

HD TFS sandalwood to supply Nestle subsidiary

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AUSTRALIAN Sandalwood producer TFS Corporation will supply **oil** to a pharmaceutical **company** owned by global giant Nestle amid \$2.3m in orders

THE deal was finalised with Nestle's wholly-owned dermatology group Galderma in February, but chief executive Frank Wilson confirmed the arrangement to investors in the US overnight.

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Shares in the **company** rallied on the news, gaining 17 cents, or 9.3 per cent, to \$1.99 on Thursday.

Under the long-term supply agreement, TFS will supply pharmaceutical grade **oil** at a price of \$US4,500 (\$A4,868.81) per kilogram as it develops acne and eczema treatment products.

"Total orders to date of 470 kilograms, or \$2.3 **million**, are being used in commercial scale production trials for skin products that will initially launch in the US in the fourth quarter of fiscal 2014," the **company** said in a statement.

TFS claims to be the world's only supplier of pharmaceutical grade sandalwood **oil** and the world's largest owner and manager of sustainable Indian sandalwood plantations.

The **company** expects to record a net profit around \$70 **million** in fiscal 2014.

Mr Wilson has previously said the **company** expects to generate exports of \$1 **billion** over the next decade as its **oil** fetches \$5000 per kilogram overseas.

One fully grown Indian sandalwood tree can fetch around \$7000, with the roots and trunk producing valuable **oil**, carving wood for the **Chinese** market and incense for religious purposes in India.

Nestle took control of Galderma earlier this year with a buyout of the 50 per cent **stake** held by cosmetics **company** L'Oreal.

CO owgld : Galderma SA | tfscrl : TFS Corporation Limited | nstlc : Nestle SA | orl : L'Oreal SA

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