

WIMM BILL DANN FOODS OJSC  
Form 6-K  
December 30, 2008

## **FORM 6-K**

### **UNITED STATES**

## **SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Issuer**  
December 22, 2008

**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 ANNOUNCES**

**25% REVENUE GROWTH IN FIRST NINE MONTHS OF 2008**

**Moscow, Russia December 18, 2008 Wimm-Bill-Dann Foods OJSC [NYSE: WBD] today announced its financial results for the third quarter and the first nine months ended September 30, 2008.**

**Highlights of the first nine months of 2008:**

- Strong double-digit revenue growth across all business segments
- Group revenue increased 24.8% to US\$2,194.1 million
- Gross profit grew 22.2% to US\$707.0 million
- Operating income rose 15.1% to US\$193.6 million
- Net income increased 3.7% to US\$109.6 million
- EBITDA<sup>1</sup> rose 23.3% to US\$282.7 million
- Operating cash flow grew 156.8% to US\$168.5 million

Despite a challenging operating environment, we achieved strong double-digit revenue and EBITDA growth in the third quarter and the nine months of 2008, which further testifies to the strength and resilience of the business and our focus on executing our strategy, said Tony Maher, Wimm-Bill-Dann's Chief Executive Officer.

We continue to face significant headwinds created by a decline in consumer confidence in Russia and CIS, slower GDP growth, and unprecedented global financial turmoil. Nevertheless, our balance sheet is strong, our liquidity is excellent, and we are comfortable with our debt position, including a bond of approximately \$185 million that we will pay down in March of 2009 if required. We may choose to refinance the debt if financing is available at attractive rates, but as of today, we are planning to repay those obligations with internal funds. We have a strong cash balance of \$137 million as of the end of the third quarter and we continue to generate significant cash flow from operations, totalling \$168 million in the first nine months of the year.

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All of our business segments continue to post strong results, with group revenue growing 25% for the first nine months of 2008 on a year-over-year basis to nearly \$2.2 billion. This growth has been purely organic. Our dairy segment delivered sales of \$1.6 billion in the first nine months of 2008, up nearly 23% year-over-year. Our beverage business achieved sales growth of nearly 20% to \$372.5 million through the first nine months of the year. And our baby food sales for the first nine months of 2008 grew 61% over same period in 2007 to \$191.6 million.

Our gross profit for the first nine months of 2008 was \$707 million, up 22% from the same period a year ago. This improvement was across all three business segments. EBITDA also continued to show solid improvement. For the first nine months of 2008, EBITDA was \$282.7 million, up 23.3% from the first nine months of 2007.

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

In conclusion, I would like to add that we remain confident in our financial strength, our ability to execute, and our strategy for sustained profitability. Over the last several years, we have put in place a strong foundation, which, combined with the very nature of our business, will see us emerge even stronger from this uncertain period

## Key Financial Indicators for the First Nine Months and 3Q 2008 vs. 2007

|                                     | 9M2008<br>US\$ mln | 9M2007<br>US\$ mln | Change       | 3Q2008<br>US\$ mln | 3Q2007<br>US\$ mln | Change         |
|-------------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|----------------|
| <b>Sales</b>                        | <b>2,194.1</b>     | <b>1,758.3</b>     | <b>24.8%</b> | <b>702.1</b>       | <b>610.5</b>       | <b>15.0%</b>   |
| <i>Dairy</i>                        | 1,630.0            | 1,328.7            | 22.7%        | 524.6              | 470.3              | 11.5%          |
| <i>Beverages</i>                    | 372.5              | 310.6              | 19.9%        | 113.5              | 98.5               | 15.2%          |
| <i>Baby Food</i>                    | 191.6              | 119.0              | 61.0%        | 64.0               | 41.7               | 53.5%          |
| <b>Gross profit</b>                 | <b>707.0</b>       | <b>578.4</b>       | <b>22.2%</b> | <b>236.6</b>       | <b>200.6</b>       | <b>18.0%</b>   |
| Selling and distribution expenses   | 365.7              | 281.7              | 29.8%        | 124.6              | 95.8               | 30.1%          |
| General and administrative expenses | 136.5              | 129.5              | 5.4%         | 39.6               | 43.2               | (8.4)%         |
| <b>Operating income</b>             | <b>193.6</b>       | <b>168.3</b>       | <b>15.1%</b> | <b>67.6</b>        | <b>59.9</b>        | <b>12.9%</b>   |
| Financial expenses, net             | 36.5               | 15.4               | 137.1%       | 24.7               | 2.9                | 759.7%         |
| <b>Net income</b>                   | <b>109.6</b>       | <b>105.6</b>       | <b>3.7%</b>  | <b>31.0</b>        | <b>39.8</b>        | <b>(22.2)%</b> |
| <b>EBITDA</b>                       | <b>282.7</b>       | <b>229.4</b>       | <b>23.3%</b> | <b>98.9</b>        | <b>82.2</b>        | <b>20.3%</b>   |
| CAPEX excluding acquisitions        | 158.9              | 127.7              | 24.4%        | 47.7               | 58.6               | (18.6)%        |

**Dairy**

Sales in the Dairy Segment increased 22.7% to US\$1,630.0 million in the first nine months of 2008 from US\$1,328.7 million in the same period of 2007. The growth was organic, driven primarily by pricing and offset slightly by volume decline. The average dollar selling price rose 33.0% to US\$1.40 per kg in the first nine months of 2008 from US\$1.05 per kg in the same period of 2007 driven primarily by average ruble price growth and exchange rate effect. Our raw milk purchasing price grew 35.7% year-on-year in ruble terms (46.2% in US dollar terms) in the first nine months of 2008. The gross margin in the Dairy Segment decreased to 29.1% in the first nine months of 2008 from 30.1% in the first nine months of 2007. Despite continued raw milk cost pressure, the gross margin in the Dairy segment improved slightly to 30.8% in the third quarter of 2008 from 30.5% in the third quarter 2007 and also improved sequentially from 30.1% in the second quarter of 2008.

**Beverages**

Sales in the Beverages Segment increased 19.9% to US\$372.5 million in the first nine months of 2008 from US\$310.6 million during the same period last year, driven mainly by a healthy balance of price, volume and mix. The average dollar selling price increased 14.8% to US\$0.95 per liter in the first nine months of 2008 from US\$0.83 per liter in the first nine months of 2007. The gross margin in the Beverages Segment decreased to 38.6% in the first nine months of 2008 from 40.4% in the same period last year, due to concentrate cost pressure. The gross margin in Beverages increased slightly to 40.0% in the third quarter of 2008 from 39.6% in the third quarter last year.

**Baby Food**

Sales in the Baby Food Segment increased 61.0% to US\$191.6 million in the first nine months of 2008 from US\$119.0 million in the same period last year, driven by a healthy balance of volume and price. The average selling price rose 27.4% to US\$2.37 per kg in the



first nine months of 2008 from US\$1.86 per kg in the first nine months of 2007. The gross margin in the Baby Food Segment increased to 46.6% in the first nine months of 2008 from 44.4% in the first nine months of 2007.

### ***Key Cost Elements***

In the first nine months of 2008, selling and distribution expenses increased 29.8% to US\$365.7 million. Selling and distribution expenses, as a percentage of sales, stood at 16.7% in the first nine months of 2008 compared to 16.0% in the same period last year. General and administrative expenses increased 5.4% to US\$136.5 million in the first nine months of 2008. General and administrative expenses, as a percentage of sales, declined to 6.2% in the first nine months of 2008 from 7.4% in the same period last year.

Operating profit increased 15.1% to US\$193.6 million in the first nine months of 2008. EBITDA grew 23.3% to US\$282.7 million.

In the first nine months of 2008, financial expenses grew to US\$36.5 million from US\$15.4 million in the same period of 2007. This was mainly a result of a currency revaluation loss of US\$3.9 million in the first nine months of 2008 against currency revaluation gain in 2007 of US\$14.0 million. Currency revaluation loss amounted to US\$ 15.1 million in the third quarter of 2008 compared to currency revaluation gain in the third quarter of 2007 of US\$8.4 million. Currency revaluation loss was incurred in the third quarter as a result of the weakening of the ruble against the dollar, impacting mainly US\$250 million syndicated loan taken out in the second quarter of 2008. Currency revaluation loss is not a cash item.

Our effective tax rate decreased to 28.5% in the first nine months of 2008 from 29.3% in the same period of 2007.

### ***Net Income***

Net income increased 3.7% to US\$109.6 million in the first nine months of 2008 from US\$105.6 million in the first nine months of 2007. Underlying net income excluding foreign currency revaluation effect and adjusted for respective tax amount increased in the third quarter of 2008 by 23.7% year-on-year to \$41.9 million, and by 17.4% year-on-year in the first nine months of 2008 to \$112.4 million.



*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<br>September 30, 2008 |              | 9 months ended<br>September 30, 2007 |              |
|--|--------------------------------------|--------------|--------------------------------------|--------------|
|  | US\$ mln                             | % of sales   | US\$ mln                             | % of sales   |
| Net income                                       | 109.6                                | 5.0%         | 105.6                                | 6.0%         |
| Add: Depreciation and amortization               | 89.1                                 | 4.1%         | 61.1                                 | 3.5%         |
| Add: Income tax expense                          | 44.8                                 | 2.0%         | 44.7                                 | 2.5%         |
| Add: Interest expense                            | 35.2                                 | 1.6%         | 29.5                                 | 1.7%         |
| Less: Interest income                            | (4.3)                                | (0.2)%       | (2.3)                                | (0.1)%       |
| Less: Currency remeasurement (gains)/losses, net | 3.9                                  | 0.2%         | (14.0)                               | (0.8)%       |
| Add: Bank charges                                | 2.0                                  | (0.1)%       | 2.1                                  | (0.1)%       |
| Add: Minority interest                           | 2.7                                  | (0.1)%       | 2.5                                  | (0.1)%       |
| Add: Other (gains)/losses                        | (0.3)                                | (0.01)%      | 0.1                                  | 0.004%       |
| <b>EBITDA</b>                                    | <b>282.7</b>                         | <b>12.9%</b> | <b>229.4</b>                         | <b>13.0%</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.

**Condensed Consolidated Balance Sheets***(Amounts in thousands of U.S. dollars, except share data)*

|  | September 30,<br>2008<br>Unaudited | December 31,<br>2007* |
|--|------------------------------------|-----------------------|
| <b>ASSETS</b>                          |                                    |                       |
| <b>Current assets:</b>                 |                                    |                       |
| Cash and cash equivalents              | 137,145                            | 33,452                |
| Trade receivables, net                 | 154,116                            | 157,608               |
| Inventory                              | 312,878                            | 261,254               |
| Taxes receivable                       | 64,552                             | 65,689                |
| Advances paid                          | 36,375                             | 43,924                |
| Deferred tax asset                     | 22,619                             | 17,479                |
| Other current assets                   | 14,492                             | 13,252                |
| <b>Total current assets</b>            | <b>742,177</b>                     | <b>592,658</b>        |
| <b>Non-current assets:</b>             |                                    |                       |
| Property, plant and equipment, net     | 803,641                            | 767,654               |
| Intangible assets                      | 39,000                             | 34,015                |
| Goodwill                               | 124,737                            | 129,391               |
| Deferred tax asset - long-term portion | 1,061                              | 2,947                 |
| Other non-current assets               | 9,550                              | 6,437                 |
| <b>Total non-current assets</b>        | <b>977,989</b>                     | <b>940,444</b>        |
| <b>Total assets</b>                    | <b>\$ 1,720,166</b>                | <b>\$ 1,533,102</b>   |

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\* Balance sheet as of December 31, 2007 presented herein has been derived from the audited financial statement at that date.

## Condensed Consolidated Balance Sheets

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

|  | September 30,<br>2008<br>Unaudited | December 31,<br>2007* |
|--|------------------------------------|-----------------------|
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |                                    |                       |
| <b>Current liabilities:</b>  |                                    |                       |
| Trade accounts payable   | 142,561                            | 130,729               |
| Advances received  | 10,928                             | 13,626                |
| Short-term debt  | 244,722                            | 405,274               |
| Taxes payable  | 16,510                             | 14,351                |
| Accrued liabilities  | 36,697                             | 51,877                |
| Other payables   | 52,080                             | 40,349                |
| <b>Total current liabilities</b>   | <b>503,498</b>                     | <b>656,206</b>        |
| <b>Long-term liabilities:</b>  |                                    |                       |
| Long-term debt   | 399,055                            | 140,553               |
| Other long-term payables   | 8,415                              | 18,346                |
| Deferred taxes long-term portion   | 35,015                             | 31,011                |
| <b>Total long-term liabilities</b>   | <b>442,485</b>                     | <b>189,910</b>        |
| <b>Total liabilities</b>   | <b>945,983</b>                     | <b>846,116</b>        |
| <b>Minority interest</b>   | <b>14,893</b>                      | <b>13,862</b>         |
| <b>Shareholders equity:</b>  |                                    |                       |
| Common stock: 44,000,000 shares authorized, issued and outstanding with a par value of 20 Russian rubles at September 30, 2008 and December 31, 2007 | 29,908                             | 29,908                |
| Share premium account  | 164,132                            | 164,132               |
| Accumulated other comprehensive income:  |                                    |                       |
| Currency translation adjustment  | 86,765                             | 110,171               |
| Retained earnings  | 478,485                            | 368,913               |
| <b>Total shareholders equity</b>   | <b>759,290</b>                     | <b>673,124</b>        |
| <b>Total liabilities and shareholders equity</b>   | <b>\$ 1,720,166</b>                | <b>\$ 1,533,102</b>   |

\* Balance sheet as of December 31, 2007 presented herein has been derived from the audited financial statement at that date.

## Condensed Consolidated Statements of Operations and

## Comprehensive Income (unaudited)

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

|   | Nine months ended<br>September 30, |                     |
|---|------------------------------------|---------------------|
|   | 2008                               | 2007                |
| <b>Sales</b>  | <b>\$ 2,194,132</b>                | <b>\$ 1,758,316</b> |
| <b>Cost of sales</b>  | <b>(1,487,084)</b>                 | <b>(1,179,894)</b>  |
| <b>Gross profit</b>   | <b>707,048</b>                     | <b>578,422</b>      |
| Selling and distribution expenses                                     | (365,745)                          | (281,704)           |
| General and administrative expenses                                   | (136,455)                          | (129,495)           |
| Other operating income (expenses) net                                 | (11,221)                           | 1,025               |
| <b>Operating income</b>   | <b>193,627</b>                     | <b>168,248</b>      |
| Financial income and expenses, net                                    | (36,513)                           | (15,401)            |
| <b>Income before provision for income taxes and minority interest</b> | <b>157,114</b>                     | <b>152,847</b>      |
| Provision for income taxes  | (44,830)                           | (44,712)            |
| Minority interest   | (2,712)                            | (2,514)             |
| <b>Net income</b>   | <b>\$ 109,572</b>                  | <b>\$ 105,621</b>   |
| <b>Other comprehensive income</b>                                     |                                    |                     |
| Currency translation adjustment                                       | (23,406)                           | 30,744              |
| <b>Comprehensive income</b>   | <b>\$ 86,166</b>                   | <b>\$ 136,365</b>   |
| <b>Net income per share - basic and diluted</b>                       | <b>\$ 2.49</b>                     | <b>\$ 2.40</b>      |
| <b>Weighted average number of shares outstanding</b>                  | <b>44,000,000</b>                  | <b>44,000,000</b>   |

## Condensed Consolidated Statements of Cash Flows (unaudited)

*(Amounts in thousands of U.S. dollars)*

|  | Nine months ended<br>September 30, |                   |
|--|------------------------------------|-------------------|
|  | 2008                               | 2007              |
| <b>Cash flows from operating activities:</b>                                     |                                    |                   |
| <b>Net income</b>  | <b>\$ 109,572</b>                  | <b>\$ 105,621</b> |
| Adjustments to reconcile net income to net cash provided by operating activities | 105,235                            | 54,685            |
| Changes in operating assets and liabilities                                      | (46,350)                           | (94,713)*         |
| <b>Total cash provided by operating activities</b>                               | <b>168,457</b>                     | <b>65,593</b>     |
| <b>Cash flows from investing activities:</b>                                     |                                    |                   |
| Cash paid for acquisition of subsidiaries, net of cash acquired                  | (700)                              | (21,005)          |
| Cash paid for property, plant and equipment                                      | (155,313)                          | (108,207)         |
| Cash invested in short-term bank deposits and other current assets               |                                    | 6,718             |
| Other investing activities   | 2,140                              | 3,551             |
| <b>Net cash used in investing activities</b>                                     | <b>(153,873)</b>                   | <b>(118,943)</b>  |
| <b>Cash flows from financing activities:</b>                                     |                                    |                   |
| Proceeds from bonds and notes payable, net of debt issuance costs                | 207,476                            | 151,466           |
| Short-term loans and notes, net  | (60,542)                           | (86,177)          |
| Repayment of long-term loans and notes   | (307,182)                          | (3,621)           |
| Proceeds from long-term loans, net of debt issuance costs                        | 268,970                            | 7,692             |
| Repayment of long-term payables  | (11,256)                           | (15,691)          |
| Dividends paid   | (118)                              | (5,420)*          |
| <b>Total cash provided by financing activities</b>                               | <b>97,348</b>                      | <b>48,249</b>     |
| Impact of exchange rate differences on cash and cash equivalents                 | (8,239)                            | 2,045             |
| <b>Net change in cash and cash equivalents</b>                                   | <b>103,693</b>                     | <b>(3,056)</b>    |
| <b>Cash and cash equivalents, at beginning of period</b>                         | <b>33,452</b>                      | <b>40,310</b>     |
| <b>Cash and cash equivalents, at the end of period</b>                           | <b>\$ 137,145</b>                  | <b>\$ 37,254</b>  |

\* Personal income taxes for dividends paid were re-classified in the cash flows from operating to financing activities. For comparative information, dividends paid and related taxes for the first nine months of 2007 have been adjusted, to conform to the presentation of the current period.

- Ends -

For further enquiries contact:

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Some of the information contained in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Wimm-Bill-Dann Foods OJSC, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to conform them to actual results. We refer you to the documents Wimm-Bill-Dann Foods OJSC files from time to time with the U.S. Securities and Exchange Commission, specifically, the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, and risks associated with our competitive environment, acquisition strategy, ability to develop new products or maintain market share, brand and company image, operating in Russia, volatility of stock price, financial risk management, and future growth.

**NOTES TO EDITORS**

Wimm-Bill-Dann Foods OJSC was founded in 1992 and is the largest manufacturer of dairy products and a leading producer of juices and beverages in Russia and the CIS. The company produces dairy products (main brands include: Domik v Derevne, Neo, 2Bio, 33 Korovy, Chudo and more), juices (J7, Lubimy Sad, 100% Gold), Essentuki mineral water and Agusha baby food. The company has 37 manufacturing facilities in Russia, Ukraine, Kyrgyzstan, Uzbekistan and Georgia with over 18,000 employees. In 2005, Wimm-Bill-Dann became the first Russian dairy producer to receive approval from the European Commission to export its products into the European Union.

In 2008, Standard & Poor's Governance Services assigned on WBD its governance, accountability, management, metrics, and analysis (GAMMA) score **GAMMA- 7+** . The score reflects the effective work of the Board of Directors and, in particular, the real influence of independent directors in the decision-making process and the adherence of the controlling shareholders to the highest standards of corporate governance.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**WIMM-BILL-DANN FOODS OJSC**

|        |  |
|--------|--|
| By:    | /s/ Dmitry V. Ivanov                                 |
| Name:  | Dmitry V. Ivanov                                     |
| Title: | Chief Financial Officer<br>Wimm-Bill-Dann Foods OJSC |

Date: December 22, 2008