



Vertically
Integrated
Sandalwood
Company



TFS Corporation Ltd

2014 Annual General Meeting Presentation

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28 November 2014



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A Year of Significant Progress



- ✓ Record profitability
- ✓ Strong increase in direct plantation ownership
- ✓ Landmark supply agreement with Galderma
- ✓ Successful completion, processing and sale of first harvest
- ✓ Record sales value of financial product, including new institutional investors
- ✓ Successful institutional placement
- ✓ Appointment of new independent Non-Executive Chairman, two new independent NEDs and new CFO

Financial Results – Record Results



NPAT

\$82.5m

Cash EBITDA

\$51.4m

NTA

\$363.3m

Dividend

3¢ p/s

YOY Change:
+48%

-1%

+61%

-

Operational Results – Strong Growth



Total Estate 9,085ha	TFS Owned ¹ 3,167ha	FY14 Planting 1,587ha
YOY change: +19%	+52%	+34%

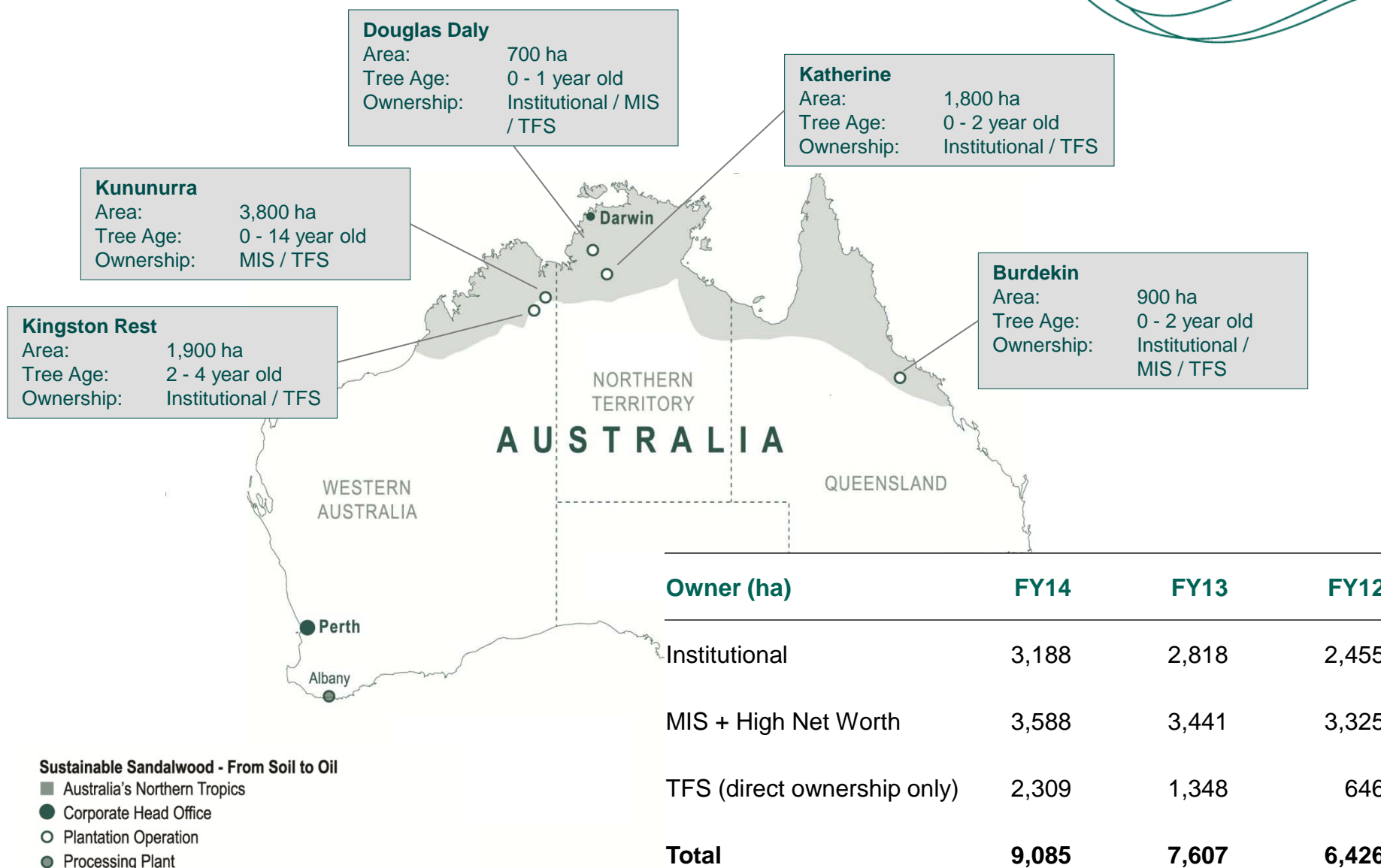
Note 1: TFS Owned = direct ownership plus effective indirect ownership

Forestry Results

- Annual inventory count completed in June and included in FY14 results
- Total trees managed by TFS of 3.9m (FY13: 3.3m)
- Good survival rate of 92% across all 2013 plantings
- Low annualised mortality on average of < 1%



Plantation Assets



First Harvest

- First harvest completed in June, with oil quality confirmed to be pharmaceutical grade and oil yield in line with long held expectations for this plantation
- TFS owned wood has already been harvested, processed into oil and sold. TFS has shipped a total of 520 kg of pharmaceutical grade sandalwood oil to the USA
- Grower wood acquired by TFS after out-bidding five other bidders in a public tender. Wood currently being processed at Mt Romance facility and all oil pre committed to global customers in pharmaceutical, fine fragrance and luxury cosmetic industries



A Broad and Deep Range of End Markets – for Wood & Oil

- Significant demand from historical core markets in India and China for both wood and oil – Indian Sandalwood is culturally important, a “cradle to grave” high end consumer product used in fragrance, body care, handicrafts and worship
- Continued development of market for over the counter and prescription drugs which utilise pharmaceutical grade oil
 - Significant long-term supply agreement finalised with Galderma at US\$4,500 for acne
 - Pipeline of products in development for eczema, warts, psoriasis and others
- The Indian domestic market, the Chinese domestic market, and the global pharmaceutical market, each has the potential to consume a large proportion of TFS end production on their own

Estimated global demand for sandalwood in 2015

>28,000T



Source: Incipient Capital report March 2014

Launch of Galderma's Benzac OTC acne products

- Galderma's Benzac acne products, containing TFS's pharmaceutical grade sandalwood oil, will launch in the US in retail outlets on 29 December with online launch on 2 January 2015
- International distribution of the acne products may follow in 2015
- The US launch of additional over the counter products for the treatment of other highly prevalent skin disorders containing TFS pharmaceutical grade oil may take place in calendar year 2015



Launch of Galderma's Benzac OTC acne products



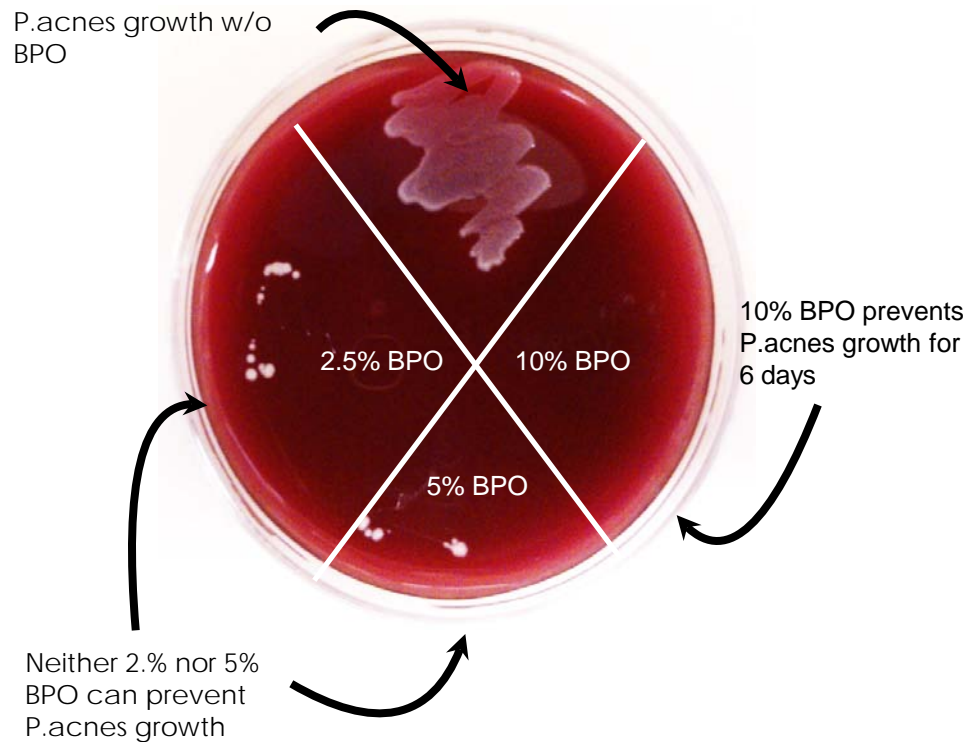
Positive Acne and Psoriasis research

- Pre-clinical research conducted by University of British Columbia
- TFS pharmaceutical grade Indian sandalwood oil more effective at controlling acne bacteria than benzoyl peroxide (BPO, the common treatment for acne)
- TFS pharmaceutical grade Indian sandalwood oil very effective at controlling inflammation associated with acne and psoriasis
- Results highlight potential of Galderma's new Benzac products aimed for launch in the US in December into a market of 40-50 million acne sufferers with a market size of US\$4 billion per annum

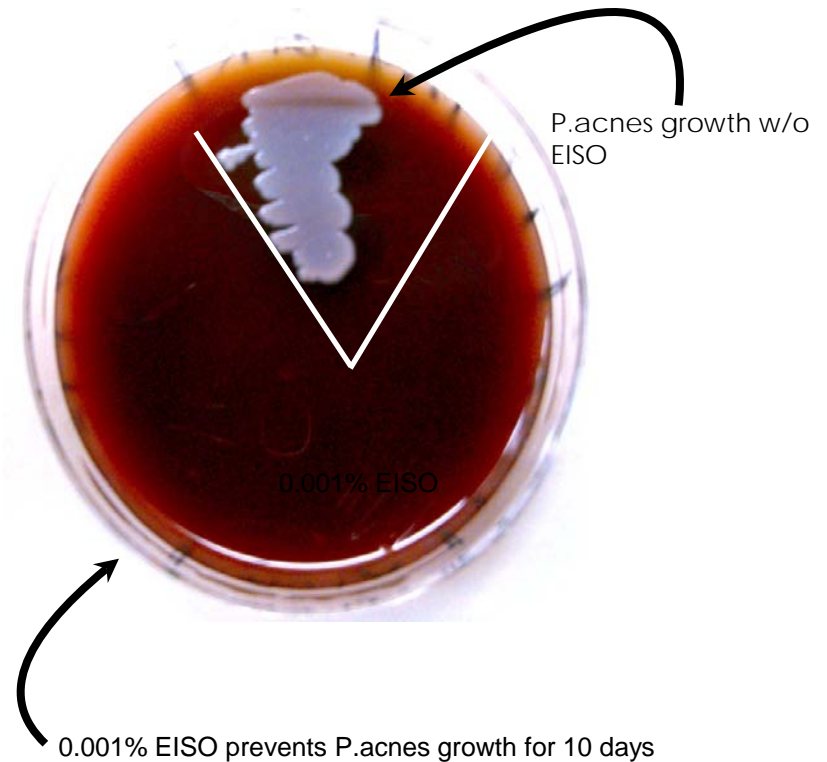
EISO inhibits Acne growth more Effectively than BPO

Dose-dependent growth inhibition of *P. acnes* by increasing concentrations of BPO compared to a single, low dose of EISO

P. acnes 11827 vs BPO (6 Days)



P. acnes 11827 vs 0.001% EISO (10 days)



Benefits of Declining Australian Dollar

- AUD has declined by 10% against the USD since 30 June 2014
- Short term impact is marginally negative as the cost of servicing TFS's corporate debt will slightly exceed revenue from oil sales (cash impact of c\$1m in FY15)
- From 2016 the impact of a declining Australian dollar is extremely positive – sales of wood and oil sales will step up significantly from 2016 and are denominated in USD



Strategic Priorities for FY15



- Continue to expand direct ownership of plantations
- Continue development of pharmaceutical products and partners
- Continue expansion of existing oil and wood markets, especially fine fragrance and Chinese wood market to create further price tension
- Continued expansion of investors in Beyond Carbon and High Net Worth products with price rises for new investors
- Build land bank for establishment of medium and long term plantations
- Review refinancing of the bond – significant opportunity

Guidance for FY15:

- NPAT: at least \$70m
- Cash EBITDA: improvement of 10% on FY14
- New planting of 1,500ha

Q&A

