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Bioscience clings to confidence

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Johannesburg - Beleaguered health brands group Bioscience CEO Mike Allan said on Thursday he is taking comfort from the pick-up in consumer confidence during September. The group reported an annual loss of 0.71 cents per share on Wednesday, as well as an overdraft of R7m. However, Allan said there had been some positive noises from retail chains stocking Bioscience products, which have taken on higher stock levels in anticipation of increased consumer spending. "In June this year my sales reps were miserable," said Allan. "Come the end of September it was like we had hit a switch and suddenly they were smiling and far more confident."

Major imminent initiatives by the group include the relaunch of the Muscle Science brand as well as the launch of a new book by health and wellness guru Patrick Holford, which Allan believes will increase interest in the Bioscience product range. "The key thing for us is that our brands are strong," said Allan. He pointed out that the group had spent a lot of time focusing on developing its major brands, including Muscle Science and wellness brand BioHarmony. Allan also said he believes the injection of some of the assets from Thebe Medicare will boost the Bioscience offering by expanding product range.

Legacy issues

Even with a more upbeat attitude, Bioscience continued to face a challenge with the company bleeding cash. Also, with about 2.4 billion shares the company will battle to generate meaningful shareholder returns. "We still have some legacy issues from the Wellco days," said Allan, referring to the failed wellness company Bioscience took over. Bioscience assumed some of the debts of the Wellco business and has been burdened with repaying suppliers. Allan said that by February 2010 the majority of this debt would be out of the way and would not weigh on the group. On Thursday the Bioscience share price was unchanged at 3c with 1.5 million stocks traded.

*The author holds shares in Bioscience.