



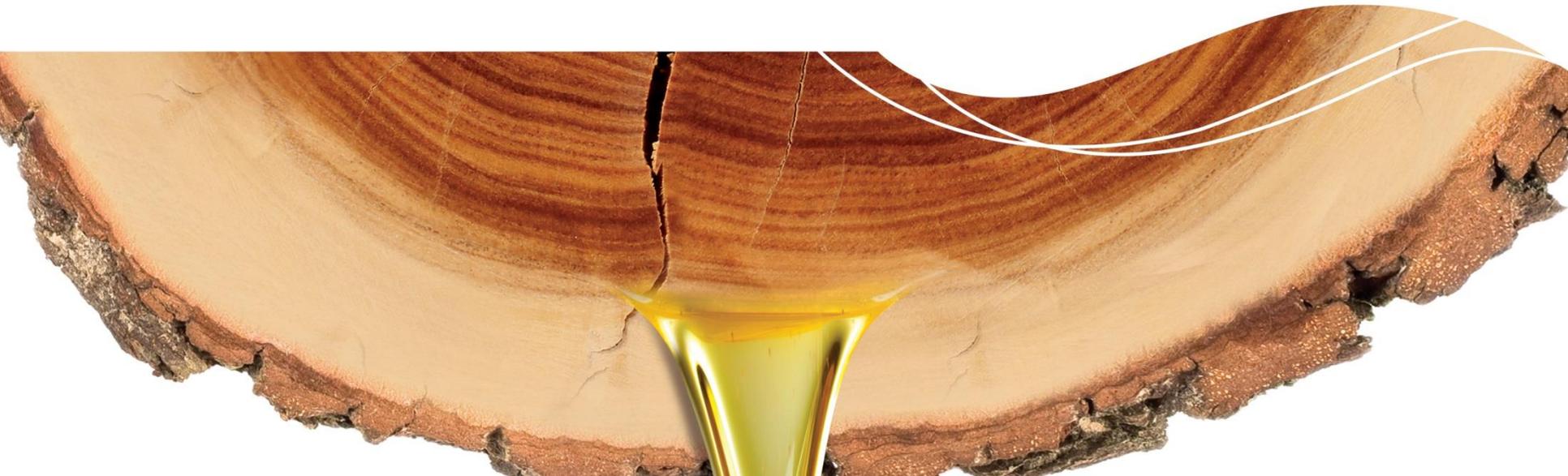
Vertically
Integrated
Sandalwood
Company



TFS Corporation Ltd

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Section 1:
OVERVIEW



What is Indian Sandalwood?

- Indian sandalwood (*Santalum album*) is one of the world's most valuable hardwoods
- Traded commodity for over 2,000 years and declared a royal tree in India in 1792
- Value lies in the heartwood which can also be distilled into a fragrant and medicinal oil
- Sandalwood has significant cultural importance throughout Asia and is used in many worship, fragrance and chewing products
- Oil from the heartwood has proven efficacy for various skin conditions, including acne and eczema
- Oil has a fragrant aroma and has long been used in perfumery products

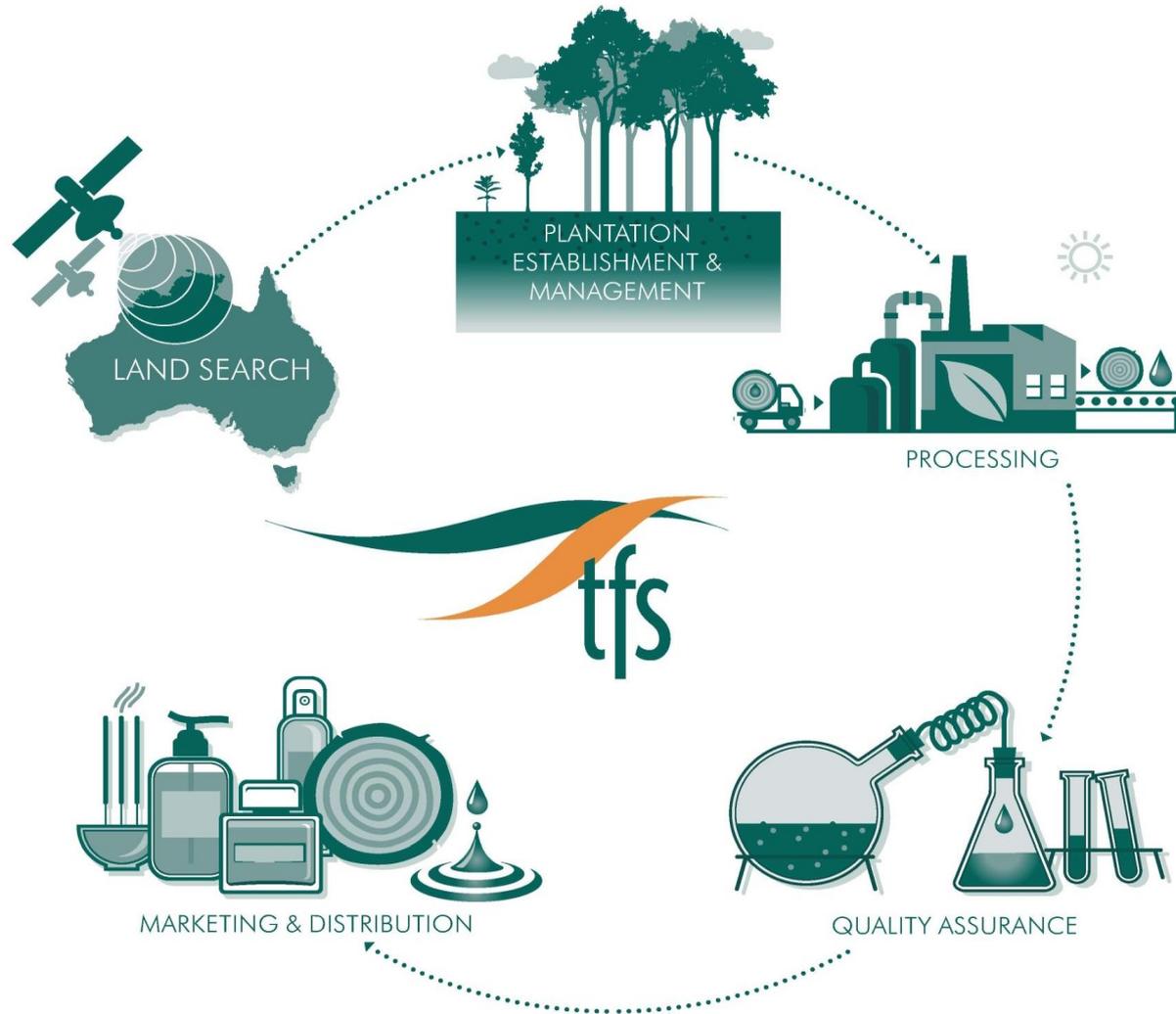
HEARTWOOD OF INDIAN SANDALWOOD



MATURE INDIAN SANDALWOOD TREES



TFS is a Vertically Integrated Business

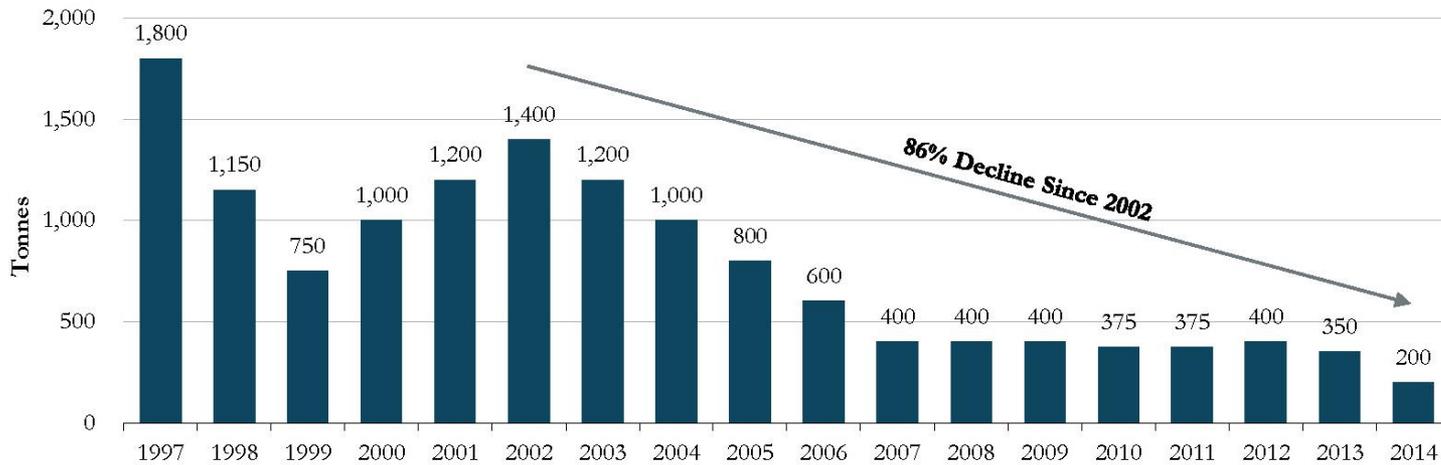


Strong Market Position

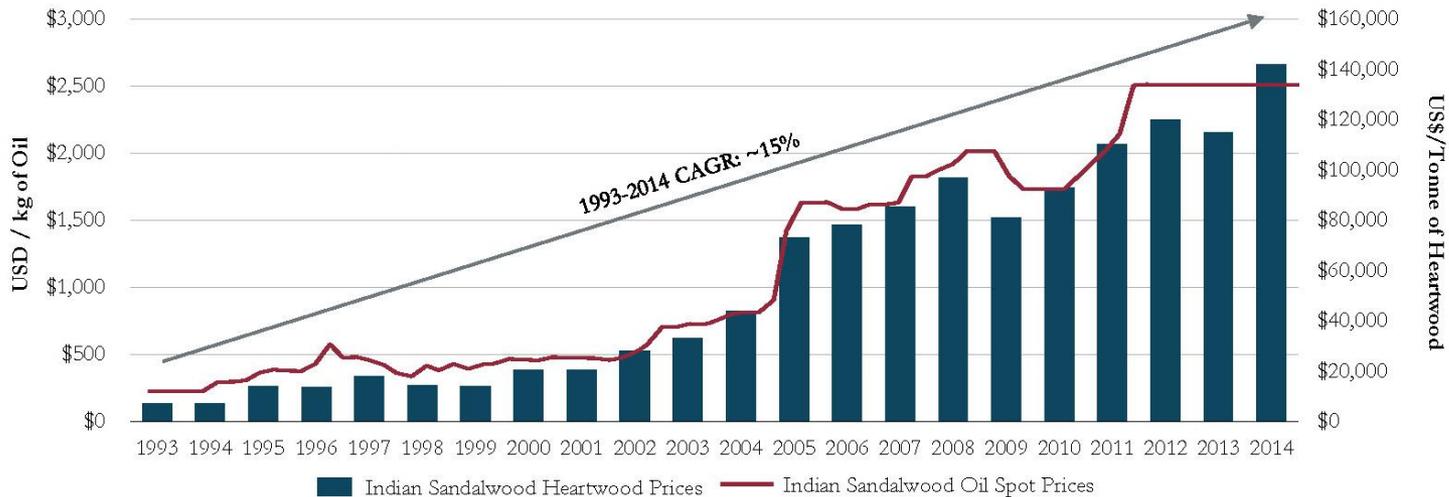
- High barriers to entry
 - Planting to harvest cycle of around 15 years
 - Operational expertise and intellectual property developed over 15 years
- Strong competitive position as there are limited alternative sources of supply
 - TFS is the world's largest commercial owners and manager of Indian sandalwood
 - Declining global supply sourced from natural forests, mainly in India
- TFS owns Australia's largest sandalwood oil distillery and owns valuable IP regarding pharmaceutical grade Indian sandalwood oil
- Diverse range of high value and high volume uses and markets
 - Demand likely to increase significantly as security of supply is proven
 - Demand from oil and value-added log markets likely to add pricing tension

Favourable Supply and Demand Trends

ANNUAL GOVERNMENT SANDALWOOD HARVEST IN INDIA



INDIAN SANDALWOOD AND SANDALWOOD OIL PRICES



Sources: TFS, Tamil Nadu Forestry Department and H.S. Anantha Padmanabha

2014 - A Transformative Year for TFS

- First harvest completed in June 2014, confirming TFS's yield expectations
- Long term supply agreement with Nestle-owned Galderma for oil at US\$4,500 per kg
- First pharmaceutical product containing TFS oil launched in the US
- Record financial results with NPAT of \$82.5m in FY14

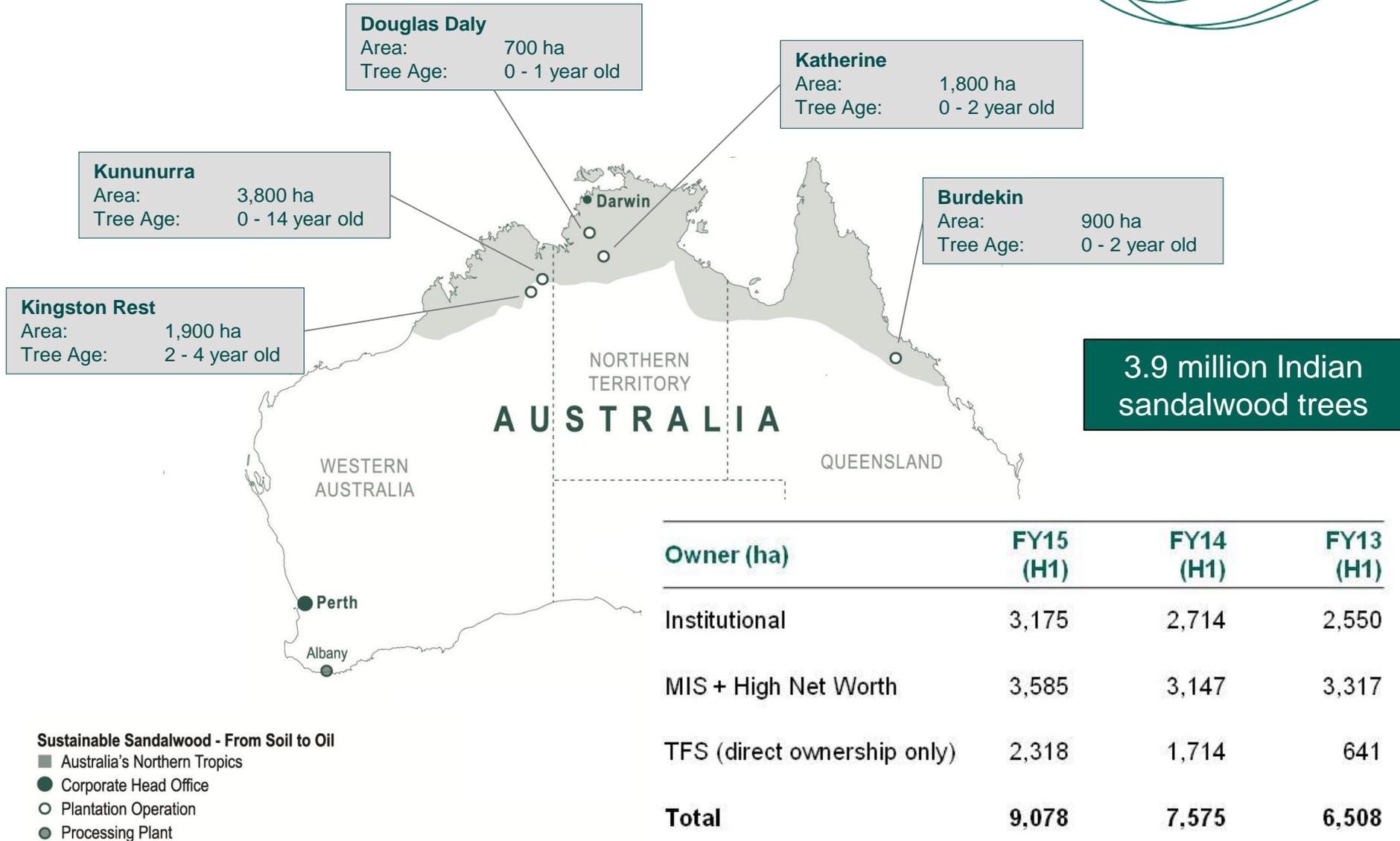


Section 2:

PLANTATION ASSETS



Plantation Assets



Underlying Value of Plantation Assets

Illustrative value chain -



Note 1: Key assumptions include: (i) survival rate – 83%, (ii) heartwood yield – average yield estimated at 20 kg per tree, (iii) expected oil yield of 3.7%, (iv) oil price of US\$4,500, and (v) FX rate of AU\$1.26 to US\$1.00.

Note 2: Gross and undiscounted yield before maintenance, harvest, processing and distribution costs.

Note 3: Value of \$1.8m per hectare is generated from all parts of the “soil to oil” value chain.

Section 3:

END MARKETS

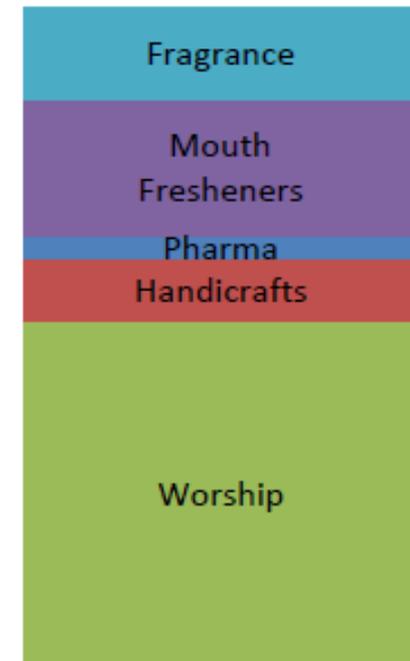


A Broad Range of End Markets

- Significant established demand from India and China – Indian sandalwood is culturally important, a “cradle to grave” product
- Continued development of over-the-counter and prescription drugs containing pharmaceutical grade oil
- On-going development of a broad range of end markets, including European fine fragrance

Global demand for sandalwood in 2015

28,000t



Source: Incipient Capital report March 2014

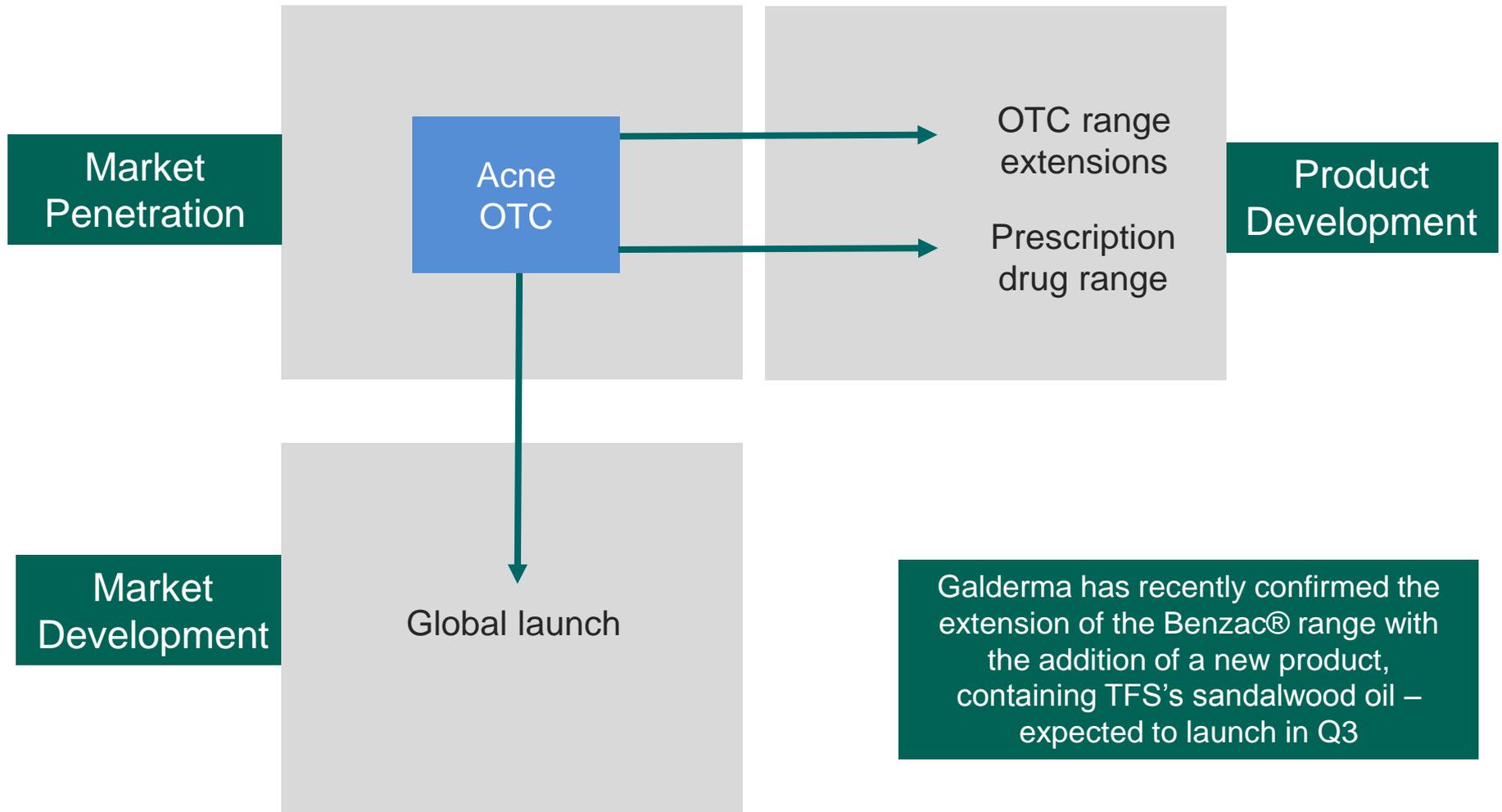


Launch of Benzac[®] Acne Solutions

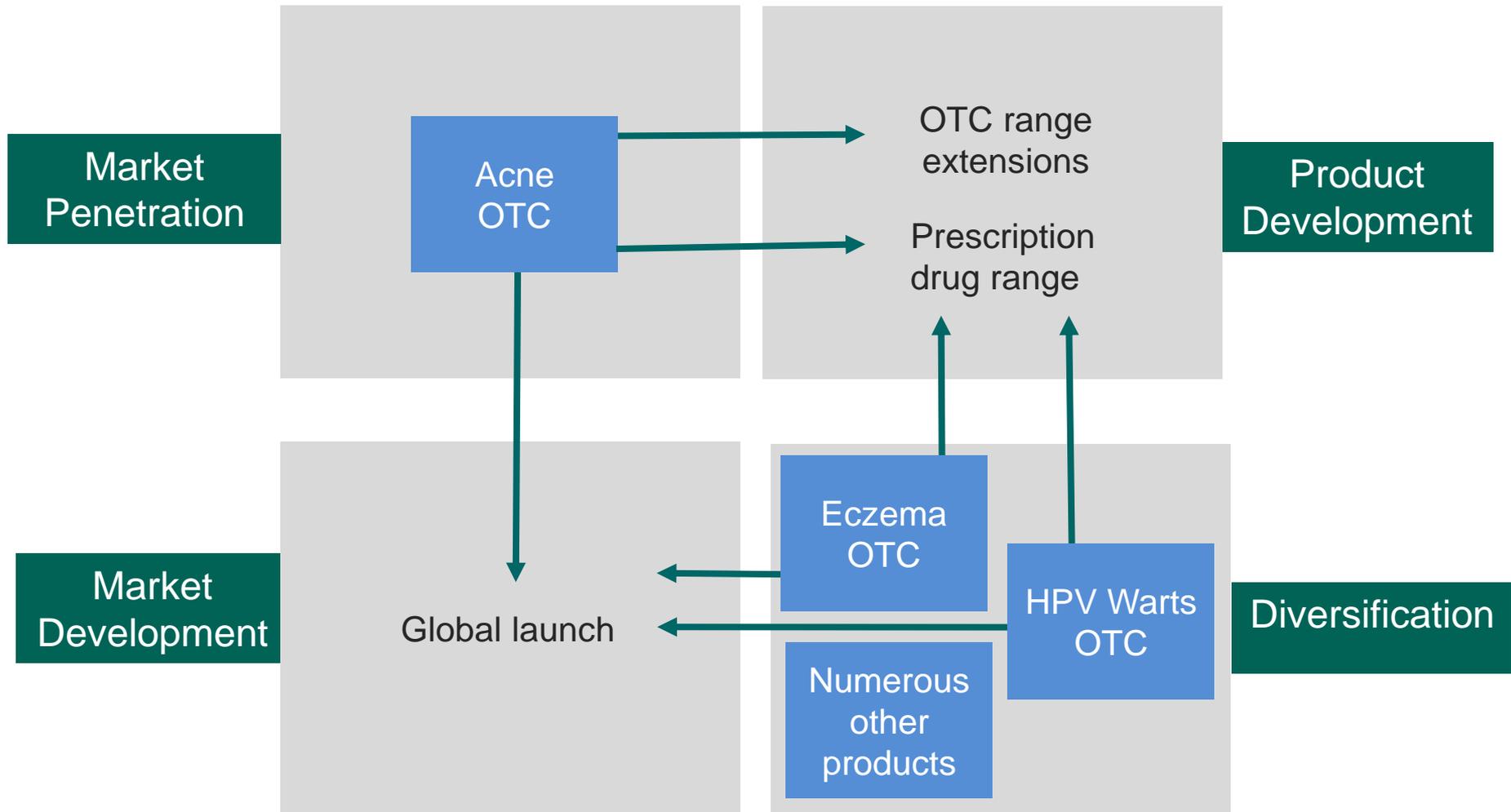
- Galderma, wholly owned by Nestle, launched Benzac[®] Acne Solutions in December 2014 – already in over 23,000 stores across the US
- Galderma describes Indian sandalwood oil as the “key ingredient” and a “breakthrough natural ingredient”
Source: Galderma Press Release, 5 January 2015
- Orders already well in excess of one tonne of oil and a significant national marketing campaign is underway



Significant Pharmaceutical Opportunity – Acne



Significant Pharmaceutical Opportunity – Market



Clinical Examples of Efficacy of Indian Sandalwood Oil



Acne OTC

Before



After



8 weeks

Eczema OTC



8 weeks

HPV OTC



4 weeks

Section 4:
LATEST RESULTS



Financial Results – Record Results in FY14



NPAT \$82.5m	Cash EBITDA \$51.4m	NTA \$363.3m	Dividend 3¢ p/s
YOY Change: +48%	-1%	+61%	-

Strong Start to FY15

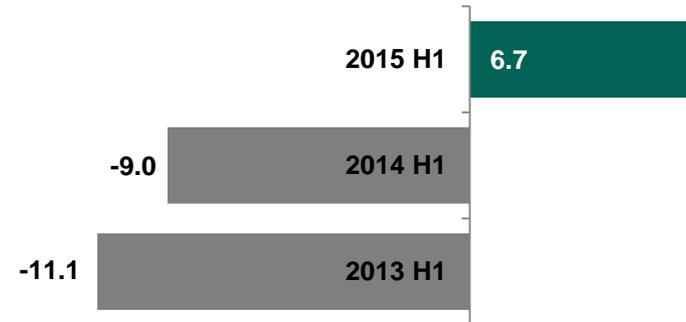
NPAT (\$m)

↑ + 17x
on H1 FY14



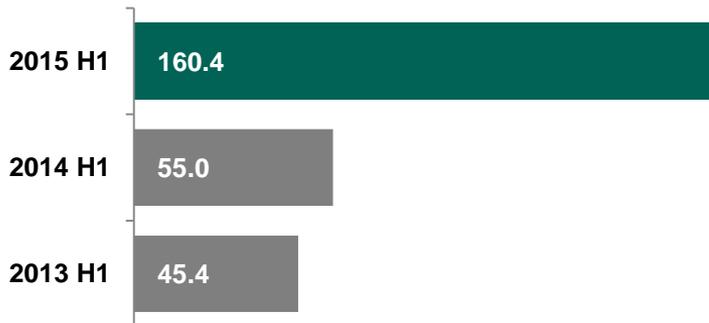
Cash EBITDA (\$m)

↑ + 174%
on H1 FY14



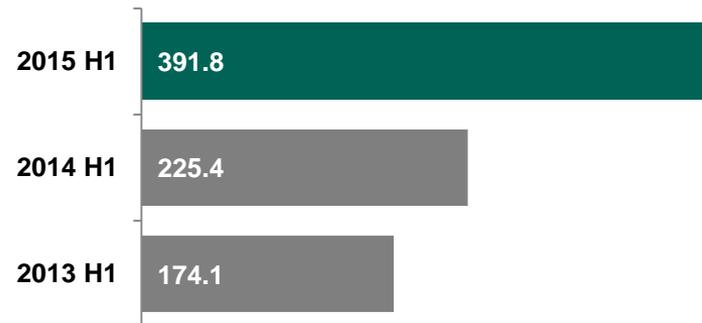
Total Revenue (\$m)

↑ + 192%
on H1 FY14



NTA (\$m)

↑ + 74%
on H1 FY14



Summary

- ✓ World leading owner and manager of a rare and valuable commodity
- ✓ Vertically integrated business, including ownership of distillation and distribution
- ✓ End markets for wood and oil are established and diversified across different sectors and territories
- ✓ Already developing the significant potential of the pharmaceutical sector, with initial acne products launched in the US by Nestle-owned Galderma
- ✓ Recently refreshed Board with experienced independent Non-Executive Directors
- ✓ On track to achieve guidance for FY15 NPAT of at least \$90 million and a 10% year on year increase in cash EBITDA

Q&A



East Indian Sandalwood is one of nature's rare and ancient healers. Now, sustainably grown in a rehabilitated forest, the oil is extracted using renewable energy, resulting in the world's only therapeutic grade of East Indian Sandalwood Oil.

This exceptional ingredient, which is reported to have gentle anti-bacterial and anti-inflammatory properties, is the secret to our clinically proven acne-fighting formulas, designed to help give you clear and healthy skin.

Drug
Active
Salicylic Acid
Benzoyl Peroxide
Use
For
Frequent
Use
Warnings
For
What
Do not
Use
Stop
Keep
Do not
Do not
If

GALDERMA
BENZAC[®]
ACNE SOLUTIONS

Skin Balancing
Foaming
Cleanser
With calming and
soothing East Indian
Sandalwood Oil

1
CLEAN