



TFS mulls \$US300m float of high achiever Santalis

Sandalwood company TFS is considering a \$US300 million float of its US pharmaceutical subsidiary, Santalis.

Announcing weaker interim financial results today, TFS said it was “currently assessing how to unlock best value for TFS shareholders from the considerable progress Santalis is achieving”.

The US business is developing and seeking US regulatory approval for sandalwood oil-based pharmaceuticals for the treatment of skin conditions.

Addressing a healthcare conference last month, management suggested Santalis was worth between \$US300 million and \$US500 million based on the value of companies at a similar stage of development.

TFS, soon to be renamed Quintis, paid \$US23.4 million for the remaining 50 per cent stake in Santalis and 100 per cent of another US business, ViroXis, in early 2015.

TFS’s first-half net profit fell 58 per cent to \$28.3 million from \$67.4 million for the same half-year in 2015 when the group benefited from one-off gains and higher foreign exchange gains on the valuations of its Indian sandalwood trees.

Cash earnings before interest, tax, depreciation and amortisation, which strips out various factors including revaluations of trees and properties, as well as foreign exchange movements, was off 12 per cent at \$7.6 million.

Revenue was down 4 per cent at \$152.6 million.

The results are consistent with the TFS’s guidance, with the group’s sales traditionally weighted to the fourth quarter.

Subsequently, TFS is sticking to its forecast of a 25 per cent increase in full-year cash EBITDA to an implied \$78 million.

TFS shares were 2¢ lower at \$1.49 as at 12.25pm.

Source: <https://thewest.com.au/business/tfs-mulls-us300m-float-of-high-achiever-santalis-ng-b88399326z>

February 27th 2017

