



pure kiwi mettle

NEW ZEALAND'S ALUMINIUM SMELTER

Tiwai Road, Invercargill, Southland, New Zealand

Private Bag 90110, Invercargill 9840

Courier / Delivery Address: 3 Spey Street, Invercargill

+64-3-218-5999 nzas.co.nz

31 May 2021

MEDIA STATEMENT

Smelter's owners post a loss for 2020, now looking towards the next four years

Rio Tinto's wholly-owned subsidiary Pacific Aluminium (New Zealand) Limited has reported financial results relating to its interest in New Zealand Aluminium Smelters Limited (NZAS), showing an underlying net loss of NZ\$100 million for 2020.

NZAS chief executive and general manager Stew Hamilton said "This result underscores the challenging market environment of 2020, compounded by the input costs of the business."

"In 2021 we have seen an improved aluminium market and in conjunction with the new electricity agreement for the smelter, announced in January 2021, this enables a sustainable extension of operations at Tiwai Point.

"Despite the loss incurred the team is proud of their work over the past year, and proud of our ability to transform New Zealand's sustainable hydro power generation into a valuable export product.

"The team have performed at a consistently high level even when facing the ongoing challenge presented by the COVID-19 pandemic and our strategic review.

"We are now focussing on continuing to contribute to Southland and New Zealand by producing low-carbon, high-quality aluminium used around the globe. We are also working closely with the community, Ngāi Tahu and the New Zealand Government on dealing with waste and remediation of the site at Tiwai Point as well as the best outcomes for a transition beyond 2024."

ENDS

Key facts:

Reconciliation of Statutory Profit to Underlying Loss

\$M	2020	2019	2018	2017	2016	2015	2014
Statutory profit/(loss) after tax	(366)	(313)	207	(18)	67	173	74
Adjust for the following after tax items							
□ Changes in fair value of financial instruments relating to the energy contract with Meridian Energy	43	267	(186)	93	(42)	(119)	(17)
□ Impairment charge	223						
Underlying profit or (loss) after tax	(100)	(46)	22	75	25	54	56

Operated by



New Zealand Aluminium Smelters Limited

About NZAS

The Tiwai Point smelter is a world-class facility which contributes millions of dollars to the Southland economy annually. In 2020 NZAS paid NZ\$394 million to New Zealand suppliers, including NZ\$54 million to suppliers in Southland. NZAS paid a total of \$87 million dollars in salaries and benefits to employees. NZAS is one of two smelters in the world producing ultra-high purity aluminium and the only one producing this using electricity generated from renewable sources.

NZAS is a tolling company

NZAS is 79.36% owned by Pacific Aluminium (New Zealand) Limited, part of the Pacific Aluminium business unit of Rio Tinto, and 20.64% by Japanese company, Sumitomo Chemical Company Limited.

The NZAS financial results have been released at the same time as the results for Pacific Aluminium (New Zealand) Limited (PacAI NZ). NZAS is a tolling company that converts alumina into aluminium on behalf of its owners. It is PacAI NZ's results that reflect the full costs of the raw material, production costs and revenue from the sale of aluminium for Pacific Aluminium's interest.

Please note that the NZAS accounts reflect a tolling operation therefore:

- As a tolling entity, NZAS processes alumina owned and supplied to it by its owners (Pacific Aluminium New Zealand Ltd (PANZ) and SCC), who also own the finished goods (primary aluminium in its various forms) produced from their alumina.
- All responsibilities for alumina acquisition and ownership, delivery to the smelter and sale of finished goods sit with the smelter's owners (PANZ and SCC) not with NZAS.
- NZAS does not at any stage purchase or own the alumina or sell the finished goods, and hence its accounts do not reflect the profitability of converting alumina to aluminium, however the PANZ accounts do.
- PANZ's sole interest is in the New Zealand Aluminium Smelter.

NZAS Contact:

Jennifer Nolan, Director External Relations, Rio Tinto Aluminium New Zealand
Phone: (021) 381-981