

Herbalife CEO is readers choice

MarketWatch readers tap Michael Johnson as CEO of year

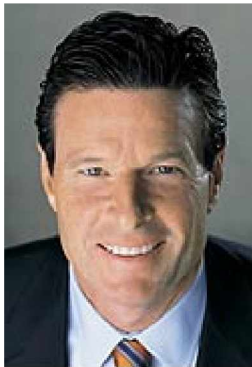
By [Dan Burrows](#), MarketWatch
Last Update: 12:56 AM ET Dec. 6, 2005

NEW YORK (MarketWatch) -- Herbalife Ltd.'s Michael Johnson leapfrogged several of the best-known U.S. chief executives to win the MarketWatch Readers' Choice CEO of the Year award, topping such notables as Apple Computer Inc.'s Steven Jobs, Microsoft Corp.'s Steven Ballmer and Jeffrey Immelt of General Electric Co.

Johnson won with 55% of the vote, handily surpassing Jobs, who came in second with 15%. Google Inc.'s Eric Schmidt placed third with 9% of the tally. Herbalife ([HLF](#)29.28, -0.09, -0.3%), based in Los Angeles, sells weight-management products, nutritional supplements and personal-care items through a network of more than 1 million independent distributors in 60 countries.

Although Herbalife's \$1.3 billion in annual sales and \$2.05 billion market capitalization are dwarfed by those of Johnson's rivals in the Readers' Choice poll, grassroots support from the company's army of distributors carried Johnson to victory.

A company spokeswoman allowed that Herbalife distributors in Europe had been first to take note of the MarketWatch competition, mounting a characteristically enthusiastic e-mail campaign among their colleagues.



Michael O. Johnson

That's not to say Johnson is undeserving of the honor.

Johnson, 51, who came to Herbalife in April 2003, first engineered a recapitalization, reducing Herbalife's debt load and returning \$380 million to shareholders. That helped put the company -- which had lost its founding CEO to an accidental prescription-drug overdose earlier in the decade -- on financial footing for an initial public offering, the anniversary of which is Dec. 16.

Since then shares in Herbalife have more than doubled from an opening price of \$14 on the first day of trading to as much as \$33.75 in early November 2005. Recently the stock has traded north of \$29 a share.

From Hollywood to Herbalife

At first glance Johnson's prior experience seems an incongruous fit with his post at the helm of a company that sells health and wellness products. Prior to joining Herbalife, he spent 17 years as a high-level executive at Walt Disney Co., most notably as president of Walt Disney International and head of


Buena Vista Home Entertainment.

But put that show-business background aside and the move from Hollywood to healthful living makes more sense: Johnson has been competing in triathlons for more than 15 years.

In addition to putting the company's financials in order, Johnson has been vital in developing and expanding Herbalife's portfolio of goods, establishing medical and scientific advisory boards, and funding the creation the Hughes Cellular and Molecular Nutrition Laboratory at the University of California at Los Angeles, named for Herbalife's late founder, Mark Hughes.

Those efforts are intended to serve Johnson's strategy for Herbalife: one "mega" product launch per year, keeping the pipeline of products fresh and distributors motivated. Products introduced during Johnson's tenure range from the ShapeWorks weight-management program to the NouriFusion skin-care line.

Herbalife is observing a Securities and Exchange Commission-mandated quiet period ahead of a secondary stock offering, but in August Johnson spoke with MarketWatch about Herbalife's global growth plans.

"We have been launching new products, and we have been launching a much more unified distributor base throughout the world," Johnson said at the time. "Our distributors are working together better than ever before, we have global expansion, and we have some wonderful new products that have been very energizing to our distributors."  [Watch Johnson interview.](#)

The aggressive rollout of new items has indeed resonated with the company's customers and distributors, if the company's most recent results are any indication. For the third quarter, which ended Sept. 30, Herbalife saw its earnings more than double to \$27.1 million, or 37 cents a share, from \$11.5 million, or 21 cents, a year before. Excluding nonrecurring charges, earnings were 34 cents, surpassing the Thomson First Call average estimate by 1 cent a share.

Scott Van Winkle, an analyst with Adams Harkness, told clients it was "as close to a flawless quarter" as he's seen. "Herbalife," Van Winkle wrote in a note to clients, "is a consistent cash-flow and growth story with new management, new products and considerable opportunity for operational improvement that should drive higher productivity, earnings and stock price."

Bron: <http://www.marketwatch.com/>