



ASX Release

6 May 2015

TFS reports unaudited results for nine months to 31 March 2015

TFS Corporation Limited ("TFS", ASX: TFC), the world's largest owner and manager of commercial Indian sandalwood plantations, has reported a net profit after tax ("NPAT") of \$81.3m for the nine months ended 31 March 2015, compared to a NPAT of \$1.8 million in the previous corresponding period ("pcp").

During the period TFS reported revenue of \$235.4 million (pcp: \$71.9 million). The increase over the pcp was driven by a sixfold increase in non-cash revenues, principally from the revaluation of TFS's sandalwood plantations. Cash revenues, which include sales of sandalwood products, establishment fees and land sales, increased by 63%.

Cash EBITDA, which removes the impact of non-cash revenues and unrealised foreign exchange movements, was \$10.4 million (pcp: \$7.9 million loss), underpinned by higher sales of both plantations and sandalwood products. Cash and cash equivalents at 31 March 2015 were \$64.3 million.

TFS Chief Executive Officer Frank Wilson said the third quarter financial result built on the record profit delivered in H1 FY15.

"It has been very encouraging to carry the momentum from the first six months of the year into the second half," Mr Wilson said.

"Our results reflect the continuing benefits of favourable currency movements and a larger directly owned estate, as well as our good progress on institutional sales.

"Our sales of sandalwood products are building strongly as we fulfil orders of pharmaceutical grade sandalwood oil from Galderma under our long-term supply agreement.

"Importantly, we have continued to achieve on our operational goals, including commencing the annual planting cycle in April, while our second commercial harvest will start later this month.

"The results from the first nine months have set a strong foundation for the final quarter, which is expected to deliver significant cash earnings in line with our existing guidance for the full year."

TFS reaffirms it expects at least \$90 million NPAT and a 10% year-on-year increase in Cash EBITDA for FY15. Consistent with previous years, cash EBITDA generation is weighted towards the fourth quarter of the financial year when the majority of TFS's financial product sales are finalised.

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ABOUT TFS

TFS Corporation Ltd ("TFS", ASX: TFC) is an owner and manager of Indian sandalwood plantations in northern Australia. As part of its vision to be a vertically integrated producer of sandalwood products, TFS owns a significant proportion of the plantations in its own right. TFS also operates sandalwood processing and oil distribution facilities from Albany, Western Australia.

TFS was originally founded to exploit the success of government trials into the plantation growth of Indian sandalwood in the Ord River Irrigation Area (ORIA) of north-east Western Australia.

TFS now manages the largest area of Indian sandalwood plantations in the world, with over 9,000 hectares planted of which TFS owns directly and indirectly around 3,200 hectares. TFS plantations are managed on behalf of both institutional, high net worth and MIS investors.

In 2014, TFS completed its first commercial harvest of its Indian sandalwood plantations and, via its 50% subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company.

The company listed on the Australian Stock Exchange in December 2004. Since March 2014, TFS has been an ASX300 company.

TFS is committed to adopting and maintaining the highest environmental and ethical standards in all aspects of its business.

ABOUT INDIAN SANDALWOOD

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood and continues to increase in price each year.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, Indian consumer products and for medicinal purposes (Ayurvedic and Chinese medicine) and the wood is used for high quality carvings and artefacts and religious worship in the Hindu and Buddhist faiths. The efficacy of Indian sandalwood is being tested by US dermatology companies and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.