

**NZX & MEDIA RELEASE**

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**South Port Statement on NZAS Tiwai Point Aluminium Smelter Closure**

The closure of NZAS Tiwai Smelter in August 2021 will be a major loss to the regional economy. South Port Chairman, Rex Chapman, said that *“it was disappointing that the Smelter had not been able to reach agreement with the relevant parties to achieve an acceptable reduction in its energy and transmission costs. The impact of this decision on the Southland economy will be significant. It is to be hoped that the small window between now and next August is used to ensure that the financial impact is mitigated both in the short-term and in the longer term. Aquaculture has been identified as Southland’s best near-term economic opportunity and now is the time for that opportunity to be realised as soon as possible.”*

Shareholders were told at the Annual Meeting in October last year that the Smelter represents 33% of South Port’s cargo volume but the Company receives no wharfage revenue for the raw material delivered to the Smelter on the Tiwai wharf. Instead the Smelter pays the Company a licence fee for the wharf structure which is for a fixed term until 2043.

The Company estimates that the Smelter’s overall contribution to net profit after tax, excluding the licence fee which is payable until 2043, to be approximately \$2M. The Company’s net profit after tax last year (FY2019) was \$9.79M. Most recent profit guidance given for the current financial year is for net profit after tax to be in excess of \$8.7M.

While the full effect of the closure will not be felt by the Company until FY2022, there is likely to be an as yet unknown financial impact in the current financial year as the Smelter winds down.

NZAS has been a long-term valued customer of South Port. The businesses have enjoyed a mutually beneficial working relationship and it is sad that this morning’s decision will bring that relationship to an end next year.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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