

# The Cost of Capital Report

As at 30 June 2008

Welcome to our Cost of Capital Report for the June quarter

This document supplements our full analysis of the cost of capital in New Zealand, which can be found on our website [www.pwc.com/nz](http://www.pwc.com/nz)



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## Input Assumptions:

Market Risk Premium	7.5%	Marginal Tax Rate On Debt	30.0%
Risk Free Rate Of Return	6.4%	Investor Tax Rate On Equity	30.0%

Company	NZSE Code	EBIT Multiple	NPAT Multiple	Equity Beta	D / (D + E) Ratio	WACC
<b>Agriculture</b>						
Affco Holdings Ltd	AFF	31.6	131.5	0.67	27%	8.8%
PGG Wrightson Ltd	PGW	19.7	27.7	0.55	45%	7.9%
Sanford Ltd	SAN	16.2	24.4	0.57	24%	8.3%
Turners and Growers	TUR	9.5	18.6	0.58	12%	8.6%
						8.2%
<b>Building Materials &amp; Construction</b>						
Fletcher Building Ltd	FBU	7.1	7.1	1.59	31%	13.4%
Nuplex Industries Ltd	NPX	11.2	16.5	1.33	44%	11.2%
Steel & Tube Holdings Ltd	STU	6.4	8.2	1.11	23%	11.4%
						13.0%
<b>Consumer</b>						
Briscoe Group Ltd	BGR	5.7	8.5	0.50	0%	8.2%
The Colonial Motor Co Ltd	CMO	8.4	13.4	0.37	19%	7.2%
Hallenstein Glasson Holdings Ltd	HLG	4.5	6.7	0.75	0%	10.1%
Kirkcaldie & Stains Ltd	KRK	14.2	24.3	0.46	35%	7.6%
Michael Hill International Ltd	MHI	9.1	13.1	0.48	16%	7.8%
Restaurant Brands New Zealand Ltd	RBD	7.6	8.8	0.64	40%	8.3%
Turners Auctions Ltd	TUA	6.8	7.9	0.91	35%	9.8%
Wakefield Health Ltd	WFD	17.9	34.5	0.54	15%	8.2%
The Warehouse Group Ltd	WHS	8.2	12.1	0.56	9%	8.4%
Postie Plus Group Ltd	PPG	6.2	6.1	1.00	49%	9.6%
Pumpkin Patch Ltd	PPL	6.2	8.7	1.38	16%	13.5%
Smiths City Group Ltd	SCY	9.6	5.3	1.78	83%	8.7%
Seeka Kiwifruit Industries Ltd	SEK	11.1	13.1	0.68	56%	8.1%
						8.9%
<b>Energy</b>						
Contact Energy Limited	CEN	12.6	19.3	0.92	19%	10.4%
Horizon Energy Distribution Ltd	HED	10.2	15.0	0.40	25%	7.2%
Infratil Ltd	IFT	15.7	29.4	1.37	58%	9.9%
The New Zealand Refining Co Ltd	NZR	11.6	15.5	0.89	0%	11.2%
Trustpower Ltd	TPW	17.2	24.1	0.92	19%	10.5%
Vector Ltd	VCT	13.8	18.4	0.83	62%	7.2%
						9.5%
<b>Forestry &amp; Forest Products</b>						
Tenon Ltd	TEN	8.4	7.6	1.06	63%	9.0%
						9.0%
<b>Intermediate &amp; Durables</b>						
EBOS Group Ltd	EBO	12.4	19.5	0.85	5%	10.7%
Fisher & Paykel Appliances Holdings Ltd	FPA	12.1	9.2	1.24	59%	9.3%
Fisher & Paykel Healthcare Corporation Ltd	FPH	13.8	20.8	0.71	4%	9.7%
ProvencoCadmus Ltd	PVO	-31.7	-7.0	1.39	52%	10.8%
Scott Technology Ltd	SCT	6.0	9.2	1.11	0%	12.8%
						9.6%
<b>Investment</b>						
Genesis Research & Development Corp Ltd	GEN	-0.5	-0.5	1.40	0%	15.0%
Hellaby Holdings Ltd	HBY	41.2	-6.7	1.06	72%	9.3%
Sealegs Corporation	SLG	-15.0	-14.2	2.33	5%	21.3%
						10.5%

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<b>Leisure &amp; Tourism</b>						
MCK Hotels New Zealand Ltd	MCK	7.9	10.3	0.65	14%	9.0%
Sky City Entertainment Ltd	SKC	11.4	15.1	1.22	43%	10.8%
Tourism Holdings Ltd	THL	8.6	10.4	1.50	38%	12.3%
						10.7%
<b>Media &amp; Telecommunications</b>						
Sky Network Television Ltd	SKT	13.5	20.5	0.76	28%	9.1%
Telecom Corp of New Zealand Ltd	TEL	7.6	7.7	1.01	36%	9.6%
Teamtalk Ltd	TTK	10.4	11.3	0.50	40%	7.6%
						9.5%
<b>Mining</b>						
New Zealand Oil & Gas Ltd	NZO	381.9	504.1	1.13	10%	12.3%
						12.3%
<b>Ports</b>						
Auckland International Airport Ltd	AIA	16.7	26.2	0.99	28%	10.3%
Lyttelton Port Co Ltd	LPC	17.0	23.7	0.39	24%	7.1%
Northland Port Corporation (NZ) Ltd	NTH	94.6	133.3	0.64	5%	9.1%
Port of Tauranga Ltd	POT	18.3	26.0	0.78	17%	9.6%
South Port New Zealand Ltd	SPN	17.0	25.7	0.44	3%	7.7%
						9.9%
<b>Property</b>						
AMP NZ Office Trust	APT	3.5	3.6	0.49	28%	7.6%
CDL Investments New Zealand Ltd	CDI	3.5	5.2	0.53	0%	8.5%
ING Medical Properties Trust	IMP	12.8	14.9	0.41	27%	7.3%
Kiwi Income Property Trust	KIP	8.9	7.1	0.55	45%	7.4%
Goodman Property Trust	GMT	11.9	10.2	0.47	29%	7.4%
National Property Trust	NAP	14.3	9.4	1.05	72%	8.0%
Property for Industry Ltd	PFI	6.7	5.6	0.50	34%	7.6%
						7.5%
<b>Finance &amp; Other Services</b>						
Abano Healthcare Group Ltd	ABA	15.4	22.5	1.32	34%	11.9%
Metlifecare Ltd	MET	13.8	12.4	0.92	21%	10.3%
Ryman Healthcare Ltd	RYM	21.7	19.1	1.03	13%	11.5%
Taylors Group Ltd	TAY	7.3	9.3	0.76	21%	9.5%
Dominion Finance Holdings Ltd	DFH	7.1	0.4	17.59	98%	11.6%
New Zealand Exchange Ltd	NZX	14.3	21.7	0.97	2%	11.6%
Pyne Gould Corporation Ltd	PGC	12.0	13.3	1.37	78%	8.0%
NZF Group Ltd	NZF	10.1	6.1	3.60	92%	9.2%
						10.6%
<b>Textiles &amp; Apparel</b>						
Cavalier Corporation Ltd	CAV	8.0	9.8	0.83	33%	9.4%
						9.4%
<b>Transport</b>						
Air New Zealand Ltd	AIR	9.4	5.4	1.18	64%	9.1%
Mainfreight Ltd	MFT	9.3	11.4	1.19	12%	12.6%
Freightways Ltd	FRE	11.0	15.1	1.20	32%	11.2%
						9.9%
<b>Overseas</b>						
Guinness Peat Group Plc	GPG	6.3	5.7	0.98	44%	9.7%
GuocoLeisure Ltd	GLL	19.0	52.8	0.61	50%	7.6%
Lion Nathan Ltd	LNN	11.4	18.5	0.38	20%	7.2%
						7.9%
<b>Market Weighted Average</b>						<b>9.5%</b>

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Disclaimer: The Cost of Capital Report is intended as an overview of WACC as at 30 June 2008. Readers are advised that before acting on any matter arising in this report, they should consult PricewaterhouseCoopers Corporate Finance.

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