DIAGEO PLC
Form 6-K
July 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

29 July 2015

Commission File Number: 001-10691

DIAGEO plc
(Translation of registrant's name into English)

Lakeside Drive, Park Royal, London NW10 7HQ
(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 ....X..... Form 40-F ....

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ....

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ....

PRESS RELEASE

29 July 2015

Diageo announces changes to its Board of Directors

Diageo announces the appointment of Emma Walmsley as a Non-Executive Director effective 1 January 2016. Emma will also join the Audit, the Nomination and the Remuneration Committees on appointment.

Having been on Diageo's Board for nine years, Diageo also announces that Laurence Danon will step down at its upcoming Annual General Meeting, 23 September 2015.

Emma Walmsley is currently Chief Executive Officer of GSK Consumer Healthcare, a global joint venture between GSK and Novartis. As chief executive of GSK Consumer Healthcare, Emma is responsible for overseeing the world's leading over-the-counter (OTC) healthcare company. During her tenure as chief executive, GSK Consumer Healthcare has become the leader in 36 markets as well as gaining a strong position in broader growth areas. Prior to her current role at GSK, Emma was President of GSK Consumer Healthcare and has been a member of GSK's Executive Team since 2011. Emma moved to GSK from L'Oreal where she worked in marketing and general management for 17 years.

Diageo Chairman, Dr Franz Humer said:

"I look forward to welcoming Emma to Diageo's Board. She brings to Diageo a strong blend of commercial and marketing insight. She has significant experience in consumer products, and understands the consumer mindset and how to shape consumer trends. Her work across mature and fast developing countries will support us as we embed our expanded geographic footprint and maximise our strong platform for growth.

"I would also like to thank Laurence Danon for her contribution as a Non-Executive Director over the last nine years. Laurence has been a valued member of the Board during a period of progress and growth for Diageo."

ENDS

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Notes to Editors

About Emma Walmsley

Emma Walmsley is the Chief Executive Officer of GSK Consumer Healthcare, a Joint Venture between GSK and Novartis. GSK Consumer Healthcare is the #1 over-the-counter (OTC) company in the world, a leader in 36 markets as well as holding a strong position in specialist oral health, skin health and family nutrition. Prior to this Emma was President of GlaxoSmithKline Consumer Healthcare and has been a member of GSK's Corporate Executive Team since 2011. She joined GSK in 2010, with responsibility for Consumer Healthcare, Europe.

Prior to joining GSK, Emma worked with L'Oreal for 17 years where she held a variety of marketing and general management roles in Paris, London and New York. From 2007 she was based in Shanghai as General Manager, Consumer Products for L'Oreal China.

About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, J B, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com, for information, initiatives, and ways to share best practice.

Celebrating life, every day, everywhere.

SIGNATURES

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

Diageo plc
(Registrant)

Date: 29 July 2015 By: /s/ J Nichols
Name: J Nicholls
Title: Deputy Company Secretary

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(53,873
)

(114,792
)
83,570

Cash and cash equivalents, beginning of period
320,254

361,333

375,479

223,890

Cash and cash equivalents, end of period
$
260,687

$
307,460

$
260,687

$
307,460

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation
Notes to Condensed Consolidated Interim Financial Statements (unaudited)
Except where otherwise noted, tabular dollar amounts are stated in thousands of U.S. dollars.
1. Basis of presentation:

Methanex Corporation ("the Company") is an incorporated entity with corporate offices in Vancouver, Canada. The Company's operations consist of the production and sale of methanol, a commodity chemical. The Company is the world's largest producer and supplier of methanol to the major international markets of Asia Pacific, North America, Europe and South America.

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements except for the adoption of IFRS 15 as described in our condensed consolidated interim financial statements for the three months ended March 31, 2018.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Audit, Finance & Risk Committee of the Board of Directors on October 24, 2018.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017.

In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the current operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the current finance lease accounting. The standard replaces IAS 17, Leases ("IAS 17") and related interpretations and is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 may be applied using a retrospective or modified retrospective approach on transition. The Company plans to transition to IFRS 16 in accordance with the modified retrospective approach and as such will not be required to restate comparative periods. Upon adoption, the incremental lease liability for leases currently classified as operating under IAS 17 will be measured at the present value of lease payments remaining in the lease term discounted using the Company's incremental borrowing rates on the date of transition. The lease asset will be measured as if IFRS 16 was always in effect, resulting in an adjustment to retained earnings on transition.

The Company is currently completing its transition project and quantifying the impact of the new standard under the modified retrospective approach. The recognition of all leases on balance sheet is expected to materially increase the assets and liabilities on the Consolidated Statement of Financial Position upon adoption. The increase primarily relates to ocean vessels, terminal facilities and other right of use assets currently accounted for as operating leases and disclosed in the commitments and contingencies note of the Company's annual consolidated financial statements.

In addition, the nature and timing of certain expenses related to leases previously classified as operating and presented in cost of sales and operating expenses will now change and be presented in depreciation and amortization and finance costs.
The Company expects that adoption of IFRS 16 will significantly impact the consolidated financial statements. The Company will provide the quantitative impact of this standard in the Company's annual consolidated financial statements.

2. Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. The amount of inventories recognized as an expense in cost of sales and operating expenses and depreciation and amortization for the three and nine month periods ended September 30, 2018 is $732 million (2017 - $565 million) and $2,021 million (2017 - $1,616 million), respectively.

3. Other assets:

As at September 30, 2018, the Company holds $76 million in short-term, highly liquid investments held under restricted terms, of which $70 million has been recorded as current as it is expected to be spent within one year. Use of the funds is restricted for the construction of certain vessels, funding of a debt service account, and repayment or distribution to non-controlling interest shareholders.

4. Property, plant and equipment:

	Buildings, Plant Installations & Machinery	Finance Leases	Other	Total
Cost at September 30, 2018	$4,728,108	$218,182	$359,465	$5,305,755
Accumulated depreciation at September 30, 2018	2,075,201	45,994	161,124	2,282,319
Net book value at September 30, 2018	$2,652,907	$172,188	$198,341	$3,023,436
Cost at December 31, 2017	$4,648,924	$215,773	$275,493	$5,140,190
Accumulated depreciation at December 31, 2017	1,956,317	33,927	151,620	2,141,864
Net book value at December 31, 2017	$2,692,607	$181,846	$123,873	$2,998,326

5. Interest in Atlas joint venture:

a) The Company has a 63.1% equity interest in Atlas Methanol Company Unlimited ("Atlas"). Atlas owns a 1.8 million tonne per year methanol production facility in Trinidad. The Company accounts for its interest in Atlas using the equity method. Summarized financial information of Atlas (100% basis) is as follows:

Statements of financial position	Sep 30 2018	Dec 31 2017
Cash and cash equivalents	$19,506	$8,361
Other current assets	58,275	79,738
Non-current assets	264,036	289,671
Current liabilities	(28,973)	(41,388)
Other long-term liabilities, including current maturities	(148,596)	(157,935)
Net assets at 100%	$164,248	$178,447
Net assets at 63.1%	$103,640	$112,600
Long-term receivable from Atlas	76,322	76,322
Investment in associate	$179,962	$188,922

Statements of income	Three Months Ended Sep 30 2018	Sep 30 2017	Nine Months Ended Sep 30 2018	Sep 30 2017
Revenue	$91,558	$110,451	$353,659	$353,849
Cost of sales and depreciation and amortization	(51,791)	(61,331)	(211,151)	(203,375)
Operating income	39,767	49,120	142,508	150,474
Finance costs, finance income and other expenses	(2,661)	(2,701)	(8,300)	(8,453)
Income tax expense	(13,582)	(16,484)	(48,405)	(50,667)
Net earnings at 100%	$23,524	$29,935	$85,803	$91,354
Earnings of associate at 63.1%	$14,844	$18,889	$54,142	$57,644
Dividends received from associate	$28,395	$27,133	$63,102	$71,934

b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005 to 2011 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until late July 2014.

The Company has lodged objections to the assessments. Based on the merits of the cases and legal interpretation, management believes its position should be sustained.

6. Long-term debt:

As at	Sep 30 2018	Dec 31 2017
Unsecured notes		
$350 million at 3.25% due December 15, 2019	$348,781	$348,060
$250 million at 5.25% due March 1, 2022	248,377	248,072
$300 million at 4.25% due December 1, 2024	297,141	296,873
$300 million at 5.65% due December 1, 2044	295,217	295,158
	1,189,516	1,188,163
Egypt limited recourse debt facilities	100,802	241,190
Other limited recourse debt facilities	168,615	72,918
Total long-term debt [1]	1,458,933	1,502,271
Less current maturities [1]	(33,610)	(55,905)
	$1,425,323	$1,446,366

[1] Long-term debt and current maturities are presented net of deferred financing fees.

During the quarter ended September 30, 2018, the Company made repayments of $55.3 million (including $37.5 million as an early repayment of principal) on its Egypt limited recourse debt facilities and repayments of $2.1 million on its other limited recourse debt facilities. The Company also issued $80 million of other limited recourse debt facilities, using the proceeds to repay $60.6 million other limited recourse debt facilities. Other limited recourse debt facilities relate to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control.

The Company maintains a $300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2022. Significant covenant and default provisions of the facility include:
a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments to the limited recourse subsidiaries,
b) a default if payment is accelerated by a creditor on any indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and
c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the entity that carries the debt. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Since 2015, certain conditions had not been met, resulting in a restriction on shareholder distributions from the Egypt entity. Under amended terms reached in 2017, shareholder distributions are permitted commencing in 2018 if the average gas deliveries over the prior 12 months are greater than 70% of gas nominations. The first $100 million of shareholder distributions must be matched with $100 million of principal repayments on the Egypt limited recourse debt facilities. During the quarter ended September 30, 2018, an early repayment of $37.5 million of principal and $40 million of distributions to non-controlling interests were made. The early repayment of $37.5 million along with the early repayment made during the three months ended March 31, 2018 relieves the previous early repayment restrictions on shareholder distributions from the Egypt entity. Future distributions from the Egypt entity to its shareholders will not require an equal early principal repayment of the Egypt limited recourse debt facility. As of September 30, 2018, the Egypt cash balance on a 100% ownership basis was $37.9 million.

Failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans or restrict the payment of cash or other distributions.

As at September 30, 2018, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

7. Net income per common share:

Diluted net income per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, tandem share appreciation rights ("TSARs") were exercised or converted to common shares.

Outstanding TSARs may be settled in cash or common shares at the holder’s option and for purposes of calculating diluted net income per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income per common share as compared to the cash-settled method. The cash-settled method was more dilutive for the three and nine month periods ended September 30, 2018 and September 30, 2017, and no adjustment was required for the numerator or the denominator.

Stock options and, if calculated using the equity-settled method, TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR. For the three and nine month periods ended September 30, 2018 and September 30, 2017, stock options were considered dilutive, resulting in an adjustment to the denominator in both periods.
A reconciliation of the denominator used for the purposes of calculating diluted net income per common share is as follows:

	Three Months Ended		Nine Months Ended	
	Sep 30 2018	Sep 30 2017	Sep 30 2018	Sep 30 2017
Denominator for basic net income per common share	79,263,939	85,769,423	81,517,418	87,727,375
Effect of dilutive stock options	77,658	50,561	74,662	53,637
Denominator for diluted net income per common share	79,341,597	85,819,984	81,592,080	87,781,012

8. Share-based compensation:

a) Share appreciation rights ("SARs"), TSARs and stock options:

(i) Outstanding units:

Information regarding units outstanding at September 30, 2018 is as follows:

	SARs		TSARs	
(per share amounts in USD)	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2017	1,450,077	$ 45.11	2,043,495	$ 46.62
Granted	141,300	55.28	317,900	54.65
Exercised	(469,685)	37.16	(678,525)	41.52
Cancelled	(9,948)	53.43	(8,267)	47.25
Expired	(7,981)	28.74	—	—
Outstanding at June 30, 2018	1,103,763	$ 49.84	1,674,603	$ 50.21
Exercised	(90,595)	41.87	(196,249)	41.52
Cancelled	(6,634)	52.66	—	—
Outstanding at September 30, 2018	1,006,534	$ 50.54	1,478,354	$ 51.36

	Stock Options	
(per share amounts in USD)	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2017	262,535	$45.09
Granted	21,900	54.65
Exercised	(36,890)	36.23
Cancelled	(1,600)	42.38
Outstanding at June 30, 2018	245,945	$ 47.29
Exercised	(38,124)	42.98
Cancelled	(1,500)	73.13
Outstanding at September 30, 2018	206,321	$47.89

Range of Exercise Prices (per share amounts in USD)	Units Outstanding at September 30, 2018			Units Exercisable at September 30, 2018	
	Weighted Average Remaining Contractual Life (Years)	Number of Units Outstanding	Weighted Average Exercise Price	Number of Units Exercisable	Weighted Average Exercise Price
SARs:					
$25.97 to $35.51	3.97	245,919	$34.23	130,565	$33.90
$38.24 to $50.17	3.66	258,817	44.90	151,866	41.20
$54.65 to $73.13	3.92	501,798	61.44	363,098	63.78
	3.86	1,006,534	$50.54	645,529	$52.43
TSARs:					
$25.97 to $35.51	4.16	356,739	$34.40	170,161	$34.20
$38.24 to $50.17	4.65	388,386	47.87	164,035	44.71
$54.65 to $73.13	4.36	733,229	61.46	418,629	66.58
	4.39	1,478,354	$51.36	752,825	$54.49
Stock options:					
$25.97 to $35.51	3.75	64,567	$34.11	43,931	$33.89
$38.24 to $50.17	3.26	57,754	43.70	39,351	40.67
$54.65 to $73.13	3.87	84,000	61.37	62,100	63.74
	3.66	206,321	$47.89	145,382	$48.47

(ii) Compensation expense related to SARs and TSARs:

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value each period are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value at September 30, 2018 was $78.9 million compared with the recorded liability of $71.9 million. The difference between the fair value and the recorded liability of $7.0 million will be recognized over the weighted average remaining vesting period of approximately 1.5 years. The weighted average fair value was estimated at September 30, 2018 using the Black-Scholes option pricing model.

For the three and nine month periods ended September 30, 2018, compensation expense related to SARs and TSARs included an expense in cost of sales and operating expenses of $17.9 million (2017 - $14.8 million) and $47.3 million (2017 - $17.3 million), respectively. This included an expense of $17.0 million (2017 - $13.8 million) and $41.5 million (2017 - recovery of $11.1 million), respectively, related to the effect of the change in the Company’s share price for the three and nine month periods ended September 30, 2018.

(iii) Compensation expense related to stock options:

For the three and nine month periods ended September 30, 2018, compensation expense related to stock options included in cost of sales and operating expenses was $0.1 million (2017 - $0.1 million) and $0.3 million (2017 - $0.4 million), respectively. The fair value of each stock option grant was estimated on the grant date using the Black-Scholes option pricing model.

b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding at September 30, 2018 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performance Share Units
Outstanding at December 31, 2017	224,846	20,455	604,895
Granted	6,833	8,700	149,200
Performance factor impact on redemption [1]		—	(127,733)
Granted in-lieu of dividends	2,212	306	6,070
Redeemed	(28,001)	—	(42,577)
Cancelled	—	—	(12,341)
Outstanding at June 30, 2018	205,890	29,461	577,514
Granted	342	—	—
Granted in-lieu of dividends	863	126	2,450
Redeemed	—	—	—
Cancelled	—	—	(3,766)
Outstanding at September 30, 2018	207,095	29,587	576,198

1 Performance share units have a feature where the ultimate number of units that vest are adjusted by a performance factor of the original grant as determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. These units relate to performance share units redeemed in the quarter ended March 31, 2018.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units at September 30, 2018 was $86.3 million compared with the recorded liability of $73.1 million. The difference between the fair value and the recorded liability of $13.2 million will be recognized over the weighted average remaining vesting period of approximately 1.6 years.

For the three and nine month periods ended September 30, 2018, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of $13.1 million (2017 - $11.2 million) and an expense of $31.9 million (2017 - $13.7 million), respectively. This included an expense of $12.4 million (2017 - $10.6 million) and $28.7 million (2017 - $11.2 million), respectively, related to the effect of the change in the Company's share price for the three and nine month periods ended September 30, 2018.

9. Changes in non-cash working capital:

Changes in non-cash working capital for the three and nine month periods ended September 30, 2018 and 2017 were as follows:

	Three Months Ended		Nine Months Ended	
	Sep 30 2018	Sep 30 2017	Sep 30 2018	Sep 30 2017
Changes in non-cash working capital:				
Trade and other receivables	$(62,623)	$(17,424)	$(62,445)	$(16,122)
Inventories	27,381	(18,039)	(17,997)	(19,648)
Prepaid expenses	(12,705)	1,104	(10,651)	(8,529)
Trade, other payables and accrued liabilities	(33,497)	34,721	(4,802)	101,434
	(81,444)	362	(95,895)	57,135
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	15,303	(18,697)	37,862	(75,456)
Changes in non-cash working capital having a cash effect	$(66,141)	$(18,335)	$(58,033)	$(18,321)
These changes relate to the following activities:				
Operating	$(65,717)	$(26,600)	$(59,583)	$(25,679)
Financing	(3,027)	3,107	4,000	5,388
Investing	2,603	5,158	(2,450)	1,970
Changes in non-cash working capital	$(66,141)	$(18,335)	$(58,033)	$(18,321)

The Company has reclassified the presentation of amounts in the comparative figures relating to accrued distributions to non-controlling interests in Changes in non-cash working capital from Operating activities to Financing activities.

10. Financial instruments:

Financial instruments are either measured at amortized cost or fair value.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and derivative financial instruments to hedge its risk exposure to fluctuations in the euro compared to the U.S. dollar.

The fair value of derivative instruments is determined based on industry-accepted valuation models using market observable inputs and are classified within Level 2 of the fair value hierarchy. The fair value of all of the Company's derivative contracts as presented in the consolidated statements of financial position are determined based on present values and the discount rates used are adjusted for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income. The spot element of forward contracts in the hedging relationships is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element excluded from the hedging relationships.

Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates.

Natural gas forward contracts
The Company manages its exposure to changes in natural gas prices for a portion of its North American natural gas requirements by executing a number of fixed price forward contracts.
The Company has entered into forward contracts to manage its exposure to changes in natural gas prices for the Geismar 2 facility which it has designated as cash flow hedges. The Company has also entered into physical forward contracts to manage its exposure to changes in natural gas prices for the Medicine Hat facility over the period to 2022. The Company has designated contracts for the 2021 and 2022 periods as cash flow hedges for its highly probable forecast natural gas purchases in Medicine Hat. Other costs incurred to transport natural gas from the contracted delivery point, either Henry Hub or AECO, to the relevant production facility represent an insignificant portion of the overall underlying risk and are recognized as incurred outside of the hedging relationship.
As at September 30, 2018, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of $438 million (December 31, 2017 - $473 million) and a negative fair value of $107.4 million (December 31, 2017 - $90.2 million) included in other long-term liabilities.
Euro forward exchange contracts
The Company manages its foreign currency exposure to euro denominated sales by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast euro collections.
As at September 30, 2018, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 39 million euros (December 31, 2017 - 109 million euros). The euro contracts had a positive fair value of $0.6 million included in current assets (December 31, 2017 - negative fair value $0.8 million included in current liabilities).
Fair value
The fair value of the Company's derivative financial instruments as disclosed above are determined based on Bloomberg quoted market prices and confirmations received from counterparties, which are adjusted for credit risk.
The table below shows the nominal net cash flows for derivative hedging instruments, excluding credit risk adjustments, based upon contracted settlement dates. The amounts reflect the maturity profile of the hedging instruments and are subject to change based on the prevailing market rate at each of the future settlement dates. Financial asset derivative positions are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be negligible.

	Cash inflows (outflows) by term to maturity				
	1 year or less	1-3 years	3-5 years	More than 5 years	Total
Natural gas forward contracts	(6,789)	(30,241)	(41,655)	(47,948)	$(126,633)
Euro forward exchange contracts	604	—	—	—	$604

The carrying values of the Company's financial instruments approximate their fair values, except as follows:

	September 30, 2018	
As at	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	$1,473,485	$1,464,179

Long-term debt consists of limited recourse debt facilities and unsecured notes. There is no publicly traded market for the limited recourse debt facilities. The fair value of the limited recourse debt facilities as disclosed on a recurring basis and categorized as Level 2 within the fair value hierarchy is estimated by reference to current market rates as at the reporting date. The fair value of the unsecured notes disclosed on a recurring basis and also categorized as Level 2 within the fair value hierarchy is estimated using quoted prices and yields as at the reporting date. The fair value of the Company's long term debt will fluctuate until maturity.

Methanex Corporation
Quarterly History (unaudited)

	2018	Q3	Q2	Q1	2017	Q4	Q3	Q2	Q1
METHANOL SALES VOLUME									
(thousands of tonnes)									
Methanex-produced [1]	5,403	1,790	1,729	1,884	7,229	1,930	1,753	1,790	1,756
Purchased methanol	2,124	802	709	613	2,289	633	757	387	512
Commission sales [1]	929	279	329	321	1,151	289	261	297	304
	8,456	2,871	2,767	2,818	10,669	2,852	2,771	2,474	2,572
METHANOL PRODUCTION									
(thousands of tonnes)									
New Zealand	1,217	478	252	487	1,943	558	502	350	533
Geismar (Louisiana, USA)	1,551	520	518	513	1,935	506	499	437	493
Trinidad (Methanex interest)	1,254	353	442	459	1,768	466	457	449	396
Egypt (50% interest)	458	128	165	165	534	145	71	159	159
Medicine Hat (Canada)	440	144	143	153	593	158	158	159	118
Chile	406	112	128	166	414	109	78	60	167
	5,326	1,735	1,648	1,943	7,187	1,942	1,765	1,614	1,866
AVERAGE REALIZED METHANOL PRICE [2]									
($/tonne)	407	413	405	402	337	350	307	327	365
($/gallon)	1.22	1.24	1.22	1.21	1.01	1.05	0.92	0.98	1.10
ADJUSTED EBITDA	874	293	275	306	838	254	143	174	267
PER SHARE INFORMATION									
($ per common share attributable to Methanex shareholders)									
Adjusted net income	5.71	1.92	1.75	2.03	4.71	1.70	0.60	0.85	1.56
Basic net income	5.01	1.62	1.36	2.02	3.64	0.81	0.38	0.96	1.47
Diluted net income	5.00	1.61	1.36	2.00	3.64	0.81	0.38	0.89	1.46

1 Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). There was 20,000 MT of Tolling Volume produced in the third quarter of 2018 and 48,000 MT in the second quarter of 2018. There was no Tolling Volume in the third quarter of 2017.

2 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 volume of Methanex-produced and purchased methanol, but excluding Tolling Volume.

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 24, 2018	By: /s/ KEVIN PRICE
	Name: Kevin Price
	Title: General Counsel and Corporate Secretary