



**Wimm-  
Bill-  
Dann**

# WIMM-BILL-DANN FOODS OJSC





# Forward Looking Statements

This presentation contains forward-looking statements that reflect Wimm-Bill-Dann's current views and estimates, which are based on many factors and assumptions.

Changes in such factors or assumptions could produce significantly different results.





# Wimm-Bill-Dann Today

ВИММ-  
БИЛЛ-  
ДАНН

COMPANY  
Wimm-  
Bill-  
Dann



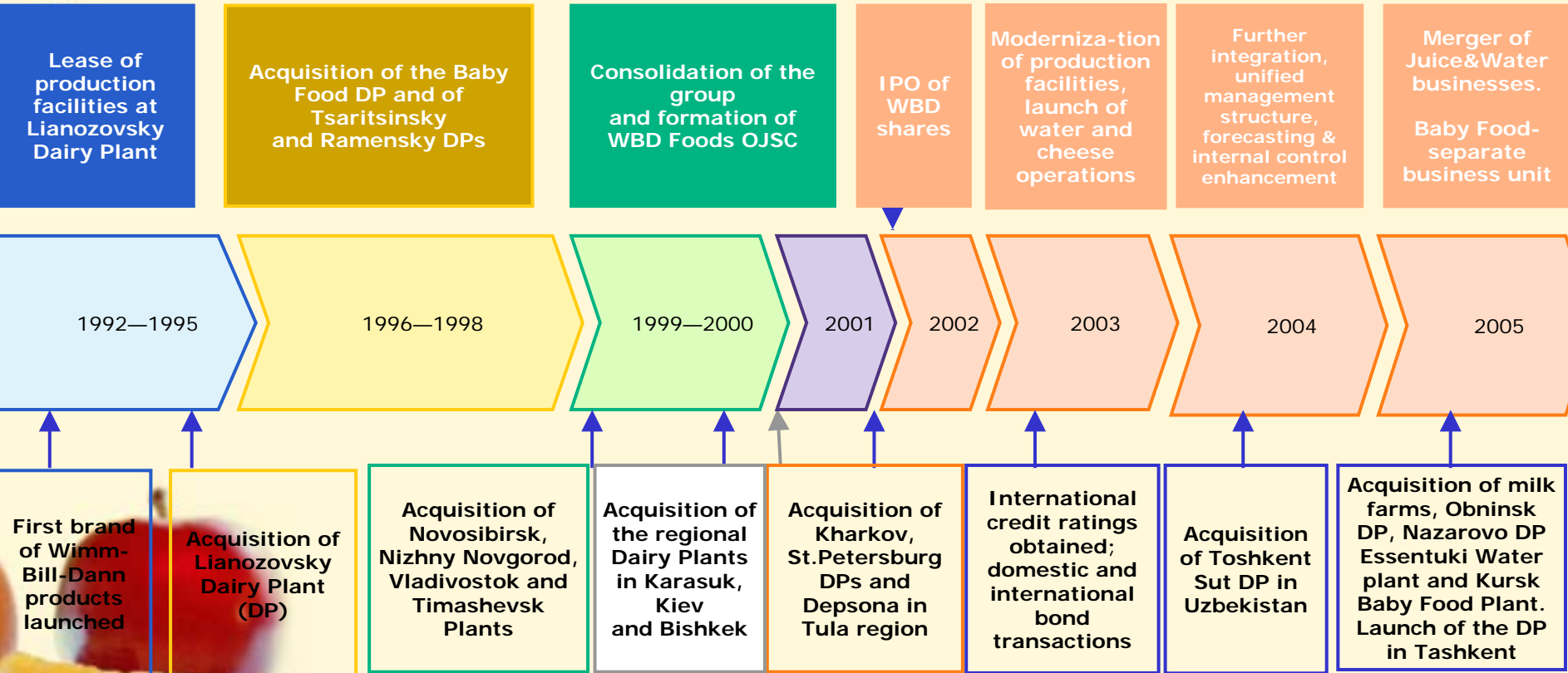
- Russia's leading food producer
- Core businesses: dairy & beverages
- Strategic baby food and cheese segments
- Strong & diversified brand portfolio
- 30 production facilities in Russia & CIS
- 17,000+ employees
- NYSE (ADR 3<sup>rd</sup> level) and RTS (ord. shares) listed since 2002
- WBD included in MSCI index as of June 1<sup>st</sup>, 2005
- Most brands enjoy over 90% consumer awareness



**ВИММ-БИЛЛ-ДАНН**

# Over 10 Years of Outstanding Growth

## Milestones



Sales in 1999 \$357.7mln → Sales in 2004 \$1,189mln



# Dairy and Baby Food segments: recent news

## Acquisitions

### Obninsk Dairy Plant (near Kaluga)

- Founded in 1982
- Currently produces approximately 100 tons of premium traditional dairy products per day
- Strong customer loyalty and recognition of superior quality

*Wimm-Bill-Dann intends to keep Obninsk Dairy Plant's own product portfolio*

### Nazarovskoe Milk (near Krasnoyarsk)

- Founded in 1944, modernized over the past 15 years
- The plant is currently processing up to 300 tons of raw milk per day.
- Tinned dairy products currently make up approximately 70% of the plant's total output
- WBD is planning to produce traditional dairy products & start producing condensed and concentrated milk

*WBD will expand into new niches of the dairy market and penetrate a new perspective region with a high growth potential*

### Pervouralsk City Dairy Plant (in the Sverdlovsk region)

- Put into operation in 1970
- Designed capacity - 120 tons per day; processes up to 20 tons of milk per day
- Specializes in the production of natural dairy and curds products, drinking yogurts (under the "Snegirevo" brand)

*Wimm-Bill-Dann will explore new dairy markets, expand the geography of sales and optimize logistic expenses, thus eliminating the necessity of additional transportation of the Company's products across the regions*

### Experimental Baby Food Plant (near Kursk)

- Founded in 1960, fully modernized in 2001 (to be relaunched by WBD in 2006)
- Prides itself on own orchards of 440 ha
- Possesses modern equipment for raw materials processing and filling and packaging lines

*Acquired as part of Wimm-Bill-Dann's strategic emphasis on baby food development*



# Beverages segment: production in the regions

## Acquisitions

### Essentuki mineral water plant in Caucasus

- Produces Novoessentukskaya mineral water, well represented in Moscow supermarkets
- Nameplate production capacity is approximately 8,000 units of 1.5 liter bottles per hour
- WBD has had a co-packing agreement with this plant for the bottling of Essentuki № 4, Essentuki № 17 and Essentuki № 20 in 1.5 liter plastic bottles for the past 2 years

***WBD will increase its production of Essentuki in plastic bottles and add new successful brand Novoessentukskaya to its mineral water portfolio***

**Juices are being produced at 3 dairy plants incl. regional ones => reduce the distance between production facility and end consumer**

- Vladivostok: 3 Tetra Pak lines, producing Lovely Garden, 100% Gold and J7
- Novosibirsk: 1 line, producing Lovely Garden, 100% Gold
- Tsaritsino, Moscow: 3 lines, producing Lovely Garden and Wonder Berry drink

**2 plants produce juices only, 3 plants produce mineral water**

- Ramensky Plant (Moscow region)
- FruktoPak (Tula)

- Essentuki Plant at KMW
- Healing Spring (Essentuki)
- Valday Springs Water Plant

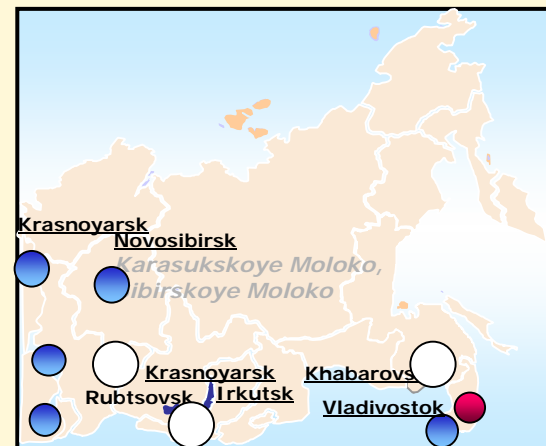


# Growing National & CIS Platform

БИМ-БАМБ  
ТО, ЧТО ТЫ ЛЮБИШЬ



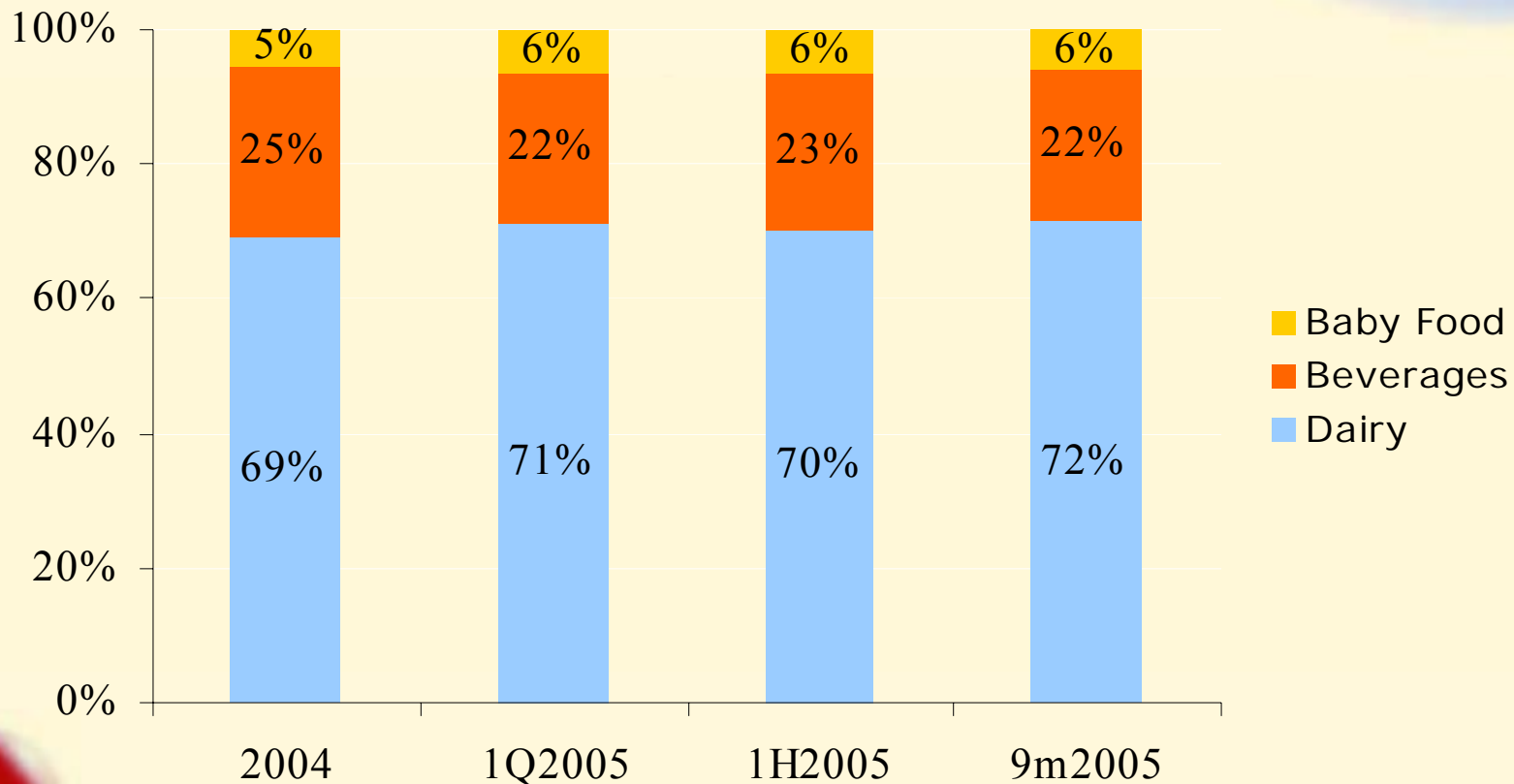
Production facilities (30)



- Dairy production sites
- Beverages production sites
- Baby Food production sites
- Collective farms
- Large distribution centers
- Baltic Milk* Name of the plant if specified



## Sales structure



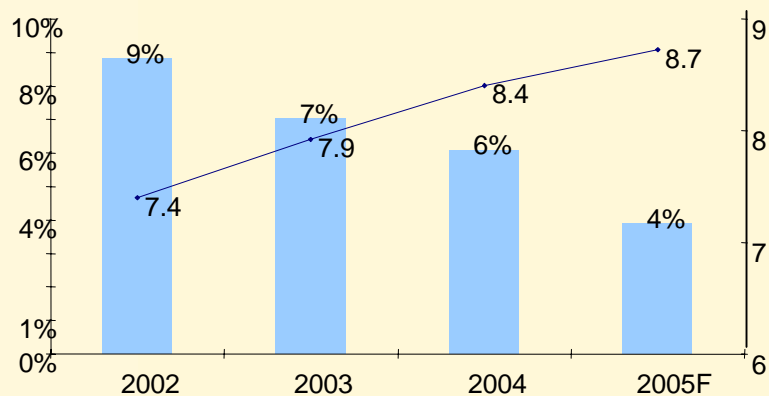
- Share of Dairy division in total Group sales is increasing while that of Beverages is decreasing
- Baby Food is to grow following the acquisition of the Kursk facility and subsequent launch of fruit and vegetables purees





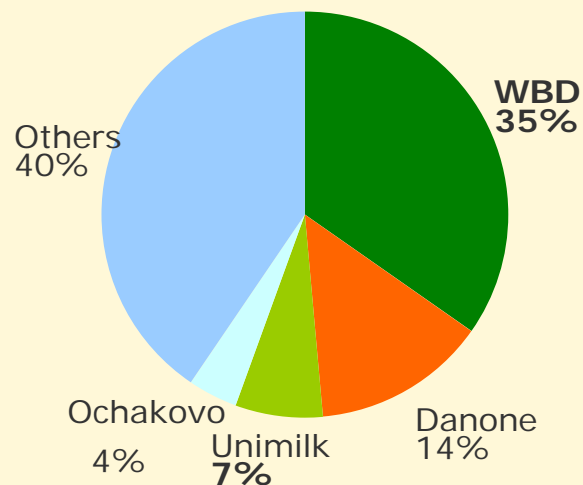
# Dairy Market Dynamics

## Packaged dairy market growth (volume, mln. tons)



Source: Company

## Structure of the market



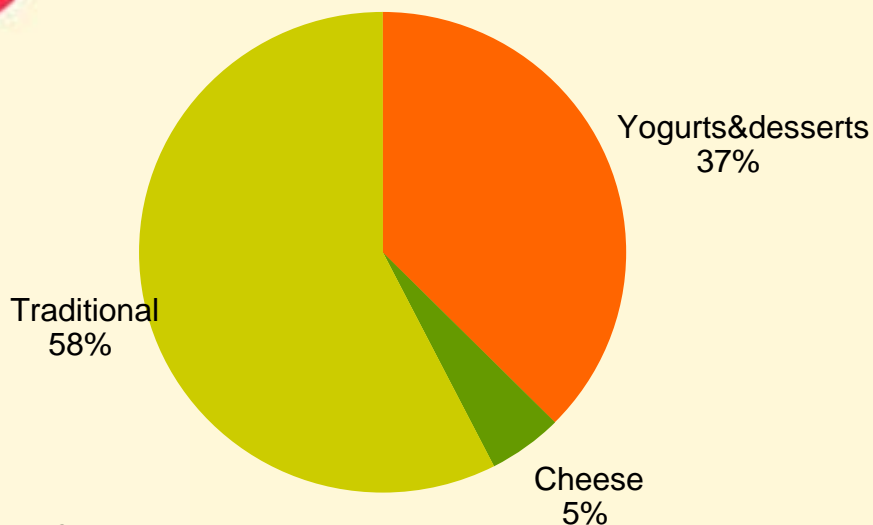
Source: ACNielsen Retail Audit, October-November 2005, value terms

- Relatively low dairy consumption
- Sustainable traditional segment growth
- Dynamic yogurts & deserts market — opportunity for growth
- Fragmented market, split between over 2,000 producers
- Competition with local producers in traditional segment, with foreign producers in value-added segment
- WBD's market share at 35% (according to ACNielsen, 24 cities)

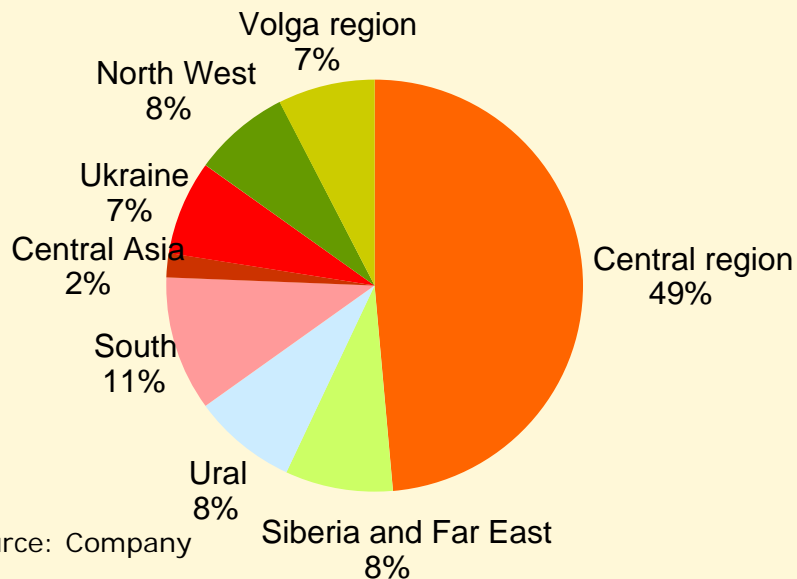


# Dairy Segment— 9m2005 Sales Profile

## Sales by category (US\$)



## Sales by regions (US\$)



Source: Company

Source: Company

- Focus on premium categories
  - Launch of Imunele Forte, a new product under NEO brand enriched with probiotics and vitamins, La Frut- fruit puree with yogurt, low-lactose milk, aromatized milk.
  - Initiation of Russian Immunity Day
  - Increasing cheese products share by expanding production capacity at Rubtsovsk Plant
- Focused advertising of middle & upper-middle brands, high margin products
- Optimization of brand portfolio- 220 SKUs left out of 340 in the Central Region
- Share of the Central region decreased from 52% to 49% y-o-y
- The South, the North West and the Ural demonstrate fastest sales growth





# Managing Raw Milk Costs

**ВИММ-  
БИНАЛЬ-  
ДОНН**

## OBJECTIVES

- Ensure stable raw milk supply at reasonable and forecasted prices
- Ensure consistent quality of milk
- Balancing out seasonality

## MEASURES

- Agro SBU established - equity investments in selected farms in strategic areas
- Long-term milk supply contracts
- Milk Rivers program - leasing milking and refrigeration equipment to local producers
- Providing selected local milk producers with working capital loans or guarantees
- Direct contracts with farmers, avoiding middlemen
- Lobbying Ministry of Economic Development for state regulation for the sector
- Long-term subsidized bank financing schemes





# Focusing on strategic dairy segments

## Cheese



- Lamber cheese production doubled y-o-y
- Lamber production capacity doubled owing to new line launched in April-May 2005 at Rubtsovsk Dairy Plant
- Cheese (incl. Lamber & processed cheese) makes up 5% of total Dairy sales

## Innovative dairy products



### **New launches:**

- La Frut - fruit puree with yogurt
- Chudo-Lunch (with spoon)
- Low lactose milk



# Baby Food Segment

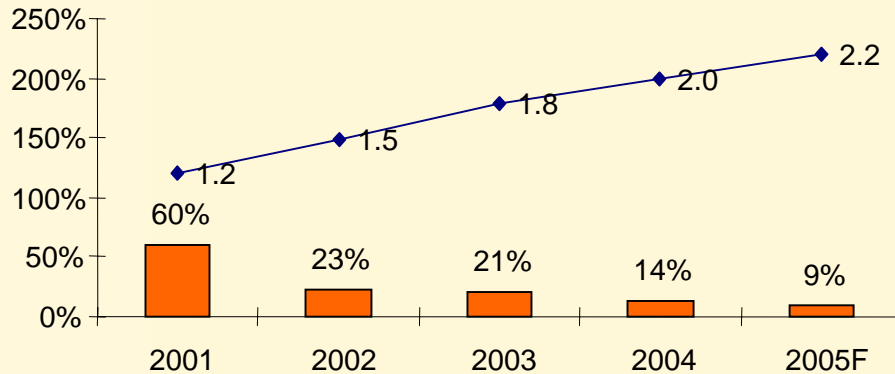
- Developing Baby Food as a separate business unit
- Diversifying into new markets
- Acquisition of Baby Food Plant in Kursk with fruit orchards to expand product portfolio into juice and vegetable purees
- Development of the distribution system, utilizing synergies with Dairy segment
- Baby Food sales up 39%
- Baby Food makes up 6% of total Group sales
- Gross margin at 39.5%
- Agusha, unique brand, enjoying high consumer awareness and loyalty
- WBD monopolized the Moscow baby food market (market share of over 90%)





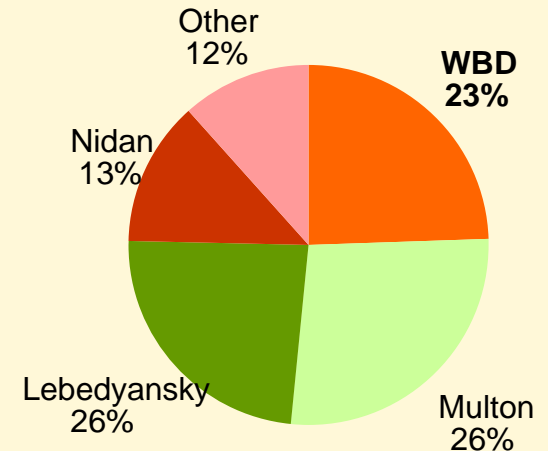
# Juice Market Dynamics

## Juice market growth (volume, mln. tons)



Source: Company

## Structure of the market



Source: Business Analitika, 18 cities, September–October 2005, in value terms

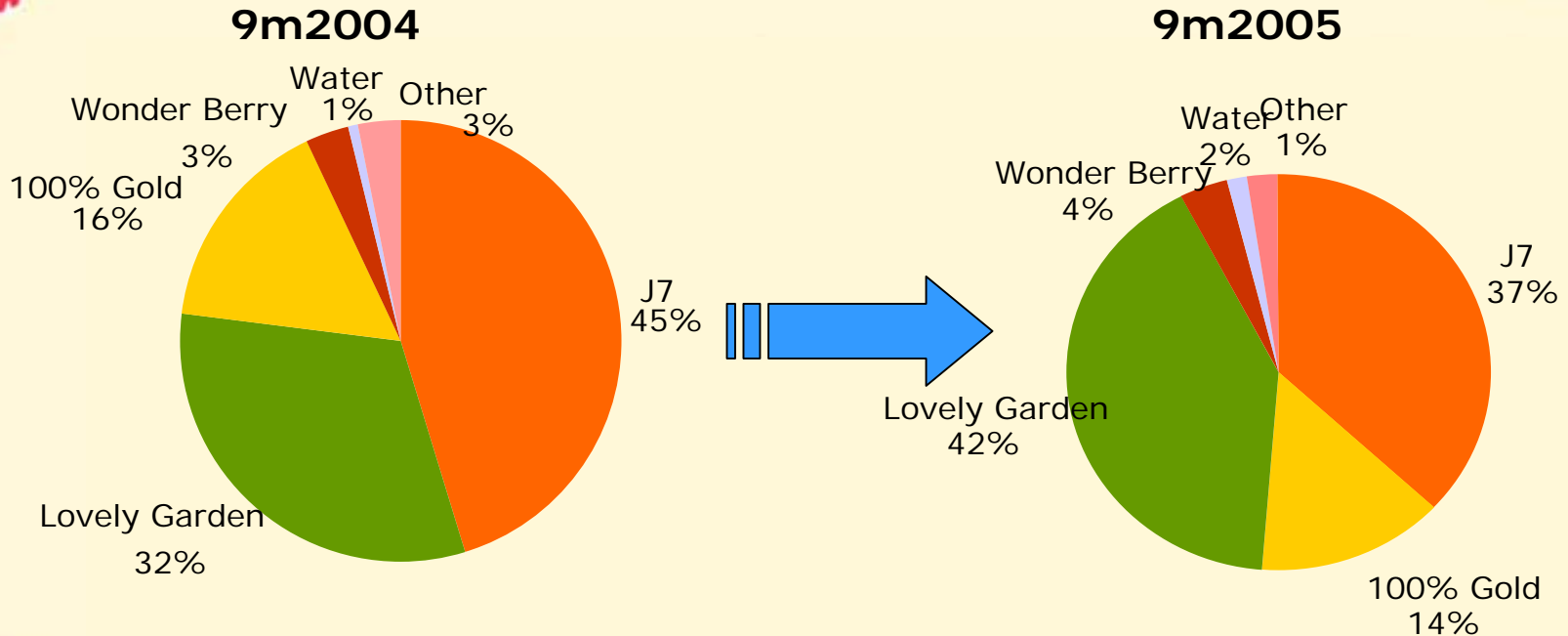
- Market growth slowing down
- Mature markets of Moscow & St. Petersburg to grow more slowly driven by upper-middle segment
  - Juices and juice containing drinks (in PET) under J-7 brand
- Regional growth is driven by lower-middle segment
  - Lovely Garden, 100% Gold
- Market is split between 4 major players, who account for over 90% of market share
- Coca-Cola acquiring Multon in May 2005; Lebedyansky raising over \$150 million in Russian IPO in March 2005 ; PersiCo - co-packing arrangements with Nidan (Tropicana)





# Beverages segment—Sales Profile

## Sales by key brands (US\$)



- Regional presence and customer loyalty key for WBD as Moscow market becomes saturated
- Changed look and feel of entire brand portfolio
- J-7 developing into umbrella brand - innovative products under J-7 brand (J-7 Imuno and J-7 Idea), J-7 Exotic
- Focus on Lovely Garden brand to drive regional growth



## Financial Highlights

	9m 2005	9m 2004	Change
	US\$ 'mln	US\$ 'mln	
<b>Sales</b>	<b>1,025.9</b>	<b>868.9</b>	<b>18.1%</b>
<i>Dairy</i>	735.1	598.2	22.9%
<i>Beverages</i>	227.1	224.7	1.1%
<i>Baby Food</i>	63.7	46.0	38.5%
<b>Gross Profit</b>	<b>288.0</b>	<b>246.4</b>	<b>16.9%</b>
Selling and distribution expenses	(141.8)	(126.8)	11.8%
General and administrative expenses	(78.4)	(66.5)	17.9%
<b>Operating income</b>	<b>61.4</b>	<b>48.6</b>	<b>26.3%</b>
Financial income and expenses, net	(15.9)	(14.7)	8.2%
<b>Net income</b>	<b>21.7</b>	<b>18.8</b>	<b>15.4%</b>
<b>Adjusted EBITDA</b>	<b>100.5</b>	<b>80.9</b>	<b>24.2%</b>
CAPEX including acquisitions	65.3	57.0	14.6%

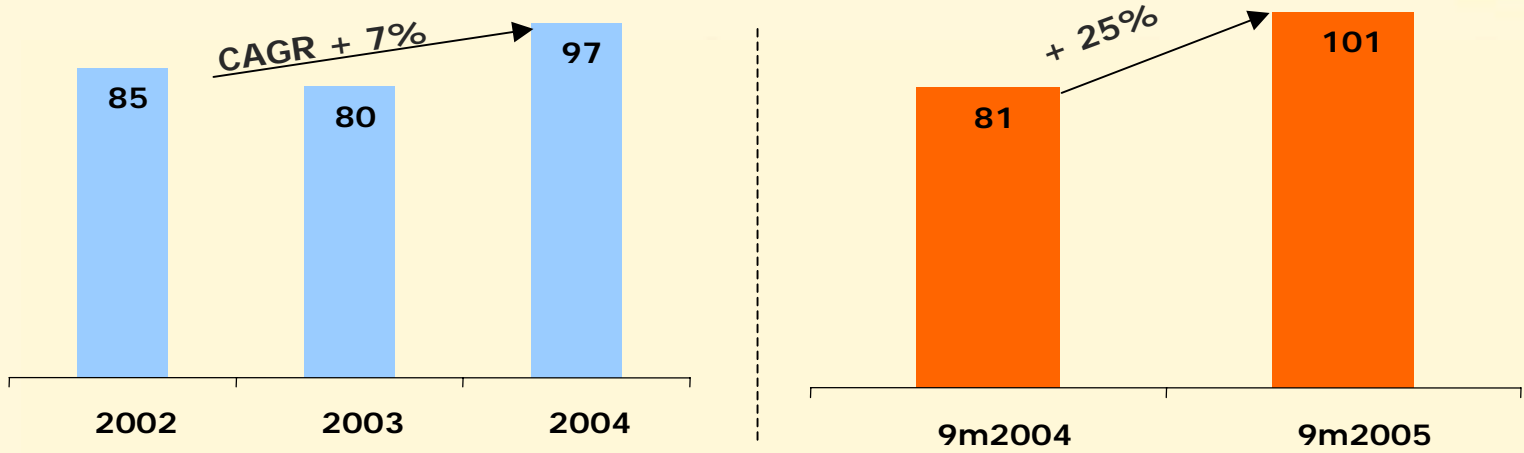




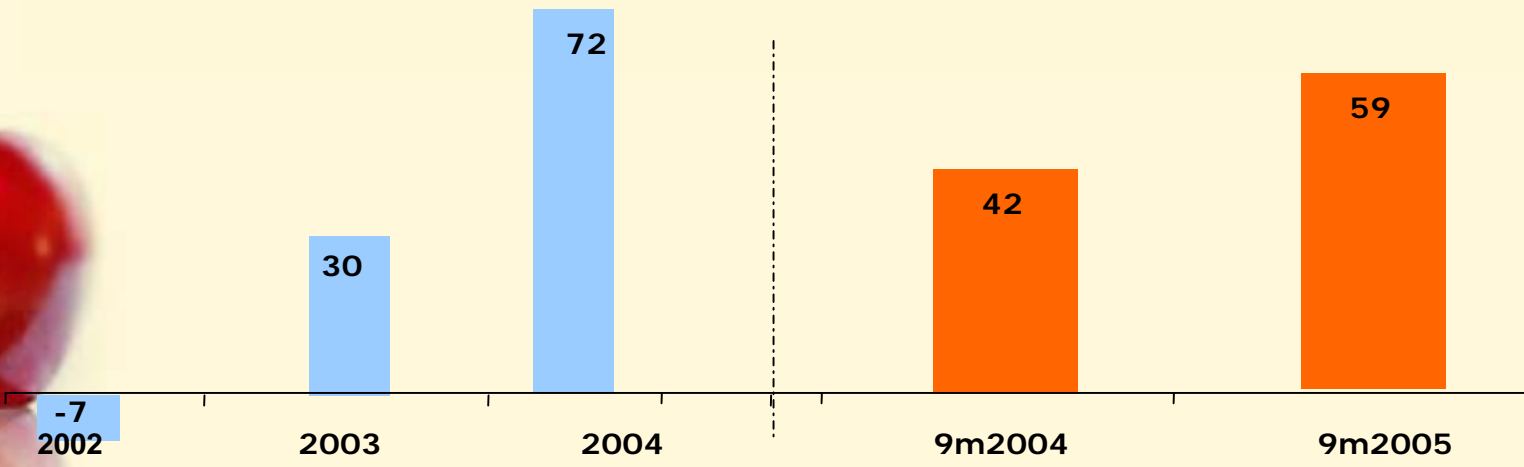
# Financial Highlights- cont'd

БИМ-  
БАННА-  
ДОНН

## EBITDA (US\$ mln.)



## Operating cash flow (US\$ mln.)

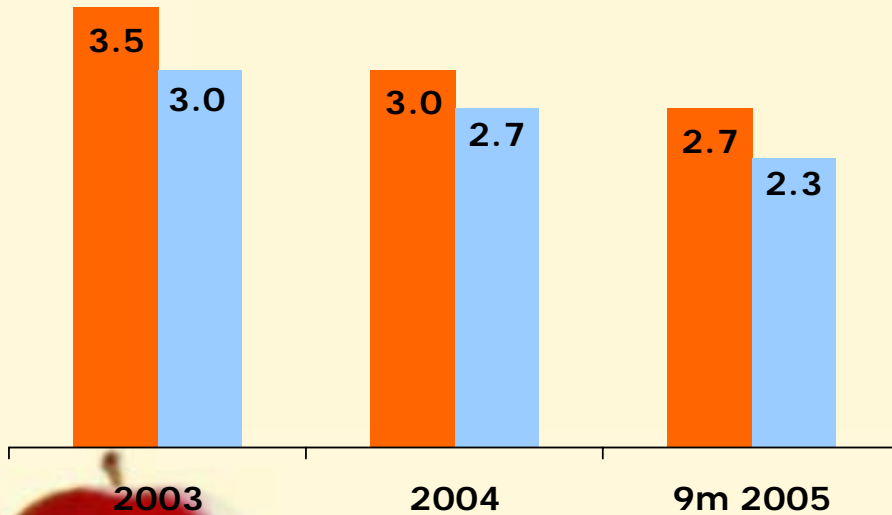




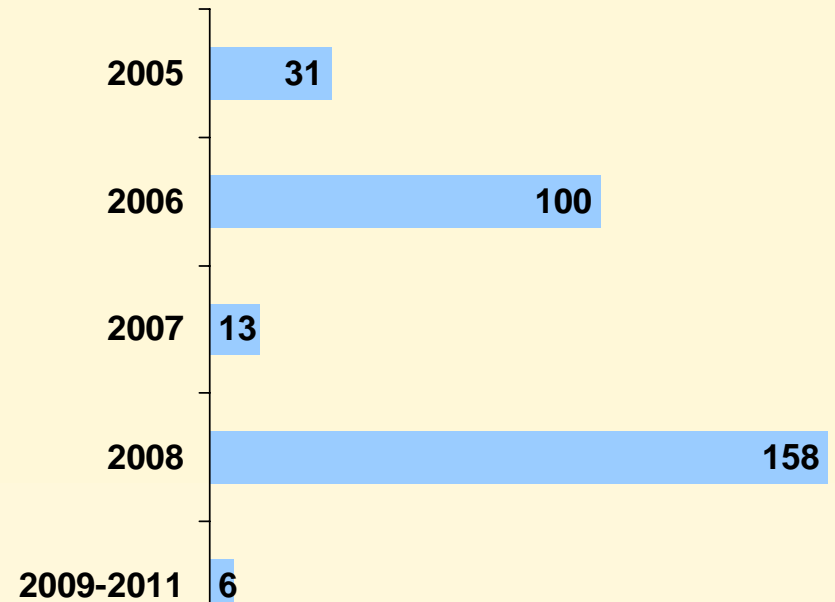
ВИММ-БИЛЛ-ДАНН

# Financial Highlights- credit portfolio

## Total Debt/EBITDA & Net Debt/EBITDA



## Debt as of October 1, 2005- maturity schedule (US\$ mln.)



- In December 2005 WBD placed its second issue of five-years ruble bonds to the amount of RUB3 billion (US\$105 million)

- Issue was priced at a par with a 9% coupon

- Guarantor: Wimm-Bill-Dann's subsidiary Siberian Dairy Plant

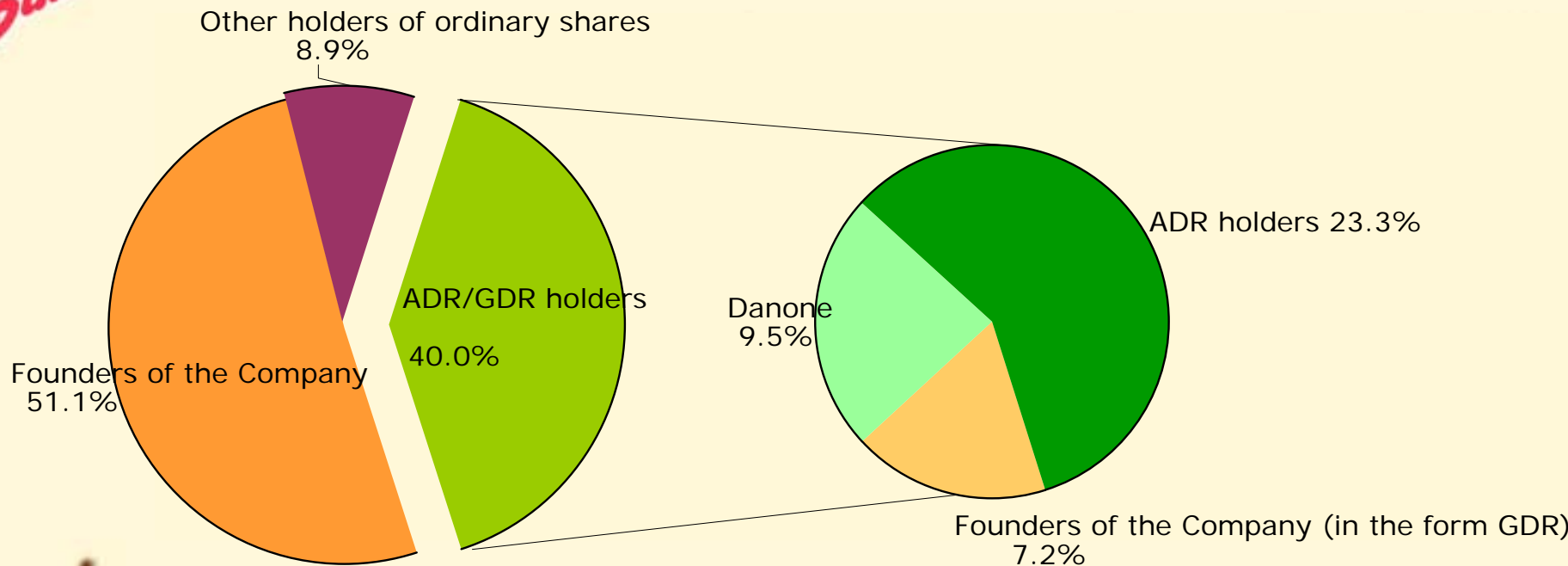
- Aim: to refinance WBD's current indebtedness and finance future capital expenditures

- Organizers: RaiffeisenBank Austria and Investment Bank Trust



# Shareholder structure

ВИММ-  
БИСАЛЬ-  
ДОНН



Based on Company's List of affiliates from 30.06.2005  
([http://www.wbd.ru/content/files/aff\\_list\\_300605.pdf](http://www.wbd.ru/content/files/aff_list_300605.pdf))



## Contacts

### Marina Kagan

Head of Corporate Communications and  
Investor Relations

### Masha Eliseeva

Senior Investor Relations Manager

C O M P A N Y

**Wimm-  
Bill-  
Dann**

Wimm-Bill-Dann Foods  
OJSC

13 Solyanka St., Bld.2

Moscow, 109028, Russia

Tel. +7 (495) 105-5805

Fax +7 (495) 105-5800

E-mail: [kagan@wbd.ru](mailto:kagan@wbd.ru)

[eliseeva@wbd.ru](mailto:eliseeva@wbd.ru)

[ir@wbd.ru](mailto:ir@wbd.ru)