



## TFS Corporation Limited jumps on acquisitions: What you need to know

TFS Corporation Limited ([ASX: TFC](#)) has today announced the acquisition of US-based pharmaceutical partners ViroXis Corporation and Santalis Pharmaceuticals for a minimum consideration of US\$23.4 million.

TFS Corporation is the world's largest Indian Sandalwood plantation owner and operator. Sandalwood is used in a number of applications, spanning from perfumes and incense sticks (sandalwood retains its fragrance for decades) as well as pharmaceuticals. The oil extracted from the wood sells for a very nice price, making TFS's crop very attractive.

ViroXis and Santalis are biopharmaceutical companies that are well advanced in the development and commercialisation of various dermatology products which contain TFS's pharmaceutical grade Indian Sandalwood oil, including the Benzac product which is used to treat acne. These acquisitions will help TFS to directly generate royalty revenues from these products, in addition to revenues from existing oil sales.

It seems like a smart move by TFS given that it will extend its vertically integrated strategy from "soil to oil" to "soil to oil to shelf", allowing it to profit from different points on the same production path. It will also allow it to accelerate the development of sandalwood-based dermatological products, helping it to build on its first-mover advantage.

TFS will pay a combined minimum price of US\$23.4 million for the businesses (ViroXis: US\$18.4 million; Santalis: US\$5 million), which will comprise US\$1.5 million in cash and US\$21.9 million in TFS shares. However, the maximum purchase price could balloon out to US\$244.9 million if all milestones (based on earnings and cash flow achievements) are achieved through to mid-2023.

Shares of TFS Corporation, which boasts a market capitalisation of \$586 million, rose almost 1% following the announcement.

Source: <http://www.fool.com.au/2015/06/18/tfs-corporation-limited-jumps-on-acquisitions-what-you-need-to-know/>

June 18th 2015

