

WIMM BILL DANN FOODS OJSC  
Form 6-K  
June 07, 2010

## **FORM 6-K**

# **UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Report of Foreign Issuer  
June 04, 2010

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

Commission file number: 333-14278

## **WIMM-BILL-DANN FOODS OJSC**

(Exact name of Registrant as specified in its charter)

**Russian Federation**

(Jurisdiction of incorporation or organization)

**16, Yauzsky Boulevard**

**Moscow 109028**

**Russian Federation**

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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WIMM-BILL-DANN FOODS OJSC

DELIVERS VOLUME GROWTH AND SHARE GAINS IN Q1 2010

**Moscow, Russia June 03, 2010 Wimm-Bill-Dann Foods OJSC [NYSE: WBD] today announced its financial results for the first quarter ended March 31, 2010.**

**HIGHLIGHTS FOR THE FIRST QUARTER 2010**

- Group revenue increased 19.1% year-on-year to US\$615.3 million driven by solid volume growth across all segments and helped by a stronger ruble
- Group gross profit increased 2.3% year-on-year to US\$172.0 million
- Group gross margin declined to 28.0% from 32.5% compared to prior year as a result of sharp increases in raw milk costs in the first quarter of 2010
- Group net income almost tripled to US\$33.7 million from US\$12.6 million a year ago
- Net income as a percentage of sales increased to 5.5% in the first quarter of 2010 from 2.4% in the same period last year
- EBITDA(1) increased to US\$73.5 million compared to US\$73.1 million in the first quarter last year

Wimm-Bill-Dann achieved a solid start to 2010 with strong sales growth driven by volume improvements across dairy, beverages, and baby food, said Tony Maher, Wimm-Bill-Dann's Chief Executive Officer. We are not just benefiting from demand recovery, we are gaining market share in all three segments outperforming the market. As we indicated earlier, the disruption in the supply of raw milk we saw in the fourth quarter of last year continued into the first quarter, impacting our profitability in the dairy segment in the short-term, but the fundamentals of this market are solid nonetheless.

Group revenue in the first quarter of 2010 increased 19.1% versus the same period a year ago to US\$615.3 million, driven by volume growth across dairy, beverages, and baby food and a favourable exchange rate. Group revenue in rubles increased 4.9% in the first quarter of 2010 versus the same period a year ago.

The first quarter was a good start to the year as our strategy of focusing on generating profitable growth coupled with sound financial discipline is paying dividends, Tony Maher concluded.

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(1) Note: See Attachment A for definitions of EBITDA and EBITDA margin and reconciliations to net income.

## Key Financial Indicators for 1Q 2010 vs 1Q 2009

	1Q2010 US\$ mln	1Q2009 US\$ mln	Change
<b>Sales</b>	<b>615.3</b>	<b>516.8</b>	<b>19.1%</b>
<i>Dairy</i>	434.5	369.2	17.7%
<i>Beverages</i>	108.4	94.1	15.2%
<i>Baby Food</i>	72.4	53.5	35.3%
<b>Gross profit</b>	<b>172.0</b>	<b>168.1</b>	<b>2.3%</b>
<b>Gross margin, %</b>	<b>28.0%</b>	<b>32.5%</b>	<b>(450 bp)</b>
Selling and distribution expenses	(91.6)	(84.4)	8.6%
General and administrative expenses	(29.4)	(29.5)	(0.1)%
<b>Operating income</b>	<b>47.4</b>	<b>50.4</b>	<b>(6.0)%</b>
Financial income and expenses, net	(2.0)	(33.8)	(94.1)%
<b>Net income</b>	<b>33.7</b>	<b>12.6</b>	<b>167.3%</b>
<b>Net income, %</b>	<b>5.5%</b>	<b>2.4%</b>	<b>310 bp</b>
<b>EBITDA</b>	<b>73.5</b>	<b>73.1</b>	<b>0.5%</b>
CAPEX excluding acquisitions	25.8	16.4	57.3%

## Dairy

Sales in the Dairy Segment increased 17.7% to US\$434.5 million in the first quarter of 2010 from US\$369.2 million in the first quarter of 2009. This was driven by improved volumes and positive exchange rate effect. The average selling price increased 12.0% to US\$1.18 per 1 kg in the first quarter of 2010 from US\$1.06 per 1 kg in the first quarter of 2009. As a result of acute dry and raw milk shortage at the end of 2009, raw milk prices increased sharply in December of last year and remained high throughout the first quarter compared to prior year. Our raw milk purchasing price increased 34.3% year-on-year in US dollar terms in the first quarter of 2010. As a result, our gross margin in the Dairy Segment fell to 21.1% in the first quarter of 2010 from 29.1% in the first quarter of 2009.

## Beverages

Sales in the Beverages Segment increased 15.2% to US\$108.4 million in the first quarter of 2010 compared to US\$94.1 million in the first quarter of 2009. This was driven by strong volume growth, as well as positive exchange rate effect. The average selling price increased 5.1% to US\$0.78 per liter in the first quarter of 2010 from US\$0.74 per liter in the first quarter of 2009. Gross margin in the Beverages Segment increased to 42.5% from 36.9% year-on-year as a result of improved efficiency and lower concentrates costs.

## Baby Food

Baby Food sales continued to demonstrate solid growth. Sales in the Baby Food Segment increased 35.3% to US\$72.4 million in the first quarter of 2010 from US\$53.5 million in the first quarter of 2009 driven mainly by strong volumes. The average selling price increased 15.1% to US\$1.96 per 1 kg in the first quarter of 2010 from US\$1.70 per 1 kg in the first quarter of 2009. Gross margin in the Baby Food Segment decreased slightly to 47.6% from 48.3%.

### Key Cost Elements

For the first quarter of 2010, selling and distribution expenses increased 8.6% year-on-year to US\$91.6 million. Selling and distribution expenses as a percentage of sales declined to 14.9% in the first quarter of 2010 from 16.3% in the same period last year. General and administrative expenses stood almost flat at US\$29.4 million in the first quarter of 2010. General and administrative expenses as a percentage of sales decreased to 4.8% in the first quarter of 2010 from 5.7% in the first quarter of 2009.

Operating profit decreased 6.0% year-on-year to US\$47.4 million in the first quarter of 2010. EBITDA increased to US\$73.5 million in the first quarter of 2010 from US\$73.1 million in the same period last year.

In the first quarter of 2010, financial expenses decreased 94.1% to US\$2.0 million from US\$33.8 million in the same period of 2009. The decrease was caused mainly by currency re-measurement gain which amounted to US\$5.3 million in the first quarter of 2010 compared to currency re-measurement loss of US\$25.1 million in the first quarter of 2009. Currency re-measurement gain (loss) is a non-cash item.

Our effective tax rate increased to 25.3% in the first quarter of 2010 from 24.0% in the same period of 2009.

### *Net Income*

Group net income increased 167.3% to US\$33.7 million in the first quarter of 2010 from US\$12.6 million in the first quarter of 2009. Net income as a percentage of sales increased to 5.5% in the first quarter of 2010 from 2.4% in the same period last year.

*Attachment A**Reconciliation of EBITDA and EBITDA margin to US GAAP Net Income*

EBITDA is a non-U.S. GAAP financial measure. The following table presents reconciliation of EBITDA to net income (and EBITDA margin to net income as a percentage of sales), the most directly comparable U.S. GAAP financial measure.

	3 months ended March 31, 2010		3 months ended March 31, 2009	
	US\$ mln	% of sales	US\$ mln	% of sales
Net income	33.7	5.5%	12.6	2.4%
Add: Depreciation and amortization	26.1	4.2%	22.7	4.4%
Add: Income tax expense	11.5	1.9%	4.0	0.8%
Add: Interest expense	7.9	1.3%	9.6	1.8%
Less: Interest income	(1.1)	(0.2)%	(2.4)	(0.5)%
Less: Currency remeasurement loss (gain), net	(5.3)	(0.9)%	25.1	4.9%
Add: Bank charges	0.5	0.1%	1.0	0.2%
Add: Minority interest	0.2	0.04%	0.03	0.0%
Add: Other			0.5	0.1%
<b>EBITDA</b>	<b>73.5</b>	<b>11.9%</b>	<b>73.1</b>	<b>14.1%</b>

EBITDA represents net income before interest, income taxes and depreciation and amortization, adjusted for interest income, currency remeasurement gains, bank charges and other financial expenses and minority interest. EBITDA margin is EBITDA expressed as a percentage of sales.

We present EBITDA because we consider it an important supplemental measure of our operating performance. In particular, we believe EBITDA provides useful information to securities analysts, investors and other interested parties because it is used in the debt to EBITDA debt incurrence financial measurement in certain of our financing arrangements.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of our operating results as reported under U.S. GAAP. Moreover, other companies in our industry may calculate EBITDA differently or may use it for different purposes than we do, limiting its usefulness as a comparative measure.

EBITDA also should not be considered as an alternative to cash flow from operating activities or as a measure of our liquidity. In particular, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

## Wimm-Bill-Dann Foods

## Condensed Consolidated Balance Sheets

*(Amounts in thousands of U.S. dollars, except share data)*

	March 31, 2010 (unaudited)	December 31, 2009 (audited)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 205,574	\$ 248,521
Trade receivables, net	153,422	112,083
Inventory	225,641	191,334
Taxes receivable	34,070	32,304
Advances paid	30,154	22,678
Deferred tax asset	13,425	15,159
Other current assets	13,157	19,381
<b>Total current assets</b>	<b>675,443</b>	<b>641,460</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net	717,459	699,996
Intangible assets, net	41,259	38,688
Goodwill	108,810	105,643
Other non-current assets	3,279	3,017
<b>Total non-current assets</b>	<b>870,807</b>	<b>847,344</b>
<b>Total assets</b>	<b>\$ 1,546,250</b>	<b>\$</b>