

WIMM BILL DANN FOODS OJSC

Form 6-K

March 24, 2005

FORM 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Issuer
March 23, 2005**

**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)

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

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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 ANNOUNCES
FULL YEAR 2004 FINANCIAL RESULTS**

Moscow, Russia March 21, 2005 Wimm-Bill-Dann Foods OJSC [NYSE: WBD] today announced its financial results for the year ended December 31, 2004.

In 2004, Wimm-Bill-Dann's sales rose 26.7% to US\$1,189.3 million compared to US\$938.5 million in 2003. Gross profit increased 19.8% compared to last year, while gross margins decreased to 27.5% in 2004 from 29.1% in 2003. Net income increased 8.5% to US\$23.0 million in 2004 from US\$21.2 million last year. Adjusted EBITDA* increased 21.3% year-on-year to US\$96.9 million. Adjusted EBITDA* margin stood at 8.1%.

Commenting on today's announcement Sergei Plastinin, Chief Executive Officer of Wimm-Bill-Dann Foods OJSC, said: "Summing up the results of 2004, I would like to emphasize that I am pleased with the EBITDA and top line growth we demonstrated in 2004, as well as with improvements in operating cash flow. At the same time, we remain focused on improving our profitability and tightening our cost control procedures and mechanisms. At the end of last year we laid the foundation for the beginning of our structural reform and abolished the Centre regional division in Dairy. We believe that some additional steps that we carried out in the beginning of this year, including the merger of Juice and Water businesses, will allow us to benefit further from economies of scale and more streamlined operations at every level - from production to marketing to distribution. The strategic and ever growing role of the baby food market prompted us to organize Baby Food into a separate business unit. On the operation level, dairy sales grew a healthy 34% year-on-year, with cheese sales more than doubling compared to 2003. At the same time yogurts, dairy deserts and juice containing dairy drinks grew 36% year-on-year, a slower pace than we initially anticipated. However, we believe that the consumption of these higher margin products will intensify in 2005 and beyond. In the course of last year we completed the enhancement of our distribution network and launched new packaging formats in juice. We continue to improve our corporate governance procedures within the company and are in the process of taking all the necessary steps required in compliance with the Sarbanes-Oxley Act.

Key Operating and Financial Indicators of FY 2004

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| | FY 2004 | FY 2003 | Change |
|-------------------------------------|----------------|--------------|--------------|
| Sales volumes, thousand tons | 1,611.1 | 1,484.5 | 8.5% |
| | US\$ mln | US\$ mln | |
| Sales | 1,189.3 | 938.5 | 26.7% |
| <i>Dairy</i> | 886.0 | 662.3 | 33.8% |
| <i>Juice</i> | 298.7 | 274.5 | 8.8% |
| <i>Water</i> | 4.6 | 1.6 | |
| Gross profit | 327.6 | 273.4 | 19.8% |
| Selling and distribution expenses | (173.4) | (140.7) | 23.2% |
| General and administrative expenses | (92.8) | (76.0) | 22.1% |
| Operating income | 52.9 | 49.2 | 7.5% |
| Financial income and expenses, net | (14.6) | (15.3) | (4.6)% |
| Net income | 23.0 | 21.2 | 8.5% |
| Adjusted EBITDA* | 96.9 | 79.9 | 21.3% |
| CAPEX including acquisitions | 82.7 | 117.0 | (29.3)% |

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

Wimm-Bill-Dann's sales reached US\$1,189.3 million in 2004 compared to US\$938.5 million in 2003.

Sales in the Dairy Segment increased 33.8% from US\$662.3 million in 2003 to US\$886.0 million in 2004, while the average selling price increased 16.7% from US\$0.66 per 1 kg in 2003 to US\$0.77 per 1 kg in 2004. This increase was primarily driven by a ruble price increase and ruble appreciation. Gross margins in the Dairy Segment declined from 27.1% in 2003 to 25.4% in 2004. This change was primarily caused by a 16.6% year-on-year increase in the weighted average ruble price of raw milk as well as rising depreciation charges and personnel costs.

Sales in the Juice Segment increased 8.8% from US\$274.5 million in 2003 to US\$298.7 million in 2004, while the average selling price increased 13.8% from US\$0.58 per liter in 2003 to US\$0.66 per liter in 2004. This increase was primarily due to ruble price increase, ruble appreciation and the introduction of new higher priced products. Gross margin in the Juice Segment stayed almost flat at 34.1%.

Selling and distribution expenses decreased as a percentage of sales from 15.0% during the 2003 to 14.6% in 2004, while in absolute terms they grew 23.2% in 2004 due to higher transportation expenditures, advertising and marketing costs, personnel and warehousing costs but were partially offset by a lower growth of bad debt provision. Advertising and marketing costs as a percentage of sales stayed almost flat year-on-year at 4.6% in 2004.

General and administrative expenses decreased as a percentage of sales from 8.1% during the 2003 to 7.8% in 2004, but grew in absolute terms 22.1%. This increase was caused by rising personnel costs combined with the repeal of the property tax privilege in the Dairy Segment that brought additional expense of about US\$5.7mln in 2004.

Financial expense in 2004 totaled US\$14.6 million compared to US\$15.3 million in 2003. Interest expenses rose from US\$20.9 million to US\$22.3 million. Foreign currency gain was US\$7.7 million compared to US\$4.8 million in 2004.

Net income grew 8.5% and stood at US\$23.0 million. Adjusted EBITDA in 2004 increased 21.3% year-on-year and amounted to US\$96.9 million. Adjusted EBITDA margin was 8.1% in comparison to 8.5% in 2003.

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

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

| | Full year ended December 31, 2004 | | Full year ended December 31, 2003 | |
|---|--------------------------------------|-------------|--------------------------------------|-------------|
| | US\$ mln | % of sales | US\$ mln | % of sales |
| Net income | 23.0 | 1.9% | 21.2 | 2.3% |
| Add: Depreciation and amortization | 44.0 | 3.7% | 30.8 | 3.3% |
| Add: Income tax expense | 12.2 | 1.0% | 10.7 | 1.1% |
| Add: Interest expense | 22.3 | 1.9% | 20.9 | 2.2% |
| Less: Interest income | (1.4) | 0.1% | (2.9) | 0.3% |
| Less: Currency remeasurement gains, net | (7.7) | 0.6% | (4.8) | 0.5% |
| Add: Bank charges | 1.9 | 0.2% | 2.0 | 0.2% |
| Add: Other financial (income) expenses, net | (0.6) | 0.0% | 0.1 | 0.0% |
| Add: Minority interest | 3.2 | 0.3% | 2.0 | 0.2% |
| Adjusted EBITDA | 96.9 | 8.1% | 79.9 | 8.5% |

Adjusted 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. Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of sales.

We present Adjusted EBITDA because we consider it an important supplemental measure of our operating performance. In particular, we believe Adjusted 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.

Adjusted 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. Since we adjust EBITDA for recurring items in order to calculate Adjusted EBITDA, we particularly caution users that Adjusted EBITDA is not an alternative to net income, operating income or any other GAAP measure, nor to EBITDA. Moreover, other companies in our industry may calculate Adjusted EBITDA differently or may use it for different purposes than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA also should not be considered as an alternative to cash flow from operating activities or as a measure of our liquidity. In particular, Adjusted 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

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Consolidated Statements of Operations

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

| | 2004 unaudited | 2003 audited |
|--|-------------------|-------------------|
| Sales | \$ 1,189,291 | \$ 938,459 |
| Cost of sales | (861,661) | (665,104) |
| Gross profit | 327,630 | 273,355 |
| Selling and distribution expenses | (173,433) | (140,746) |
| General and administrative expenses | (92,816) | (75,973) |
| Other operating expenses | (8,458) | (7,481) |
| Operating income | 52,923 | 49,155 |
| Financial income and expenses, net | (14,618) | (15,273) |
| Income before provision for income taxes and minority interest | 38,305 | 33,882 |
| Provision for income taxes | (12,170) | (10,717) |
| Minority interest | (3,161) | (2,012) |
| Net income | \$ 22,974 | \$ 21,153 |
| Other comprehensive income, net of tax | | |
| Currency translation adjustment | 23,324 | 20,581 |
| Comprehensive income | \$ 46,298 | \$ 41,734 |
| Earnings per share - basic and diluted: | 0,52 | 0,48 |
| Weighted average number of shares outstanding, basic and diluted | 44,000,000 | 44,000,000 |

WIMM-BILL-DANN FOODS

Consolidated Balance Sheets

(Amounts in thousands of U.S. dollars)

| | December 31, | |
|--|-------------------|-------------------|
| | 2004 unaudited | 2003 audited |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 23,791 | \$ 40,264 |
| Trade receivables, net | 62,210 | 57,424 |
| Inventory, net | 102,039 | 88,243 |
| Taxes receivable | 85,578 | 92,624 |
| Advances paid | 19,494 | 19,690 |
| Net investment in direct financing leases | 2,109 | 1,551 |
| Deferred tax asset | 6,265 | 5,210 |
| Other current assets | 7,145 | 3,648 |
| Total current assets | 308,631 | 308,654 |
| Non-current assets: | | |
| Property, plant and equipment, net | 436,793 | 393,769 |
| Intangible assets, net | 5,000 | 3,005 |
| Goodwill | 26,291 | 24,695 |
| Net investment in direct financing leases long-term portion | 3,895 | 4,391 |
| Long-term investments | 2,971 | 2,931 |
| Deferred tax asset long-term portion | 7,001 | 1,893 |
| Other non-current assets | 5,506 | 4,547 |
| Total non-current assets | 487,457 | 435,231 |
| Total assets | \$ 796,088 | \$ 743,885 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 58,214 | \$ 51,487 |
| Advances received | 3,492 | 2,586 |
| Short-term loans | 17,554 | 493 |
| Long-term loans, current portion | 936 | 1,769 |
| Notes payable | | 6,032 |
| Taxes payable | 13,281 | 9,272 |
| Accrued liabilities | 14,691 | 10,983 |
| Government grants current portion | 2,329 | 2,194 |
| Other payables | 33,801 | 36,033 |
| Total current liabilities | 144,298 | 120,849 |
| Long-term liabilities: | | |
| Long-term loans | 7,120 | 7,882 |
| Long-term notes | 201,709 | 200,926 |
| Other long-term payables | 39,294 | 49,020 |
| Government grants long-term portion | 5,156 | 7,052 |
| Deferred taxes long-term portion | 10,268 | 12,370 |
| Total long-term liabilities | 263,547 | 277,250 |
| Total liabilities | 407,845 | 398,099 |
| Minority interest | | |
| | 17,327 | 21,168 |
| Shareholders equity: | | |
| Common stock: 44,000,000 shares authorized, issued and outstanding with a par value of 20 rubles at December 31, 2004 and 2003 | 29,908 | 29,908 |
| Share premium account | 164,132 | 164,132 |
| Accumulated other comprehensive income: | | |
| Currency translation adjustment | 43,905 | 20,581 |
| Retained earnings | 132,971 | 109,997 |
| Total shareholders equity | \$ 370,916 | \$ 324,618 |
| Total liabilities and shareholders equity | \$ 796,088 | \$ 743,885 |

WIMM-BILL-DANN FOODS

Consolidated Statements of Cash Flows

(Amounts in thousands of U.S. dollars)

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| | 2004 | 2003 |
|---|-----------------|---------------|
| Cash flows from operating activities: | | |
| Net Income | \$ 22,974 | \$ 21,153 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Minority interest | 3,161 | 2,012 |
| Depreciation and amortisation | 44,003 | 30,780 |
| Currency remeasurement gain relating to bonds payable and long-term payables | (10,342) | (8,245) |
| Provision for obsolete inventory | 3,482 | 2,100 |
| Provision for doubtful accounts | 1,784 | 8,230 |
| (Gain) loss on disposal of property, plant and equipment | 1,013 | (358) |
| Earned income on net investment in direct financing leases | (407) | (483) |
| Deferred tax benefit | (6,021) | (4,149) |
| Currency remeasurement loss relating to cash and cash equivalents | 1,557 | 1,244 |
| Non-cash rental received | 2,036 | 2,095 |
| Gain from sale of trading securities | | (1,903) |
| Write off of trade receivables | 1,938 | 1,361 |
| Amortisation of bonds issue expenses | 1,025 | 613 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in inventories | (9,208) | 2,394 |
| Increase in trade accounts receivable | (4,883) | (2,356) |
| Decrease (increase) in advances paid | 1,356 | (7,681) |
| Decrease (increase) in taxes receivable | 13,979 | (30,723) |
| (Increase) decrease in other current assets | (1,101) | 1,068 |
| Increase in trade accounts payable | 2,969 | 6,363 |
| Increase (decrease) in advances received | 719 | (1,565) |
| Increase in taxes payable | 1,526 | 5,492 |
| Increase in accrued liabilities | 2,785 | 1,898 |
| (Decrease) increase in other current payables | (3,148) | 2,071 |
| Increase (decrease) in other long-term payables | 8 | (227) |
| Total cash provided by operating activities | 71,205 | 31,184 |
| Cash flows from investing activities: | | |
| Cash paid for acquisition of subsidiaries, net of cash acquired | \$ (5,318) | \$ (7,002) |
| Cash paid for property, plant and equipment | (64,228) | (91,974) |
| Cash paid for acquisition of long term investments | (1,679) | (753) |
| Cash paid for acquisition of short-term investments | (2,048) | |
| Proceeds from disposal of long term investments | 134 | 4,196 |
| Proceeds from disposal of property, plant and equipment | 2,081 | 2,437 |
| Cash paid for (proceeds from) net investments in direct financing leases | 267 | (2,046) |
| Total cash used in investing activities | (70,791) | (95,142) |
| Cash flows from financing activities: | | |
| Proceeds from notes payable, net of debt issuance expenses | | 194,476 |
| Proceeds from short-term loans | 19,414 | |
| Repayment of short-term loans and notes payable | (11,447) | (107,820) |
| Repayment of long-term loans | (6,995) | (3,024) |
| Proceeds from long-term loans | 4,856 | 5,138 |
| Repayment of long-term payables | (20,673) | (15,371) |
| Repayment of long-term notes | (2,261) | |
| Total cash (used in) provided by financing activities | (17,106) | 73,399 |
| Total cash (used in) provided by operating, investing and financing activities | (16,692) | 9,441 |
| Impact of exchange rate differences on cash and cash equivalents | 219 | 1,483 |
| Net (decrease) increase in cash and cash equivalents | (16,473) | 10,924 |
| Cash and cash equivalents, at beginning of period | 40,264 | 29,340 |

(Amounts in thousands of U.S. dollars)

| | | |
|---|--------|--------|
| Cash and cash equivalents, at end of period | 23,791 | 40,264 |
|---|--------|--------|

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

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Wimm-Bill-Dann Foods OJSC is a leading manufacturer of dairy and juice products in Russia. The company was founded in 1992.

The Company currently owns 25 manufacturing facilities in 21 locations in Russia and the Commonwealth of Independent States (CIS), as well as trade affiliates in 26 cities in Russia and the CIS.

Wimm-Bill-Dann has a diversified branded portfolio with over 1,100 types of dairy products and over 150 types of juice, nectars and still drinks. The company currently employs over 17,000 people.

In April 2004 Wimm Bill Dann was assigned the rating of corporate governance by Standard&Poor's at the level 7+ (7.6 according to the national scale, maximum 10).

Wimm-Bill-Dann was awarded Grand Prix for Best Overall Investor Relations in 2004 - Small & Mid cap companies and Best Investor Relations Officer in 2004 - Small & Mid cap companies at the Second Annual IR Magazine Russia Awards held in December 2004 and organized by IR Magazine and the Association of Investor Relations Professionals. Wimm-Bill-Dann previously received the Grand Prix for Best Overall Investor Relations in 2003 - Small & Mid cap - at the first annual IR Russia Awards Ceremony held in Moscow last year.

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/ Vladimir V. Preobrajensky
Name: Vladimir V. Preobrajensky
Title: Chief Financial Officer
Wimm-Bill-Dann Foods OJSC

Date: March 23, 2005