

TFS rises on upgraded guidance

UPDATE: Shares in TFS Corporation were firmer after the company posted a record first-half profit of \$55 million and upgraded its full-year profit guidance.

The bottom line result, up from a profit of just \$3.2 million in the previous corresponding period, was achieved on revenue of \$160.3 million, up 192 per cent on the previous year.

The company lifted cash EBITDA to \$6.7 million from a loss of \$9 million in the previous corresponding period.

TFS attributed the result to growth in the valuation of its plantation assets, favourable exchange rate movements and a significant increase in cash revenues.

Chief executive Frank Wilson said the strong financial result reflected the ongoing maturity of TFS, with traditional earnings from the sale of new plantations - principally to institutions - starting to be complemented by revenue generated from the supply of sandalwood oil, particularly pharmaceutical-grade sandalwood oil to Galderma.

"This was a great half for TFS and we are encouraged by ongoing demand for new plantations from existing and new institutions," he said.

"Pleasingly - and well ahead of previous years - we have already agreed new investments from two of our existing investors, which we expect to settle in the fourth quarter when the plantations are established."

TFS said it had received orders for more than one tonne of its pharmaceutical-grade sandalwood oil from Galderma, under its long-term supply agreement with the company. "New orders received from Galderma in the last few weeks provide a positive signal for the growth potential from this new sector," Mr Wilson said.

TFS upgraded its expected full-year earnings guidance from \$70 million to at least \$90 million and reiterated guidance for a 10 per cent year-on-year increase in cash EBITDA.

The company attributed the upgrade to higher valuation of its sandalwood plantations following the increase to the oil price and the strengthening of the US dollar.

TFS shares were up 11.5 cents, or 6.71 per cent, to \$1.83 at the close after touching an intraday peak of \$1.90.

Source: <https://au.news.yahoo.com/thewest/a/26439865/tfs-rises-on-upgraded-guidance/>

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