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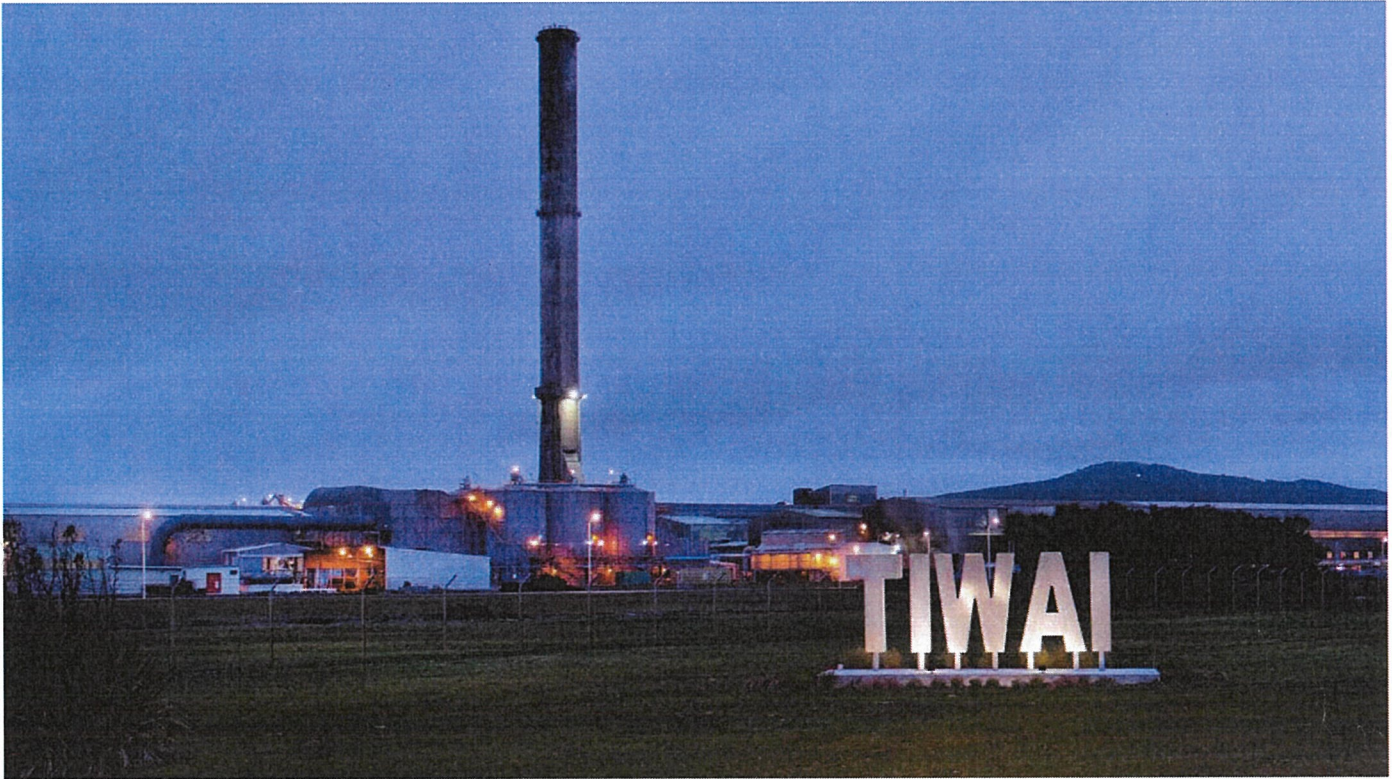
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# Rio Tinto books \$122 million profit from NZ aluminium smelter

Tom Pullar-Strecker · 10:09, Jun 01 2023



JOHN HAWKINS/STUFF

The Tiwai smelter is proving a nice earner for Rio Tinto but still faces a 2024 deadline to nail down a new power-supply contract.

Australian mining giant Rio Tinto has booked another big profit from the aluminium smelter in Bluff.

Pacific Aluminium, which is the holding company for Rio Tinto's 79% stake in the smelter, reported an "underlying" profit of \$122 million for the year to the end of December thanks to continued high aluminium prices.

P That profit was down on a bumper \$140m the previous year when aluminium prices began to spike dramatically in the wake of Russia's invasion of Ukraine, but continued the turnaround from the \$100m underlying loss it reported in 2020.

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Rio Tinto is understood to be continuing to try to strike an agreement with power companies that would allow the smelter to remain open beyond the end of next year, when its existing, low-cost power-supply contracts with Meridian and Contact energy expire.

Pacific Aluminium stated in its accounts that its underlying result last year reflected "a mixed operating environment" compared to the previous year.

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tom.pullar-strecker@stuff.co.nz

Higher metal prices and higher-premiums for its high-grade products contributed to a 17.6% increase in its revenues, which reached \$1.18b.

Aluminium prices averaged US\$2703 (NZ\$4505) a tonne last year, which was 9% up on the previous year, and were boosted further in New Zealand dollar terms thanks to the appreciation of the US dollar, while production remained roughly constant at 333,689 tonnes.

But the smelter had to pay more for raw materials, Pacific Aluminium reported. The majority of the aluminium oxide it processes is sourced from two refineries that Rio Tinto owns in Australia.

Aluminium prices appear to have stabilised since June last year, mostly trading in a relatively narrow range of between US\$2200 and \$2400 a tonne.

The remaining 21% of the smelter is owned by Japan's Sumitomo Chemical Company.

The smelter company itself, New Zealand Aluminium Smelter, separately reports results to the Companies Office, but these are based on its tax-deductible costs rather than its revenues, tend to be erratic and do not appear reflective of the actual annual economics of the business.

Those figures show the smelter posting a net loss of \$92m last year despite a 38% increase in revenues.

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