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**BIOSCIENCE: HARD WORK**

\*Marc Ashton

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Johannesburg - Turning around a branded consumer products company has been tougher than expected, and the onset of the global financial crisis hasn't helped. This is according to BioScience CEO Mike Allan, who spoke to Fin24.com after the release of the company's results on Thursday. "We've got a lot of innovation coming through," said Allan. "Innovation does two things: it boosts your top line because you've got a pipeline of new products coming through, but it also takes some time bedding it all down." Following a strong showing in December, he anticipates a spike in activity in the period to June but is closely watching the South African consumer as the economic downturn starts to take a hold. The company, which listed into the old Wellco shell in late 2008, reported an operating profit of R1.6m for the six months to end-December 2008.

Despite the profit, Allan concedes that the turnaround had been "longer and harder" than expected. Some areas had been difficult to "bed" down, including the Muscle Science brand and its distribution agents. BioScience owns a variety of health and wellness brands including Muscle Science, "hangover cure" KGB, Phyto Nova products and the BioHarmony range of multivitamins and supplements. Allan, who took charge of BioScience in early 2008, came from fast-moving consumable goods (FMCG) giant Unilever, where he learnt the harsh reality of working in the branded goods sector. "Brands are fun, but many people only focus on the glamorous side like product launches and don't have a clue about the hard work that goes into making sure your products are always stocked on store shelves," he said.

**Going for scale**

Economies of scale remain an important factor in consumer goods sector, and this is something that Allan and his team have been working on over 2008. The company consolidated a number of logistics, sales and supply chain operations and closed its Wynberg offices in an attempt to reduce expenses. Allan said he expects consumers to return to "tried and trusted brands" such as those in the BioScience stable, should the economy turn down. Of concern to investors is the negative R4.7m cash flow from operating activities and the R20.9m in "trade and other receivables".

In its financial statements, the company said this was due to debts being collected by its distribution, warehousing and debt collection service provider and only being allocated four days

after December 31 2008, the financial period under review. On Thursday, the company saw 2 000 shares trade hands at 4c.

\*Ashton holds shares in BioScience Brands.