



**New Zealand Aluminium Smelters Limited  
MEDIA RELEASE**

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**Another disappointing result for Tiwai Smelter's owner**

Rio Tinto Alcan (New Zealand) Limited (RTANZ) today released its annual financial report for the year ending December 2013 posting an underlying, after tax, loss of \$18 million compared to the prior year's underlying loss of \$49 million.

"While unfavourable economic conditions continue to put considerable pressure on the smelter, we are doing everything in our control to improve our on-going commercial position. In 2013 alone we managed to save \$28 million through continuous improvement initiatives," says New Zealand Aluminium Smelter's (NZAS) Chief Executive and General Manager, Gretta Stephens.

The net underlying loss of \$18 million is reached after adjustments totalling \$85 million dollars are deducted from the statutory profit of \$67 million. These adjustments are related to the non-cash changes in the fair value of financial instruments associated with the power contract with Meridian Energy Ltd.

As in 2012, the underlying results of the Group are a loss despite the renegotiation of NZAS' power contract with Meridian Energy Ltd and the \$30 million payment from the government in recognition of the smelters' importance to the stability of the New Zealand electricity market. During 2013 and to date in 2014 the smelter continues to face significant challenges from a combination of low international metal prices, the strong New Zealand dollar and the high cost of delivered power.

Ms Stephens says, "We have a proud tradition of employing generations of Southlanders and contributing hundreds of millions dollars to the New Zealand economy every year and we intend to work as hard as we can so that NZAS can keep making that contribution in the future."

***Reconciliation of Statutory Profit to Underlying Loss***

\$M	2013	2012
Statutory profit/(loss) after tax	67	(549)
Adjust for the following <b>after tax</b> items		
• Changes in fair value of financial instruments relating to the energy contract with Meridian Energy	(84)	(28)
• Impairment charge	(1)	528
Underlying (loss) after tax	(18)	(49)

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## **Editors' notes:**

### **About NZAS**

The Tiwai Point smelter is a world class facility which contributes \$525 million to the Southland economy annually (10.5 per cent of Southland's GDP) and supports more than 3,200 direct and indirect jobs in the region. In 2013, NZAS made \$352 million in payments to New Zealand suppliers, including \$42 million to suppliers in Southland.

### **NZAS is a tolling company:**

The NZAS financial results have been released at the same time as the RTANZ results. NZAS is a tolling company that converts alumina into aluminium on behalf of its owners. It is the parent company's results reported through RTANZ that reflect the full costs of the raw material, production costs and revenue from the sale of aluminium.

As a tolling company NZAS simply charges a fee to its owners, RTANZ and Sumitomo Chemical Co. Limited for converting alumina into aluminium. The fee is set so that NZAS recovers its tax deductible costs. A tolling entity typically has an underlying profit or loss of close to \$ nil.

### **Pacific Aluminium:**

In November 2011 Rio Tinto announced that it would parcel up its Australasian Aluminium assets for sale – and Pacific Aluminium was formed. In August 2013, Rio Tinto announced that Pacific Aluminium would not be divested due to changing market conditions. Pacific Aluminium has now been reintegrated into Rio Tinto Alcan.