

# The Cost of Capital Report

As at 30 September 2008

Welcome to our Cost of Capital Report for the September 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	5.7%	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	35.4	153.0	0.65	24%	8.3%
PGG Wrightson Ltd	PGW	10.6	6.6	0.84	64%	8.4%
Sanford Ltd	SAN	18.1	28.0	0.56	21%	7.7%
Turners and Growers	TUR	10.7	21.2	0.55	11%	7.9%
						8.1%
<b>Building Materials &amp; Construction</b>						
Fletcher Building Ltd	FBU	8.0	8.3	1.51	42%	11.6%
Nuplex Industries Ltd	NPX	9.1	10.0	1.36	45%	10.8%
Steel & Tube Holdings Ltd	STU	12.1	19.9	1.27	20%	12.0%
						11.5%
<b>Consumer</b>						
Briscoe Group Ltd	BGR	5.6	8.4	0.75	0%	9.6%
The Colonial Motor Co Ltd	CMO	7.5	11.3	0.45	33%	6.9%
Hallenstein Glasson Holdings Ltd	HLG	4.6	7.0	0.88	0%	10.6%
Kirkcaldie & Stains Ltd	KRK	13.5	22.6	0.47	37%	7.1%
Michael Hill International Ltd	MHI	7.8	10.1	1.10	23%	10.9%
Restaurant Brands New Zealand Ltd	RBD	6.7	7.0	0.62	45%	7.5%
Turners Auctions Ltd	TUA	6.3	7.0	0.87	38%	9.0%
Wakefield Health Ltd	WFD	10.9	16.1	0.49	13%	7.5%
The Warehouse Group Ltd	WHS	6.2	8.9	0.61	11%	8.3%
Postie Plus Group Ltd	PPG	5.3	4.4	0.80	58%	8.0%
Pumpkin Patch Ltd	PPL	5.7	7.8	1.38	18%	12.9%
Smiths City Group Ltd	SCY	10.0	6.6	1.49	80%	8.1%
Seeka Kiwifruit Industries Ltd	SEK	15.3	14.4	0.72	58%	7.6%
						9.1%
<b>Energy</b>						
Contact Energy Limited	GEN	12.3	18.9	0.97	19%	10.4%
Horizon Energy Distribution Ltd	HED	10.8	16.2	0.39	24%	6.7%
Infratil Ltd	IFT	16.8	34.3	1.41	55%	10.6%
The New Zealand Refining Co Ltd	NZR	10.4	13.9	0.96	0%	11.2%
Trustpower Ltd	TPW	18.5	25.2	0.93	24%	9.8%
Vector Ltd	VCT	13.2	14.1	0.89	61%	6.9%
						9.4%
<b>Forestry &amp; Forest Products</b>						
Tenon Ltd	TEN	8.2	7.2	0.90	64%	8.0%
						8.0%
<b>Intermediate &amp; Durables</b>						
EBOS Group Ltd	EBO	12.7	20.1	0.93	5%	10.8%
Fisher & Paykel Appliances Holdings Ltd	FPA	11.2	7.5	1.20	64%	8.4%
Fisher & Paykel Healthcare Corporation Ltd	FPH	26.3	42.3	0.76	6%	9.5%
ProvencoCadmus Ltd	PVO	-4.1	-0.8	1.45	71%	8.8%
Scott Technology Ltd	SCT	7.8	11.9	1.08	0%	12.1%
						9.1%
<b>Investment</b>						
Genesis Research & Development Corp Ltd	GEN	-0.7	-0.7	1.57	0%	15.7%
Hellaby Holdings Ltd	HBV	5.8	5.0	0.82	60%	9.2%
Sealegs Corporation	SLG	-12.7	-12.0	2.17	5%	19.6%
						10.1%

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<b>Leisure &amp; Tourism</b>						
MCK Hotels New Zealand Ltd	MCK	7.7	9.9	0.54	14%	7.7%
Sky City Entertainment Ltd	SKC	16.4	39.4	1.27	37%	10.9%
Tourism Holdings Ltd	THL	12.1	15.5	1.47	45%	11.0%
						10.6%
<b>Media &amp; Telecommunications</b>						
Sky Network Television Ltd	SKT	11.6	16.6	0.84	26%	9.1%
Telecom Corp of New Zealand Ltd	TEL	6.4	5.9	1.02	42%	9.3%
Teamtalk Ltd	TTK	8.7	10.2	0.51	41%	7.1%
						9.2%
<b>Mining</b>						
New Zealand Oil & Gas Ltd	NZO	4.2	5.1	0.88	17%	9.9%
						9.9%
<b>Ports</b>						
Auckland International Airport Ltd	AIA	14.9	21.3	0.96	31%	9.5%
Lyttelton Port Co Ltd	LPC	15.3	23.0	0.38	22%	6.6%
Northland Port Corporation (NZ) Ltd	NTH	14.4	14.7	0.68	0%	9.1%
Port of Tauranga Ltd	POT	16.2	23.3	0.78	19%	9.2%
South Port New Zealand Ltd	SPN	14.7	24.0	0.37	0%	6.8%
						9.2%
<b>Property</b>						
AMP NZ Office Trust	APT	6.4	6.4	0.51	35%	7.0%
CDL Investments New Zealand Ltd	CDI	3.5	5.2	0.56	0%	8.2%
ING Medical Properties Trust	IMP	12.6	14.6	0.41	27%	6.8%
Kiwi Income Property Trust	KIP	8.7	6.8	0.56	46%	7.0%
Goodman Property Trust	GMT	11.6	9.9	0.51	30%	7.1%
National Property Trust	NAP	7.6	5.2	0.64	53%	7.2%
Property for Industry Ltd	PFI	6.5	5.2	0.48	35%	7.0%
						7.1%
<b>Finance &amp; Other Services</b>						
Abano Healthcare Group Ltd	ABA	13.5	14.5	1.24	43%	10.3%
Metlifecare Ltd	MET	13.4	11.8	0.76	21%	8.9%
Ryman Healthcare Ltd	RYM	21.9	19.4	1.02	13%	10.9%
Taylor's Group Ltd	TAY	10.1	12.8	0.73	32%	8.5%
New Zealand Exchange Ltd	NZX	12.0	18.0	1.11	3%	12.1%
Pyne Gould Corporation Ltd	PGC	9.9	10.7	1.54	81%	7.7%
						9.1%
<b>Textiles &amp; Apparel</b>						
Cavalier Corporation Ltd	CAV	8.4	10.6	0.93	31%	9.5%
						9.5%
<b>Transport</b>						
Air New Zealand Ltd	AIR	8.9	4.7	1.14	67%	8.6%
Mainfreight Ltd	MFT	5.7	15.7	1.24	15%	12.2%
Freightways Ltd	FRE	10.6	12.8	1.14	36%	10.2%
						9.4%
<b>Overseas</b>						
Guinness Peat Group Plc	GPG	6.3	5.7	1.09	44%	10.2%
GuocoLeisure Ltd	GLL	15.5	33.5	0.78	62%	7.3%
Lion Nathan Ltd	LNN	11.5	18.7	0.38	20%	6.8%
						7.8%
<b>Market Weighted Average</b>						<b>9.1%</b>

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

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