SOIL TO OIL | Vertically Integrated Sandalwood Company

tfs CORPORATION LTD

Acquisition of ViroXis and Santalis

18 June 2015

Important Notice and Disclaimer

This presentation has been prepared by TFS Corporation Ltd (**TFS**).

This presentation is not a product disclosure statement or prospectus for the purposes of the Australian *Corporations Act 2001* (Cth), nor does it constitute financial product or investment advice or a recommendation, offer or invitation by any person or to any person to sell, purchase or otherwise invest in securities in TFS in any jurisdiction. Neither this presentation nor anything in it shall form the basis of any contract or commitment.

This presentation contains general information only and does not take into account the investment objectives, financial situation and particular needs of individual investors. Investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified financial adviser, lawyer, accountant, tax or such other adviser as considered appropriate having regard to their objectives, financial situation and needs before taking any action.

The information in this presentation contains historic information about the performance of TFS and securities in TFS (or any other financial product). That information is historic only, and is not an indication or representation about the future performance of TFS or securities in TFS (or any other financial product). You should not place undue reliance on any such information.

No representation or warranty, express or implied, is given as to the accuracy, completeness, reliability or adequacy of any statements, estimates, opinions or other information, or the reasonableness of any assumption or other statement, contained in this presentation. Nor is any representation or warranty, express or implied, given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, prospective statements or potential returns contained in this presentation. Such forecasts, prospective statements or potential returns only reflect subjective views held by TFS, and are based on certain assumptions made by TFS, as at the date specified in the relevant information and are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of TFS. Actual events and results may vary from the events or results expressed or implied in such statements. Given these uncertainties, you should not place undue reliance on any such statements.

To the maximum extent permitted by law, TFS and its related bodies corporate, directors, officers, employees, advisers and agents disclaim all liability and responsibility (including without limitation any liability arising in negligence, statute or otherwise) for any direct or indirect loss or damage which may arise or be suffered by any person through use or reliance on anything contained in, or omitted from, this presentation.

An investment in TFS securities is subject to investment and other known and unknown risks, some of which are beyond the control of TFS. TFS does not guarantee any particular rate of return or the performance of TFS securities.

The distribution of this presentation including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions.

Highlights of Acquisitions

Acquisitions

- Acquisition of US-based pharmaceutical companies ViroXis Corporation and Santalis Pharmaceuticals
- Companies well advanced in the development and commercialisation of proprietary dermatology products containing TFS pharmaceutical grade Indian sandalwood oil
- Deals secure 100% of the revenues generated from all new and existing products, including Benzac® Acne Solutions

Strategic Rationale

- Successful US market release of Benzac® has demonstrated the enormous market potential for dermatology products containing TFS's Indian sandalwood oil
- TFS control of product formulation and development will maximise the demand for TFS's oil
- Significant potential returns from royalty and licensing fees from the dermatology products
- Direct contractual and operational relationship with Nestle-owned Galderma and other leading global dermatology companies

Financials

- Upfront and fixed consideration of US$23.4 million, comprising US$1.5 million cash and US$21.9 million TFS shares
- Low risk acquisition structure with contingent consideration directly linked to the successful development and sale of additional pharmaceutical products
- All future contingent consideration is payable in cash or stock, at TFS's election
- Deal structure aligns the interests of TFS with the vendors and management teams
- TFS's FY15 guidance unchanged: NPAT of at least $90 million and cash EBITDA to increase year-on-year by 10%

Overview of ViroXis and Santalis

- ViroXis and Santalis are US-based bio-pharmaceutical companies well advanced in the development and commercialisation of a number of dermatology products containing TFS's pharmaceutical grade Indian sandalwood oil

- ViroXis was formed in 2006 and has numerous pharmaceutical products well advanced in the development pipeline for viral diseases, including HPV infections of the skin

- Santalis was founded in 2010 as a 50-50 joint venture between TFS and management and has already licenced a range of acne products, Benzac® Acne Solutions, to Nestle-owned Galderma

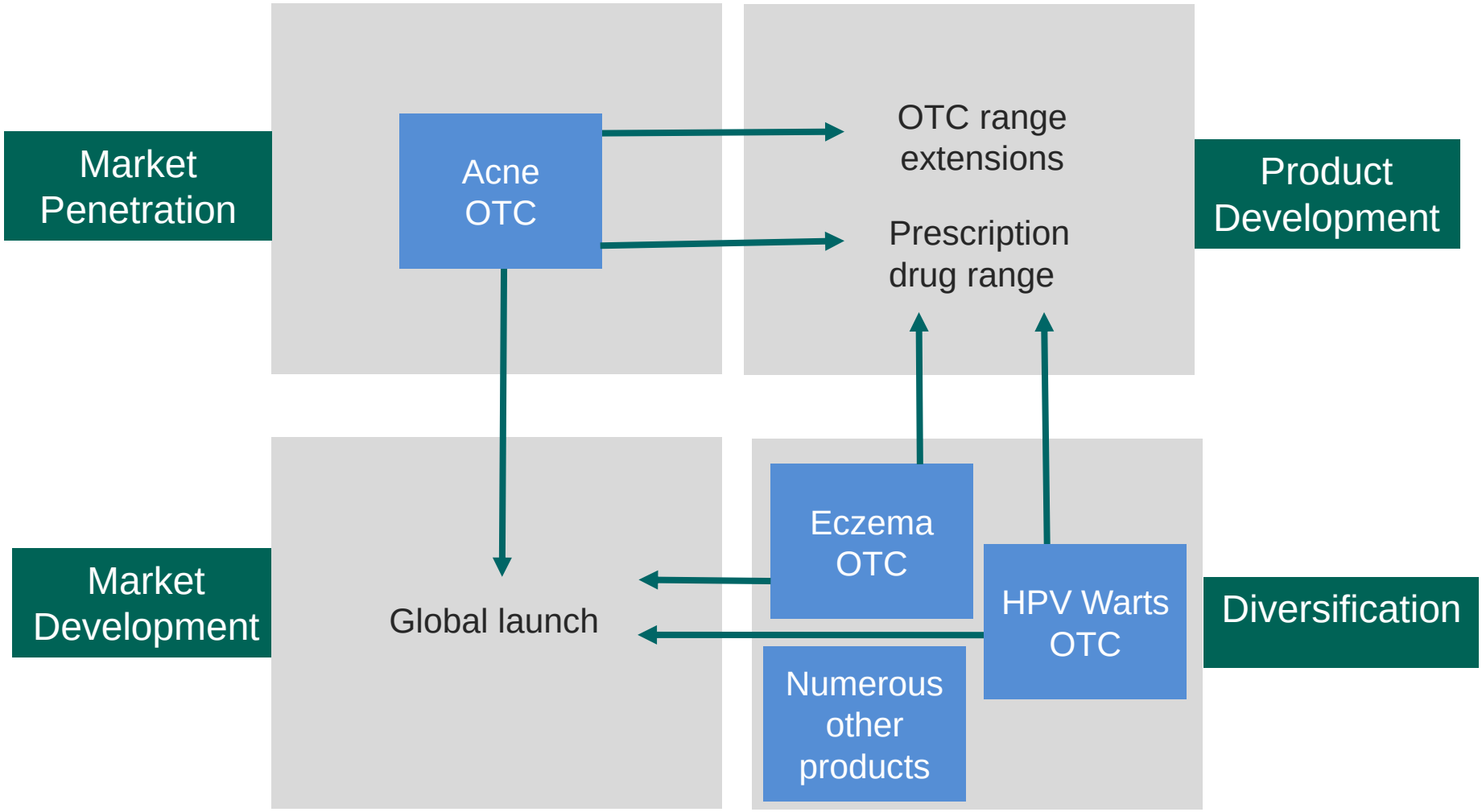
- ViroXis CEO Ian Clements MSc and Santalis CEO Paul Castella PhD, MBA have extensive pharmaceutical and healthcare product experience

- Key staff will remain in place following completion and Mr Clements and Dr Castella will sign new employment agreements with TFS upon completion

Compelling Strategic Rationale

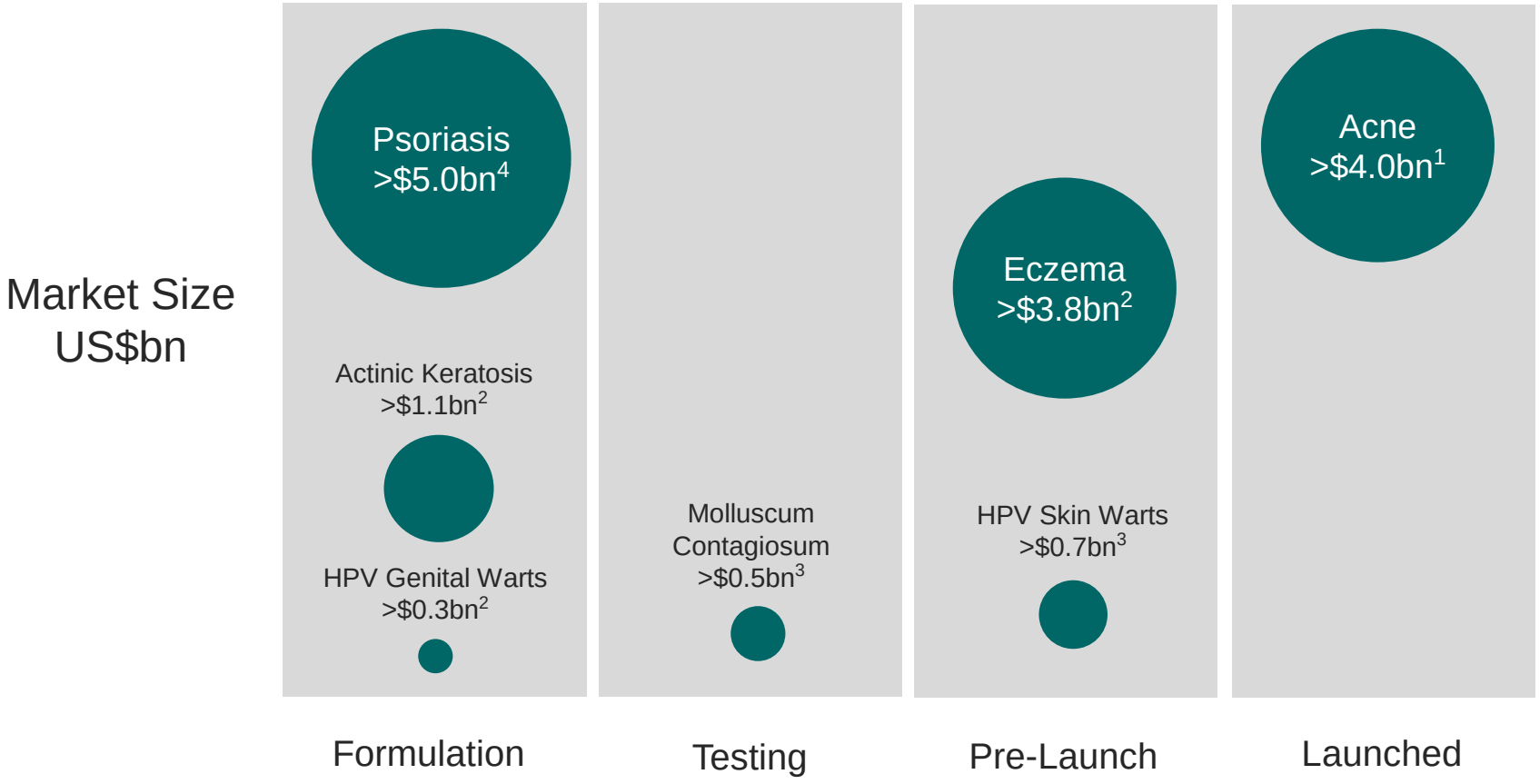
- Extends TFS's vertically integrated business model – to increase participation in downstream value - "soil to oil to shelf"
- Direct control of the companies which are exclusively developing and selling dermatology products containing TFS's pharmaceutical grade Indian sandalwood oil
- Secures all revenues to be generated by ViroXis and Santalis from existing and future products
- Allows TFS to accelerate the development of sandalwood-based dermatological products, thereby building on the existing first mover advantage
- Provides TFS with a direct contractual and operational relationship with Galderma and other pharmaceutical majors
- Increase operational effectiveness and efficiency from combining two drug development programmes
- Brings senior global pharmaceutical executive and management capability in-house

Significant Pharmaceutical Opportunity



Product Priorities and Market Size

Products by Development Stage and Estimated US Market Size



1) Source: www.aad.org 2) Source: www.ncbi.nlm.nih.gov 3) Source: IMS Health 4) Source: www.psoriasis.org

Strong OTC and Prescription (Rx) Product Pipeline

Code	Indication	OTC/Rx	Formulation Development	Phase I	Phase II	Phase III	On Market (est)
SAN 001-00	Acne SA	OTC					2015
SAN 004-01	Eczema	OTC					2016/2017
VIR 002-01	HPV (skin warts)	OTC					2016/2017
VIR 001-00	HPV (skin Warts)	Rx					2016 / 2017
VIR 003-01	Molluscum (MSV)	Rx					2015
SAN 003-01	Actinic Keratosis	Rx					TBD
SAN 013-00	Psoriasis	OTC					TBD

Low Risk Deal Structure

- Upfront and fixed consideration of US$23.4 million (ViroXis: US$18.4 million, Santalis: US$5.0 million)
- Maximum purchase price over time is US$244.9 million (ViroXis: US$154.9m, Santalis: US$90.0m) only if all milestones, earn out thresholds and incentive earn outs are achieved through to mid 2023
- Future and contingent consideration is only triggered by significantly value accretive events for TFS, such as the generation of net cash-flows and/or successful product development

ViroXis Corporation	Contingent Consideration US$m
Milestone payments if achieved < 5-8 years Maximum Milestone payments	$26.0
Base earn out payments - aggregate NCF thresholds over 5 year period Maximum Base earn out payments	$50.0
Incentive earn out payments if NCF thresholds achieved for each year ending on the 6,7,8 anniversaries Total Incentive earn out payment capped	$60.7
Final earn out payment, 20% NCF > US$111.9m, 8 yr period Cap for all consideration payments	$154.9

Santalis Pharmaceuticals	Contingent Consideration US$m
Milestone payments if achieved < 5-8 years Maximum Milestone payments	$20.0
Base earn out payments – aggregate NCF thresholds over 5 year period Maximum Base earn out payments	$31.0
Incentive earn out payments if NCF thresholds achieved for each year ending on the 6,7,8 anniversaries Total Incentive earn out payment capped	$37.5
Final earn out payment, 20% NCF > US$111.7m, 8 yr period Cap for all consideration payments	$90.0

Refer to Appendix for detailed breakdown of milestone and earn out thresholds
Note: All milestone and earn out consideration payments payable in stock or cash at TFS's election
NCF = aggregate net cash flow generated by the business

Financial Details

Funding

- Upfront and fixed minimum price of US$23.4 million, comprising US$1.5 million in cash (from existing cash balances) and US$21.9 million in TFS shares
- TFS will issue 15.3 million shares (4.7% of issued capital) at $1.85 per share under TFS's available placement capacity under ASX Listing Rule 7.1
  - 12.6m shares expected to be issued in July 2015 and remaining 2.7m shares before 31 July 2016
  - 9.1m of the shares to be issued in July 2015 are subject to lock up provisions of between 6 and 30 months
- All future contingent consideration payments, if triggered, are payable in stock or cash, at TFS's election
- TFS funding support for product development of a minimum of US$5.0 million per year for five years (total of US$25 million over 5 years) – since 2011, TFS has provided Santalis with funding support of cUS$1.5m pa

Financial Impact

- No change to existing guidance for FY15, being NPAT of at least $90 million and cash EBITDA to increase year-on-year by 10%
- On a stand-alone basis, excluding any benefit from higher Indian sandalwood sales, transactions are expected to be modestly EPS dilutive in FY16

Summary

- Successful US market release of Benzac® has demonstrated the significant potential of the dermatology market for products containing TFS's pharmaceutical grade Indian sandalwood oil
- Acquisitions extend TFS's existing and successful investments into the pharmaceutical sector
- Secures all revenues to be generated by ViroXis and Santalis and extends TFS's business model to "soil to oil to shelf"
- Compelling strategic rationale, including increased control of product development
- Low risk deal structure which includes modest fixed and upfront consideration in cash and scrip
- Contingent payments are triggered by performance milestones which will provide significant value upside to TFS, by generating both higher royalty revenues and stimulating additional demand for Indian sandalwood oil

APPENDIX

Deal Structure – Contingent Payment Thresholds

ViroXis Corporation	Contingent Consideration US$m
Milestone payments if achieved < 5-8 years	
Launch of OTC Product	$2.0
1st Patient in Phase 3 FDA Trial for a skin indication	$4.0
1st Patient in Phase 3 FDA Trial for second skin indication	$4.0
FDA Approval Prescription 1st indication [1]	$8.0
FDA Approval Prescription 2nd indication [1]	$8.0
Maximum Milestone payments	**$26.0**
Base earn out payments if achieved < 5 years	
NCF > US$4.3m to < US$8.6m	$5.0
NCF > US$8.6m to < US$12.8m	$15.0
NCF > US$12.8m to < US$17.1m	$35.0
NCF > US$17.1m	$50.0
Maximum Base earn out payments	**$50.0**
Incentive earn out payments	
20% of NCF in excess of US$10m for each year ending on the 6,7,8 anniversaries	
Total incentive earn out payment capped	**$60.7**
Final earn out payment	
Payment equal to 20% if NCF for 8 year period > US$111.9m	
ViroXis capped maximum total consideration	**$154.9**

Santalis Pharmaceuticals	Contingent Consideration US$m
Milestone payments if achieved < 5-8 years	
Launch of OTC Product	$5.0
1st Patient in Phase 3 FDA Trial for a skin indication	$2.5
1st Patient in Phase 3 FDA Trial for second skin indication	$2.5
FDA Approval Prescription 1st indication [1]	$5.0
FDA Approval Prescription 2nd indication [1]	$5.0
Maximum Milestone payments	**$20.0**
Base earn out payments if achieved < 5 years	
NCF > US$2.5m to < US$5.0m	$5.0
NCF > US$5.0m to < US$7.4m	$10.0
NCF > US$7.4m to < US$9.9m	$20.0
NCF > US$9.9m	$31.0
Maximum Base earn out payments	**$31.0**
Incentive earn out payments	
20% of NCF in excess of US$10m for each year ending on the 6,7,8 anniversaries	
Total incentive earn out payment capped	**$37.5**
Final earn out payment	
Payment equal to 20% if NCF for 8 year period > US$111.7m	
Santalis capped maximum total consideration	**$90.0**

All milestone and earn out consideration payments payable in stock or cash, TFS's election

NCF = aggregate net cash flow generated by the business

Note 1: If FDA approval of a prescription product is granted between five and eight years post completion then 50% of the relevant milestone payment will be payable

ViroXis Corporation

- Bio-pharmaceutical company, formed in 2006, focused on developing and commercialising innovative and proprietary botanical pharmaceuticals derived from Indian sandalwood oil, principally for viral conditions

- Numerous pharmaceutical products derived from Indian sandalwood oil are well advanced in the development pipeline, including HPV (skin warts, adult and pediatric populations), HPV Pediatrics, Molluscum (MSV), HPV Genital Warts and Herpes (cold sores)

- Products for HPV (skin warts) have completed FDA Phase 2 and for Molluscum (MSV) are in FDA Phase 2 product development

- CEO Ian Clements MSc has more than 20 years of experience in the pharmaceutical and biotechnology industries including senior positions in sales and marketing, medical affairs, product and clinical development, project and product management as well as commercial, corporate and business development. Prior to ViroXis, Mr Clement was VP of Commercial Operations and Corporate Development at ILEX Oncology (now Sanofi Aventis) and Head of Marketing for the US Oncology division of Novatis

- Key staff will remain in place following completion and Mr Clements will sign a new employment agreement with TFS upon completion

Santalis Pharmaceutical Inc

- Founded in 2011 as a 50-50 joint venture between TFS and management
- Focused on developing and commercialising sandalwood products targeting all possible conditions outside of viral skin diseases, including conditions such as Acne, Eczema, redness and sensitive skin
- Already licenced acne products containing TFS oil to Nestle-owned Galderma, a global dermatological company, Benzac® Acne Solutions
- Benzac® Acne Solutions have successfully launched in the US
  - Benzac® products now in around 25,000 stores
  - Product range extensions developed to enable expansion of Benzac® Acne Solutions line
- CEO Paul Castella PhD, MBA has experience in the evaluation, financing, licensing, formation and operation of biotechnology and medical technology companies. Dr Castella received his PhD in cell biology and genetics from the Cornell University Medical College in NY and has founded and managed numerous biotechnology companies with a successful record of product development, regulatory approvals and commercialisation
- Key staff will remain in place following completion and Dr Castella will sign a new employment agreement with TFS upon completion

GALDERMA
Committed to the future of dermatology