



Sandalwood the good oil for US funds

AUSTRALIAN Sandalwood producer TFS Corporation is tapping into the \$US4 billion acne treatment market in the US as it picks up some high profile investors.

NESTLE-OWNED dermatology company Galderma this week launched its Benzac acne product containing TFS's Australian grown East Indian Sandalwood oil.

The launch in the United States is a boon for TFS as the product will be available over the counter at chain stores Target, Walgreens and Rite Aid Pharmacy as well as online.

TFS chief executive Frank Wilson said the potential market was massive, with up to 50 million acne sufferers in the US alone.

"We think we'll get a significant market share," Mr Wilson told AAP.

"We're bang in the right space."

He believes the natural Australian-produced ingredient will appeal to US consumers.

Mr Wilson added that the company was encouraged by the progress of clinical trials undertaken by its US-based subsidiary Santalis in relation to eczema, wart and acne treatments.

"Our aim over time is to have our oil recognised as a prescription-based skin treatment but that will take years," Mr Wilson said.

For now Galderma is preparing to launch a multi-million dollar marketing campaign in the US, and if successful it plans to launch in Australia and overseas.

Mr Wilson said recent interest in TFS from US institutional funds had not only been sparked by the pharmaceuticals potential, but by the company's existing fragrance, cosmetics, carving, furniture and health care markets in China and India.

Harvard University's endowment fund is investing \$40 million in new TFS Sandalwood plantations on 399 hectares in the Northern Territory, with planting expected to begin at the end of this year.

TFS expects to announce a similar-sized US institutional investor soon.

"There'll be other funds coming on board this year for sure," Mr Wilson said.

TFS produced its first sandalwood harvest last year after striking a deal to supply pharmaceutical grade oil to Galderma at \$US4,500 (\$A4,868.81) per kilogram.

The company has about 5500 hectares of plantations in Western Australia's Ord River region, 1000 hectares at Dalbeg in Queensland and 3000 hectares in the Northern Territory.

Perth-based Mr Wilson holds an 18 per cent controlling stake in TFS worth more than \$90 million and says he plans to hold the stock for the long-term.

He believes the company, which chalked up a \$82 million profit last year, has a 16 to 17 year head start on any competitor wanting to enter the natural sandalwood oil market.

Source: <http://www.news.com.au/finance/business/sandalwood-the-good-oil-for-us-funds/story-e6frkur-1227179781909>

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