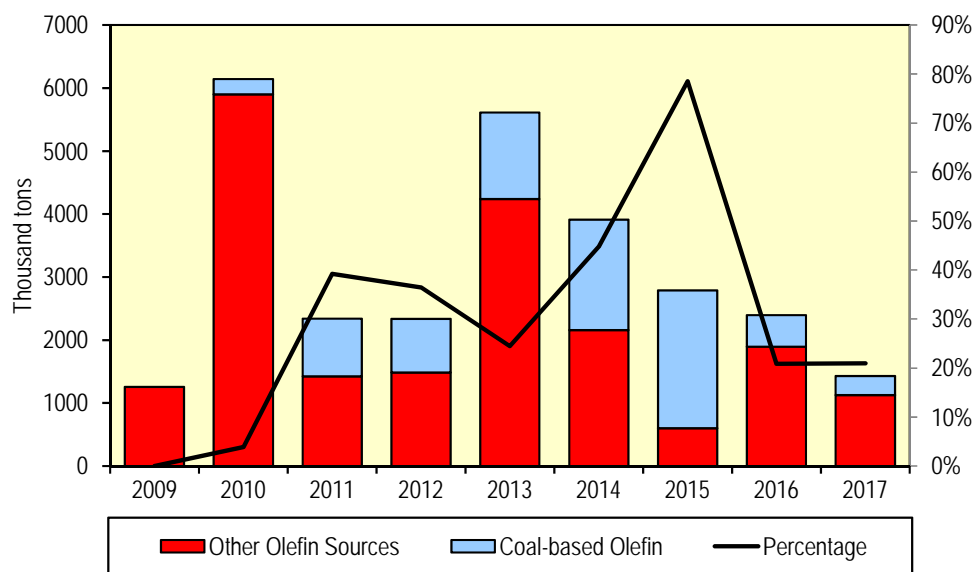
Copyright © by Nexant Inc. 2012. All rights reserved.

Methanol Strategic Business Analysis

In contrast to 2009, in 2010 the methanol industry experienced significant growth. Fuel uses such as gasoline blending and DME continued to drive demand. Moreover, demand in chemical applications such as acetic acid and formaldehyde, which suffered from a slowdown in 2009, gave signs of recovery.

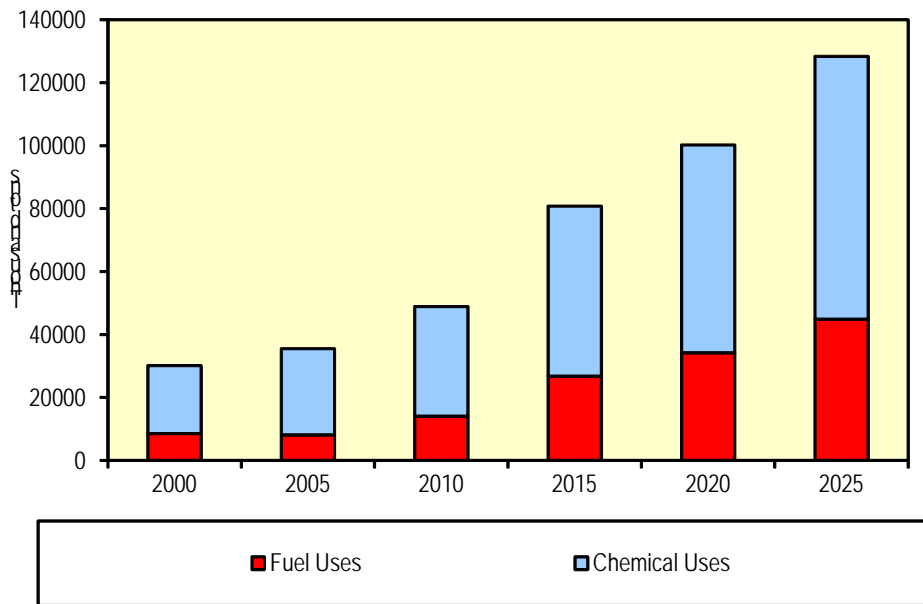
In 2011, global methanol demand improved, significantly higher than that of GDP growth. Demand is estimated to have surpassed the 50 million tons mark, strongly driven by gasoline blending and olefins applications. Out of the anticipated 16 million tons of olefins additions by 2015, six million tons of added olefins capacity will be coal-based plants, i.e. from methanol conversion.

Figure 1.1 Incremental Methanol Consumption by Application



Methanol prices in 2011 remain strong amid high energy values and tighter supply. Supply shortages in Trinidad, Libya and China contributed to higher prices. Natural gas-based methanol plants in the U.S. have enjoyed good margins with more idled capacity expected to come on stream in 2012. Despite this, Nexant believes that no new greenfield investments will materialise in the U.S.

Figure 1.2 Global Methanol Demand



China is expected to continue leading capacity developments as new coal-based projects emerge. The question is when the government will put a cap on the number of new projects as the coal-based industry faces more challenges.

Nexant's wealth of experience in the methanol sector, combined with our wider global presence in global gas, coal gasification, refined products, biofuel and petrochemical industries, provides us with a unique overview of all factors influencing the development of the methanol business worldwide. The Methanol SBA program details the core issues and insights from our accumulated expertise to providing subscribers with a good understanding of not only the fundamental drivers but also likely future strategic direction of the methanol industry. We believe this is an invaluable source of insight and strategic business analysis for executives and managers at all levels of the business.

Figure 1.3 Nexant's Unique Blend of Capabilities

| STRATEGY CONSULTING | GLOBAL GAS PRACTICE |
|---|---|
| <ul style="list-style-type: none"> ▪ Distilling key trends to understand businesses ▪ Portfolio appraisal and positioning ▪ Merger & acquisition support ▪ Customer segmentation ▪ Manufacturing Strategy ▪ Value chain positioning ▪ Growth Strategy ▪ Industry structure analyses | <ul style="list-style-type: none"> ▪ Global gas availability and pricing ▪ Strong experience of alternative gas monetization options including LNG, GTL, ammonia and power ▪ National and regional energy planning ▪ Gas development projects ▪ Gas asset management ▪ Gas value chain analyses |
| CHEMICALS PRACTICE | DOWNSTREAM OIL AND BIOFUELS PRACTICE |
| <ul style="list-style-type: none"> ▪ Strong understanding of methanol and derivative markets, technology and economics ▪ Strong olefins experience and active MTO/MTP evaluation engagements ▪ Market dynamics research and analysis and forecasts ▪ Pricing and profitability scenarios ▪ Performance benchmarking ▪ Cost curve assessments ▪ Techno-economic feasibility studies | <ul style="list-style-type: none"> ▪ Petroleum value chain analysis including ports & terminals, refining, storage & distribution, terminals & depots, fuel wholesaling and retailing ▪ Biofuel market and technology development ▪ Good understanding of fuel markets and the potential for methanol use as a gasoline blendstock, bio-diesel feedstock and DME feedstock |

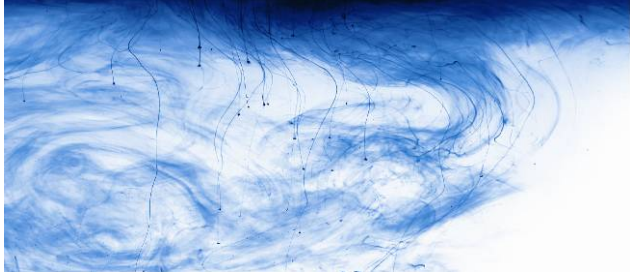
This analysis is presented in ChemSystems' Strategic Methanol Business Analysis (SBA) program subscription which provides:

- Strategic trends and challenges facing the industry such as trends of the methanol industry in connection with natural gas pricing, shale gas in the U.S., challenges that the Chinese coal-to-chemicals industry is facing and methanol-to-olefins economics compared to other processes..
- Business fundamentals comprising market dynamics, profitability and pricing, a technology review including coal gasification and new developments, and delivered cost competitiveness.

If you have any comments on the analysis, please contact Eduard Lindner at: elindner@nexant.com.

For details on how to access our detailed Strategic Business Analysis on Methanol please contact chemsystems@nexant.com

See Nexant's new [Ammonia-Urea SBA Program](#) for similar coverage for this sector.



Nexant, Inc.

San Francisco
London
Tokyo
Bangkok
New York
Washington
Houston
Phoenix
Madison
Boulder
Dusseldorf
Beijing
Shanghai
Paris

www.chemsystems.com