



ASX Release

31 May 2016

TFS reports unaudited results for the nine months ended 31 March 2016

TFS Corporation Limited ("TFS", ASX: TFC, "the Company"), the world's largest owner and manager of commercial Indian sandalwood plantations, today reported its unaudited results for the nine months ended 31 March 2016.

Cash EBITDA, which removes the impact of non-cash revenues and unrealised foreign exchange movements, was \$12.1 million, up 16% from \$10.4 million in the previous corresponding period ("pcp", being the nine months to 31 March 2015), due mainly to higher sales of new plantations to institutional investors.

Net profit after tax of \$66.2 million was down on the pcp (\$81.3 million) with lower foreign exchange gains for the period compared to the pcp resulting in a smaller gain in the fair value of TFS's owned plantations.

Total revenues of \$162.0 million included cash revenues of \$83.0 million, up 10% on the pcp (\$75.7 million) due to higher revenues from establishment fees charged on the sale of new plantations. Non-cash revenues were \$79.0 million, down 51% from the pcp (\$159.7 million) due mainly to a lower foreign exchange gain.

Cash and cash equivalents at 31 March 2016 were \$22.6 million, with working capital moving in line with TFS's typical seasonal cycle. Subsequent to the end of the reporting period, TFS closed a significantly oversubscribed institutional placement and share purchase plan, raising \$68.5 million. Consistent with the Company's established working capital cycle, TFS expects to derive significant cash inflows from operating activities in the quarter ending 30 June 2016 due to plantation sales being heavily weighted to Q4 in the financial year.

TFS's Managing Director Frank Wilson said: "Our results for the first nine months of the year have been solid and we are on track to achieve our guidance for the full year. As always, we expect to generate significant operating cash inflows in the final quarter as we finalise the majority of our FY16 plantation sales. This is an exciting period as we have already commenced the annual planting program of at least 1,500 hectares and we will start the 2016 harvest next week.

"The 2016 harvest is expected to deliver more than 300 tonnes of heartwood, a tenfold increase on last year. Soon thereafter, in what will be a major milestone for TFS, we will make the first delivery of our value-added wood to China, under our recently established long-term supply agreement. The sale of this harvest to our broad customer base across Asia, as well as in Europe and the US, will generate attractive and consistent operating cash margins which will transform our financial performance."

TFS reaffirms its guidance for FY16 Cash EBITDA to be between 5% and 10% more than FY15.

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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 in 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 commercial Indian sandalwood plantations in the world, with over 10,500 hectares planted of which TFS owns directly and indirectly over 3,500 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 subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company wholly owned by Nestle.

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 which 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 for a range of skin conditions and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.