



TFS Corporation Ltd

Q1 FY17



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Q1 highlights

- ✓ Cash EBITDA¹ of \$0.6m, in line with usual seasonality of operating results
- ✓ Reaffirmation of FY17 guidance for Cash EBITDA to increase by > 25% on FY16
- ✓ Completion of third annual harvest, with yield of 310 tonnes in line with expectations
- ✓ Product sales set for strong growth from Q2, with \$39m in inventory at the end of Q1, all forward sold
- ✓ Successful acquisition of grower-owned wood at tender, which will supply multi-year contracts with leading global essential oil company and wood buyers in China
- ✓ Commencement of sales to new wood and oil customers in China and US
- ✓ NPAT of \$-7.2m, driven by unrealised FX movements on the biological assets and expensing of one-off costs from the successful bond refinance
- ✓ Strong balance sheet with cash of \$107m with significant operating cash generation expected in FY17

Note 1: As in previous years, Cash EBITDA equals EBITDA less the fair value gains on the biological assets, revenue from the recognition of deferred lease and management fees and changes in the fair value of land and buildings.

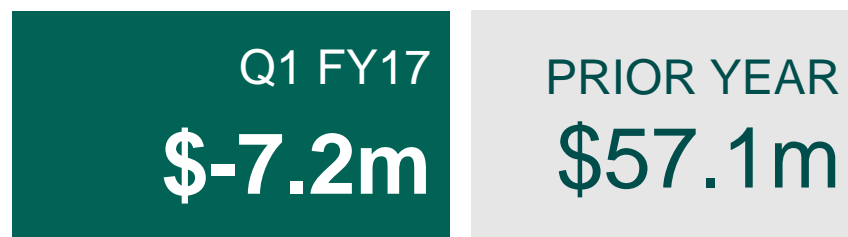
Q1 financial performance

CASH EBITDA



Cash EBITDA is seasonal, with majority of plantation sales finalised in Q4 (refer to slide 12). FY16 result included the sale of 214ha to an institutional investor.

NPAT









NPAT includes (a) unrealised FX losses of \$11.4m due to a stronger AU\$, and (b) a one-off refinance cost of \$10.6m associated with the debt refinance.

Guidance for FY17:

Cash EBITDA to increase by at least 25% on FY16

Update on progress against FY17 priorities

Priority		Progress
Supply increased harvest to global customers		First shipments sent to China in Sept and Nov – both paid in advance First two deliveries to Young Living – both settled
Extend ownership of Indian sandalwood plantations		Acquisition of 34.4ha for \$9.1m in Q1 FY17
Introduce new plantation investors		High levels of interest from repeat SIO and institutions Strong pipeline of new investors
Progress pharmaceutical product development		Results of four on-going Phase 2 trials due in H2 FY17: <i>oral mucositis, eczema, psoriasis and MCV</i>
Develop brand and markets for sales beyond 2021		New ingredient brand and company name, Quintis, to launch in Q4 FY17
Strong growth in financial performance		Guidance reaffirmed for > 25% increase in Cash EBITDA in FY17 on FY16

Successful harvest and grower wood purchase

- 2016 harvest of > 32,000 trees produced 310 tonnes of heartwood, a tenfold increase on previous harvests
- Total estate contains 5.4m Indian sandalwood trees, up on the prior year
- Grower owned wood from the 2016 harvest was marketed globally and the tender closed on 25 November
- TFS has successfully acquired the wood and has acquired 40t of heartwood at a price of AU\$131 per kg (up 6% on 2015)



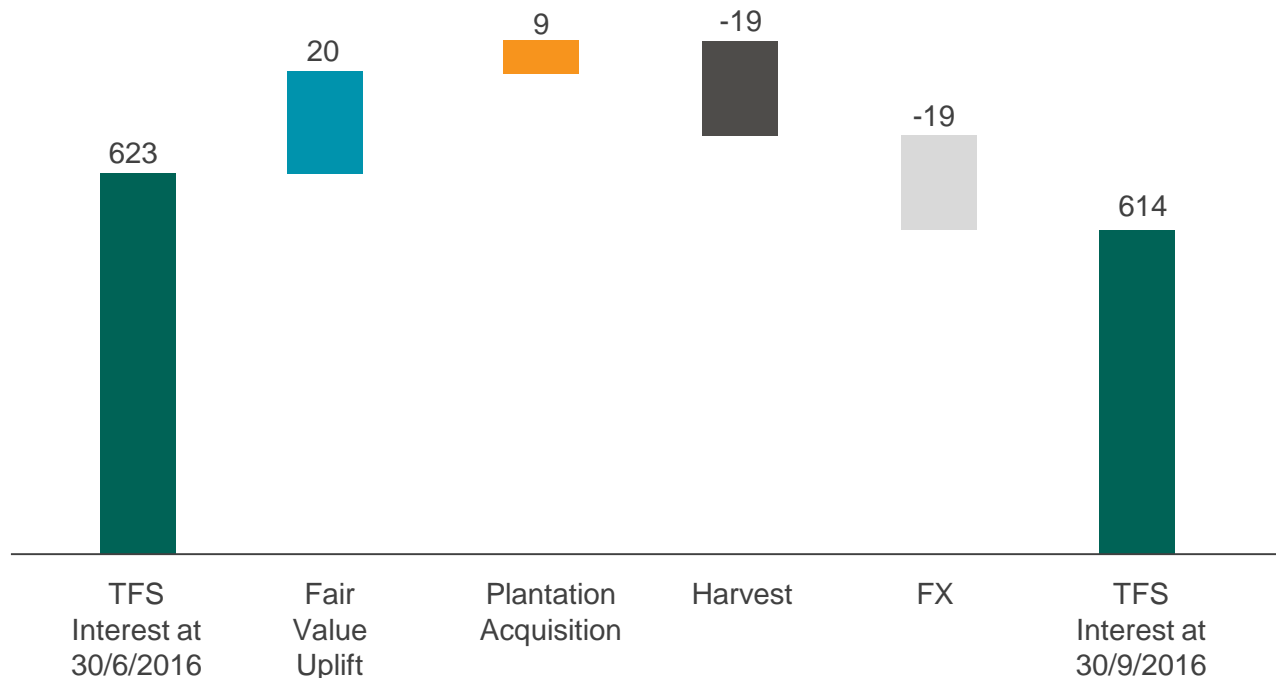
Increased harvest leads to stronger product sales

Product Sales (wood and oil) in H1 set to increase 100% on H1 FY16



Movements in Biological Assets

- Completion of the 2016 harvest resulted in the transfer to inventories in Q1 of \$19m, which are now being processed for sale
- Unrealised FX loss of \$19m due to the strengthening of AU\$ against US\$ - in the same period in FY16 the AU\$ weakened providing an unrealised FX gain of \$41m



New brand to launch in Q4 FY17



QUINTIS[®]
SANDALWOOD ALBUM

Platform established for a transformational FY17



Third annual harvest in 2016 delivered 310 tonnes of heartwood – in line with expectations and a tenfold increase on the 2015 harvest

Forward sales of harvest will deliver an additional AU\$40+m of cash revenue in FY17



- Full payment already received for the first two shipments to China
- First two deliveries made to Young Living (both settled)



Multi-year sale contracts mean the vast majority of harvests to 2021 have been forward sold

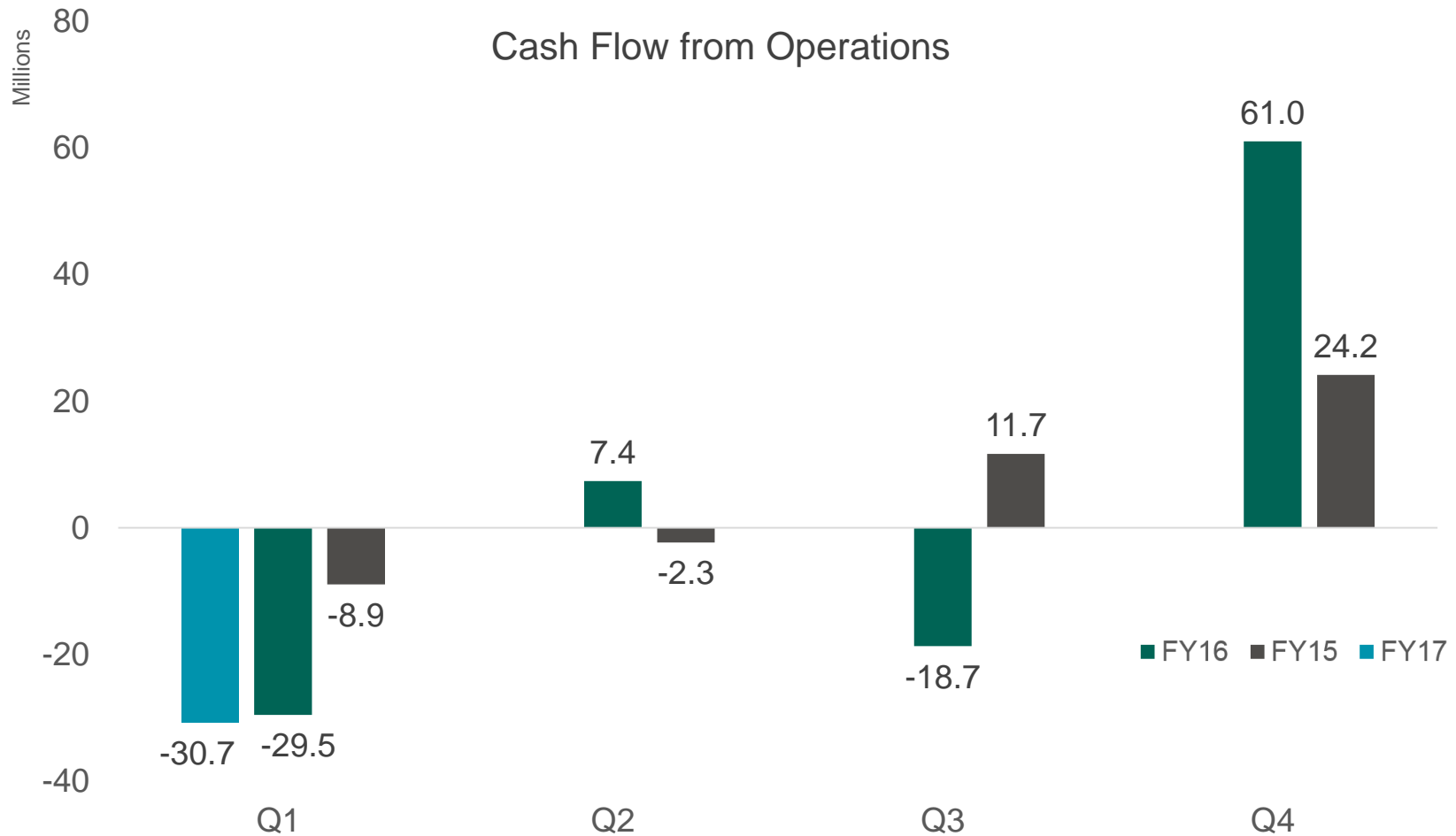


Strong balance sheet, with cash at 30 September 2016 of \$107m and significant operating cash generation expected in FY17



Appendix

Predictable seasonality in operating results





End