

WIMM BILL DANN FOODS OJSC

Form 6-K

December 10, 2009

FORM 6-K

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

December 2, 2009

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

Commission file number: 1-31232

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

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(Address of principal executive offices)

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

WIMM-BILL-DANN FOODS OJSC
CONTINUES TO POST PROFITABLE GROWTH
IN THIRD QUARTER AND NINE MONTHS OF 2009

Moscow, Russia November 25, 2009 Wimm-Bill-Dann Foods OJSC [NYSE: WBD] today announced its financial results for the third quarter and nine months ended September 30, 2009.

Highlights for the third quarter and nine months of 2009

- Group gross margin improved to 36.0% in the third quarter of 2009 compared to 33.7% in the third quarter of 2008, and to 34.6% in the first nine months of 2009 from 32.2% in the same period last year
- EBITDA(1) margin improved significantly to 16.8% in the third quarter of 2009 compared to 14.1% in the third quarter of 2008, and 15.5% in the first nine months of 2009 from 12.9% in the same period last year
- Operating profit margin increased by 290 basis points to 12.5% in the third quarter of 2009, and by 230 basis points to 11.1% in the first nine months of 2009
- Group revenue in US dollars decreased 27.3% year-on-year to US\$1,595.6 million in the first nine months of 2009, driven by ruble devaluation, and partially offset by stronger mix
- Net income in US dollars increased 43.5% year-on-year to US\$44.5 million in the third quarter of 2009
- On a constant currency basis, (in rubles) net income almost doubled in the third quarter of 2009 compared to the third quarter of 2008, and increased by 33.1% year-on-year in the first nine months of 2009
- Operating cash flow rose 12.8% year-on-year to US\$190.0 million in the first nine months of 2009

In the beginning of 2009 Wimm-Bill-Dann pledged profitable growth despite strong macro-economic headwinds. The third quarter once again demonstrated the viability of our approach, the resilience of our brands and our business model, said Tony Maher, Wimm-Bill-Dann's Chief Executive Officer.

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We have once again delivered strong results in all three business segments. For almost two years now Wimm-Bill-Dann has been demonstrating margin improvement and market share gains. This is no small achievement and is a result of our continued focus on streamlining our business and enhancing consumer loyalty. Group gross margins increased 230 basis points year-on-year to 36.0%. It also improved for each of the business segments, reaching 32.6% in dairy, 40.1% in beverages and 49.7% in baby food. Our EBITDA margin reached 16.8% in the third quarter of 2009, driven by further efficiency improvements and seasonally lower input costs. Our net profit in the third quarter grew 43.5% year-on-year and almost doubled in rubles.

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

Our healthy operating cash flow of US\$190.0 million allowed us to be creative in marketing and aggressive in sales, Tony Maher added.

Key Financial Indicators for the nine months and 3Q 2009 vs. 2008

	9M 2009 US\$ mln	9M 2008 US\$ mln	Change	3Q 2009 US\$ mln	3Q 2008 US\$ mln	Change
Sales	1,595.6	2,194.1	(27.3)%	524.1	702.1	(25.3)%
<i>Dairy</i>	<i>1,115.4</i>	<i>1,630.0</i>	<i>(31.6)%</i>	<i>368.7</i>	<i>524.6</i>	<i>(29.7)%</i>
<i>Beverages</i>	<i>303.4</i>	<i>372.5</i>	<i>(18.5)%</i>	<i>93.6</i>	<i>113.5</i>	<i>(17.6)%</i>
<i>Baby Food</i>	<i>176.8</i>	<i>191.6</i>	<i>(7.8)%</i>	<i>61.9</i>	<i>64.0</i>	<i>(3.3)%</i>
Gross profit	551.9	707.0	(21.9)%	188.6	236.6	(20.3)%
<i>Gross margin, %</i>	<i>34.6%</i>	<i>32.2%</i>	<i>240bp</i>	<i>36.0%</i>	<i>33.7%</i>	<i>230bp</i>
Selling and distribution expenses	272.3	365.7	(25.5)%	87.8	124.6	(29.6)%
General and administrative expenses	97.1	136.5	(28.8)%	33.3	39.6	(16.0)%
Operating income	177.1	193.6	(8.5)%	65.3	67.6	(3.4)%
<i>Operating margin, %</i>	<i>11.1%</i>	<i>8.8%</i>	<i>230bp</i>	<i>12.5%</i>	<i>9.6%</i>	<i>290bp</i>
Financial expenses, net	31.8	36.5	(12.9)%	5.9	24.7	(76.0)%
Net income	109.4	109.6	(0.1)%	44.5	31.0	43.5%
EBITDA	246.6	282.7	(12.8)%	88.2	98.9	(10.8)%
<i>EBITDA margin, %</i>	<i>15.5%</i>	<i>12.9%</i>	<i>260bp</i>	<i>16.8%</i>	<i>14.1%</i>	<i>270bp</i>
CAPEX excluding acquisitions	76.8	158.9	(51.7)%	30.9	47.7	(35.2)%

Dairy

Sales in US dollars in the Dairy Segment decreased 31.6% to US\$1,115.4 million in the first nine months of 2009 from US\$1,630.0 million in the first nine months of 2008. This was driven primarily by the negative exchange rate. The average dollar selling price declined 25.1% to US\$1.05 per 1 kg in the first nine months of 2009 from US\$1.40 per 1 kg in the same period last year. The gross margin in the Dairy Segment increased significantly to 31.1% in the first nine months of 2009 from 29.1% in the same period last year, driven by lower costs and improved sales mix. The gross margin improved to 32.6% in the third quarter of 2009 from 30.8% in the third quarter of 2008, and from 31.4% in the second quarter of 2009.

Beverages

Sales in US dollars decreased 18.5% to US\$303.4 million in the first nine months of 2009 compared to US\$372.5 million in the first nine months of 2008. This was driven by the negative exchange rate and partially offset by good volume growth. The average dollar selling price decreased 20.7% to US\$0.75 per liter in the first nine months of 2009 from US\$0.95 per liter in the same period last year. The gross margin in the Beverage Segment increased to

39.2% in the first nine months of 2009 from 38.6% in the same period last year, due to improved efficiency and lower concentrate costs.

Baby Food

Sales in US dollars in the Baby Food Segment decreased 7.8% to US\$176.8 million in the first nine months of 2009 from US\$191.6 million in the same period last year due to the unfavorable exchange rate, offset by strong volume growth. The average dollar selling price decreased 25.7% to US\$1.76 per kg in the first nine months of 2009 from US\$2.37 per kg in the first nine months of 2008. The gross margin in the Baby Food Segment increased to 49.0% in the first nine months of 2009 from 46.6% in the first nine months of 2008.

Key Cost Elements

In the first nine months of 2009, selling and distribution expenses decreased 25.5% year-on-year to US\$272.3 million. Sales and distribution expenses as a percentage of sales increased to 17.1% in the first nine months of 2009, compared to 16.7% in the same period of 2008, driven by advertising and marketing expenses, which increased, as a percentage of sales, to 6.0% from 4.4%. General and administrative expenses decreased 28.8% year-on-year to US\$97.1 million in the first nine months of 2009. General and administrative expenses, as a percentage of sales, stood flat year-on-year at 6.2%.

Operating profit in US dollars decreased 8.5% year-on-year to US\$177.1 million in the first nine months of 2009. Operating profit margin improved to 11.1% in the first nine months of 2009 from 8.8% last year. EBITDA in US dollars declined 12.8% year-on-year to US\$246.6 million. EBITDA margin improved significantly to 15.5% in the first nine months of 2009 compared to 12.9% in the same period last year, and 16.8% in the third quarter of 2009 from 14.1% in the third quarter of 2008.

In the first nine months of 2009, financial expenses declined 12.9% to US\$31.8 million compared to US\$36.5 million in the same period of 2008. This was mainly due to a decrease in interest expense, offset partially by currency remeasurement loss. In the first nine months of 2009, interest expense amounted to US\$22.8 million compared to US\$35.2 million in the first nine months of 2008. In the first nine months of 2009, currency remeasurement loss was US\$10.2 million compared to loss of US\$3.9 million in the same period last year.

Our effective tax rate decreased to 24.1% in the first nine months of 2009 from 28.5% in the same period of 2008.

Net Income

In the third quarter of 2009, net income in US dollars increased 43.5% to US\$44.5 million from US\$31.0 million in the same period last year. Net income in US dollars decreased 0.1% to US\$109.4 million in the first nine months of 2009 from US\$109.6 million in the first nine months of 2008 as a result of ruble devaluation.

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On a constant currency basis (in rubles), net income increased by 33.1% year-on-year in the first nine months of 2009, and almost doubled in the third quarter of 2009 year-on-year.

Debt and Cash Flows

As of the end of the first nine months of 2009, our net debt decreased by 21.1% year-on-year to US\$312.6 million.

Our operating cash flow increased 12.8% to US\$190.0 million in the first nine months of 2009 from US\$168.5 million in the same period of 2008. Free cash flow grew to US\$104.0 million in the first nine months of 2009 from US\$14.6 million 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.

	9 months ended September 30, 2009		9 months ended September 30, 2008	
	US\$ mln	% of sales	US\$ mln	% of sales
Net income	109.4	6.9%	109.6	5.0%
Add: Depreciation and amortization	69.4	4.4%	89.1	4.1%
Add: Income tax expense	35.0	2.2%	44.8	2.0%
Add: Interest expense	22.8	1.4%	35.2	1.6%
Less: Interest income	(3.7)	(0.2)%	(4.3)	(0.2)%
Add: Currency remeasurement (gains)/losses, net	10.2	0.6%	3.9	0.2%
Add: Bank charges	2.1			