



pure kiwi mettle

**NEW ZEALAND'S ALUMINIUM SMELTER**

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## MEDIA STATEMENT

### **NZAS doubles remediation and closure provision, underlying profit improves after challenging two years**

New Zealand Aluminium Smelters Limited (NZAS) has increased the remediation and closure provision in its 2021 financial results to \$687 million, nearly double the \$352 million provision included in last year's results.

This provision represents identified costs relating to site remediation activities including the removal of waste including spent cathode lining (SCL), demolition of site infrastructure and relocating the landfill following an eventual closure of the smelter. The costs have been updated based on detail provided in the recent [Preliminary Closure Study](#).

NZAS Chief Executive and General Manager Chris Blenkiron commented:

"We have committed to remediating the site, whether we remain operating beyond 2024 or not. This updated provision ensures our community can be confident we are putting the right plans in place.

"In the meantime, work is already underway to remove waste as part of our commitment to continue to improve our environmental performance."

Rio Tinto's wholly-owned subsidiary Pacific Aluminium (New Zealand) Limited (PANZ), which is the smelter's majority owner, has reported financial results relating to its interest in NZAS, showing an underlying net profit of NZ\$140 million for 2021.

"This result underscores the unpredictability of the market environment, 2021 saw a strong improvement in the aluminium market after two years of challenging conditions.

"While we are pleased with the result, as a widely traded commodity aluminium prices are prone to fluctuations, and we are expecting continued volatility due to the ongoing impacts of the COVID-19 pandemic, supply chain disruptions and inflationary pressures on consumer demand," said Mr Blenkiron.

Operated by

**RioTinto**

New Zealand Aluminium Smelters Limited

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In 2021 NZAS produced 332,115 tonnes of some of the highest quality, lowest carbon aluminium in the world.

NZAS reported an underlying loss of (\$179.5M) which takes into account the increase in remediation and closure provision to \$687 million. NZAS is a tolling entity and its results do not reflect full costs of the raw material, production costs and revenue from the sale of aluminium for PANZ's interest.

**Reconciliation of Pacific Aluminium (New Zealand) Statutory Profit to Underlying Loss**

\$M	2021	2020	2019	2018	2017	2016	2015	2014
Statutory profit/(loss) after tax	140	(366)	(313)	207	(18)	67	173	74
Adjust for the following <b>after tax</b> items:	-							
<ul style="list-style-type: none"> <li>• Changes in fair value of financial instruments relating to the energy contract with Meridian Energy</li> <li>• Impairment charge</li> </ul>		43	267	(186)	93	(42)	(119)	(17)
		223						
Underlying profit or (loss) after tax	140	(100)	(46)	22	75	25	54	56

**Editors' notes**

**About NZAS**

The Tiwai Point smelter is a world-class facility which contributes millions of dollars to the Southland economy annually. In 2021 NZAS paid NZ\$319 million to New Zealand suppliers, including NZ\$55 million to suppliers in Southland. NZAS paid a total of \$88.32million 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 (PacAl NZ). NZAS is a tolling company that converts alumina into aluminium on behalf of its owners. It is PacAl 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.

**ENDS**

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[PANZ 2021 Accounts](#)

[NZAS 2021 Accounts](#)