

**With Thousands of SKUs Worldwide of Products in the Natural Health and Wellness Category as well as Weight Management and Energy Products, Nature's Sunshine Products, Inc. is Now on a Strong Growth Path Having roughly Tripled their Profitability in the Last Four Reported Quarters**



**Healthcare  
Drug Related Products  
(NATR-NASDAQ)**



**Michael Dean  
Chief Executive Officer**

**Company Profile:**

Nature's Sunshine Products, Inc. (NASDAQ:NATR), including its subsidiary Synergy Worldwide, Inc., is a leading natural health and wellness

company engaged in the manufacture and direct selling of nutritional and personal care products. The Company has a global direct sales force of over 600,000 independent distributors in more than 40 countries. Nature's Sunshine manufactures its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. The Company also supports health and wellness for children around the world through its partnership with the Little Heroes Foundation.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Dean, what attracted you to Nature's Sunshine Products?

**Mr. Dean:** I initially joined Nature's Sunshine as a member of the Board of Directors. I was later asked by the Board to take the role of CEO and continue to drive growth and change throughout the organization. Nature's Sunshine is an incredibly strong company with good fundamentals, a great reputation, and great products. The opportunity here was very strong and I was pleased to be offered the position.

**CEOCFO:** Nature's Sunshine has a long history in the natural health and wellness area; how did the company develop?

**Mr. Dean:** It started forty years ago with our founders Gene and Kristine Hughes. Gene was experiencing stomach and ulcer problems and had a friend recommend taking Cayenne

pepper. While the remedy provided relief, he found it very difficult to ingest Cayenne by the spoonful. As a result, Gene and Kristine had the idea to encapsulate the herb and with that gave birth to the concept of delivering the benefits of natural herbal remedies through encapsulation. They were, as far as we know, the first ever to deliver herbs in this way. They started the business on that basis and we have grown to be a good-sized public company with operations in 40 countries around the globe.

**CEOCFO:** What is the focus today; what are your main product categories?

**Mr. Dean:** We offer lots of products, thousands of SKUs worldwide. All are focused on the natural health and wellness category, with general nutrition, weight management and energy products all from natural ingredients.

**CEOCFO:** What are the more unusual products you offer? What do you offer solutions for that people would be very surprised to know existed?

**Mr. Dean:** While we were initially known for our herbal products, people are always surprised to find how broad our offering is. Our products focus on delivering various functional benefits and supporting various systems in your body. We have products that support your circulatory system, respiratory system, immune system and many, many others.

**CEOCFO:** Is there a scientific component behind your products?

**Mr. Dean:** Science has always been an essential component of our prod-

ucts and our success. Our commitment to quality and our rigorous testing and manufacturing standards have been key differentiators that have really helped us to stand out from the competition.

**CEOCFO:** Is the medical community gradually getting to where they should be in understanding of the efficacy of natural products?

**Mr. Dean:** Its been a slow process, but actually I think we are entering an era of greater understanding and balance. Medical doctors as well as the population in general are realizing the need to take a balanced approach to health and wellness. Both groups know that health is not just about treatment but about prevention as well. Diet, exercise, quality supplements and natural products are all essential components of ones health. The changes we are seeing today are largely driven by people becoming more informed and wanting to take control of their health.

**CEOCFO:** How do you sell most of your products?

**Mr. Dean:** Our primary distribution channel is through direct selling, which is person-to-person. It is a very effective model for us because it provides an opportunity for people to really learn what makes our products unique and effective. You won't get that same personal touch or level of information from just walking down the store isle and staring at the products on the shelves.

**CEOCFO:** Where are Nature's Sunshine Products being sold today geographically?

**Mr. Dean:** You can find our products in more than 40 countries throughout The Americas, Europe, Asia and more. We also continue to strategically expand our operations into new markets each year.

**CEOCFO:** How many distributors are in your network and how do you work with them?

**Mr. Dean:** We have over 600,000 distributors worldwide and they are

our greatest asset. All have slightly different ways in which they operate. Some are simply retailers, some of them are natural health practitioners, and some are general health professionals. Many of them have been with us since the company's beginning. Our job is to develop the products, provide our distributors with the support and information they need, and partner together to improve the health of others.

**CEOCFO:** Do you tend to have people buying the same products year after year?

**Mr. Dean:** By developing products with exceptional quality and efficacy, we have been able to build a very loyal customer and distributor base, some of which have been buying our

**I have been here for about a year and a half. When I got here we were mildly profitable and relatively stable, but not high growth. We have shown good growth the last four reported quarters and have roughly tripled our profitability. The business model in this industry is that if you can really grow top line, then there is high incremental cash flow that comes from it. We are continuing to invest in growth strategies and leverage the unique assets and opportunities that a company with our history offers.**

**- Michael Dean**

products for 20, 30 and 40 years. Not only do they buy our products when they have specific health issues or pressing health needs, but for general nutrition and health purposes as well. Since our products provide such a broad range of benefits, they are perfectly suited for repeat and continued purchasing.

**CEOCFO:** It is a crowded field; how does Nature's Sunshine stand out?

**Mr. Dean:** We stand out in a few key ways. First and foremost is with our distributors. They are a passionate, knowledgeable, and loyal group that is out there every day helping people to live healthier lives. They are the best brand ambassadors that any company could wish for. They are our main source of marketing. That is really the direct sales model. We do not have giant advertising budgets, although we do some, it is really

about person-to-person selling. The next way we stand out is with the quality of our products. We do all our own manufacturing. We test every ingredient that comes in and every batch of finished product that goes out. We don't trust something as important as the quality of our product to a third party. Finally, we are different when it comes to innovation. Most companies talk about innovation but its just that, talk. Our company has a long history of innovation, from being the first to encapsulate herbs to the unique and innovative product formulas we have developed, to our initiatives today.

**CEOCFO:** What do you see ahead in the next year or two for Nature's Sunshine?

**Mr. Dean:** I often say, "This is one of the greatest companies that far too few people know about." While efforts of the past 40 years have helped us build a successful company, we have initiatives in place to increase our brand awareness and more aggressively build the business. We are building programs and incentives for the sales force that work to expand our offering more into preventative wellness.

We feel there is a great deal of potential in this area. As we all know, very few people in this world are eating right, or getting adequate nutrition, or that don't need some help as it relates to their health. We provide broad-based solutions that target many of these concerns. In a global environment, where health is decreasing and health-related costs are rising, we are perfectly positioned to take advantage and provide products that can have an impact.

**CEOCFO:** What is the financial picture for Nature's Sunshine Products today?

**Mr. Dean:** I have been here for about a year and a half. When I got here we were mildly profitable and relatively stable, but not high growth. We have shown good growth the last four reported quarters and have roughly tripled our profitability. The business model in this industry is that if you

can really grow top line, then there is high incremental cash flow that comes from it. We are continuing to invest in growth strategies and leverage the unique assets and opportunities that a company with our history offers.

**CEOCFO:** Would you tell us about community involvement for Nature's Sunshine?

**Mr. Dean:** We do have foundations that we partner with. One of the most notable is the Sunshine Heroes Foundation, which is focused improving the health conditions of children and families around the world. This initiative goes a long way in helping us deliver on our mission of helping others to live healthier, more active lives.

**CEOCFO:** Have you done much investor outreach and will you be doing more?

**Mr. Dean:** We have done historically very little of that. We have been a small and mid cap stock that many years ago had been delisted, and had fallen on rougher times. We have since pulled out of it but have not

been actively engaged in investor relations. However, we are going to do more of that in coming quarters.

**CEOCFO:** Why should potential investors consider Nature's Sunshine Products?

**Mr. Dean:** We are a little-known stock that has real potential. We have roughly \$50 million of net cash on the books. We are delivering strong cash flow on a quarterly basis for our size of company. With our current growth and financials, and being a relatively small stock that traditionally has not done much investor outreach, there is lots of potential opportunity for investors to see something that not everybody has focused on yet.

**CEOCFO:** In closing, how do you balance the business aspect with treating people's health?

**Mr. Dean:** That is an important question, because not all companies in my view have found the right balance between the two. There are competitors that are found along this spectrum and I feel that some are too focused on the business opportunity.

One of the things I love most about Nature's Sunshine Products is that we really focus heavily on the health side and truly have the ability to impact people's lives. In fact, when I first got here, I was surprised that the word "business" was almost never talked about. That's because we have professionals and distributors who really believe in what they are doing and who do not want to be thought of as trying to make money off people's health. That being said, we do help people's lives in two ways. We help them with their health, but we also provide opportunities to supplement their income by being a distributor for products they believe in. I see examples and I hear stories every month of the way that Nature's Sunshine is impacting and elevating people's lives from both a health and financial perspective. We know that if our company is focused on improving health and wellness that our business does well. It is just that simple.



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