



**Wimm-  
Bill-  
Dann**

# Wimm-Bill-Dann Foods OJSC [NYSE: WBD]

Investor Presentation  
1Q 2007





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# 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

## Our journey so far

### Creation of WBD

- 1992: Juice
- 1995: Dairy
- 1996: Baby Food
- 2005: Agro

### Today

- 36 production sites
- Operating in 8 countries
- 19,852 employees
- NYSE IPO ADR Level 3, Feb 2002
- Corporate governance rating 7+
- Board – 6 independent out of 11

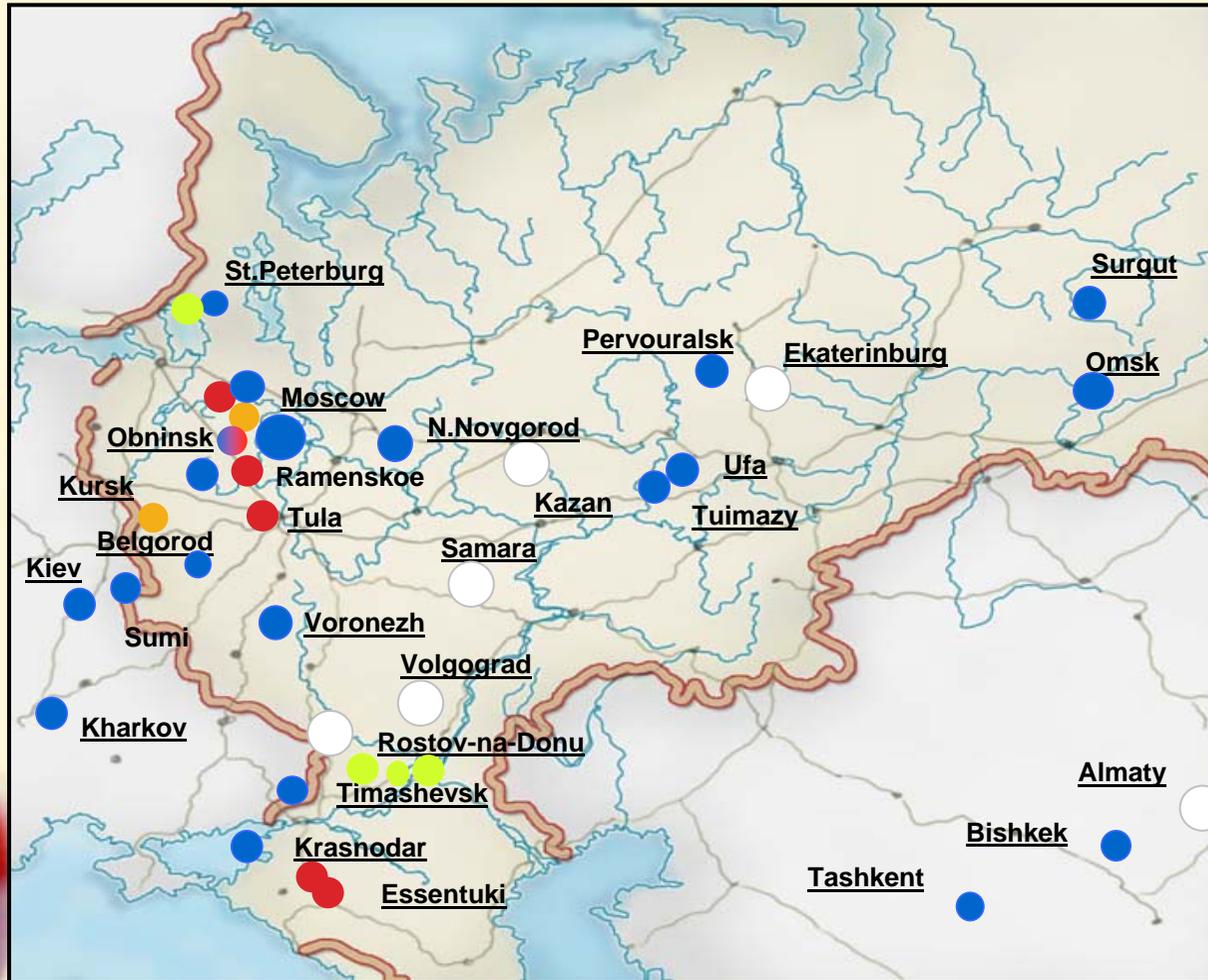




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# Growing National & CIS Platform

36 Production facilities in Russia & CIS



- Dairy production sites
- Beverages production sites
- Dairy production sites with beverages lines
- Baby Food production sites
- Farms
- Large distribution centers

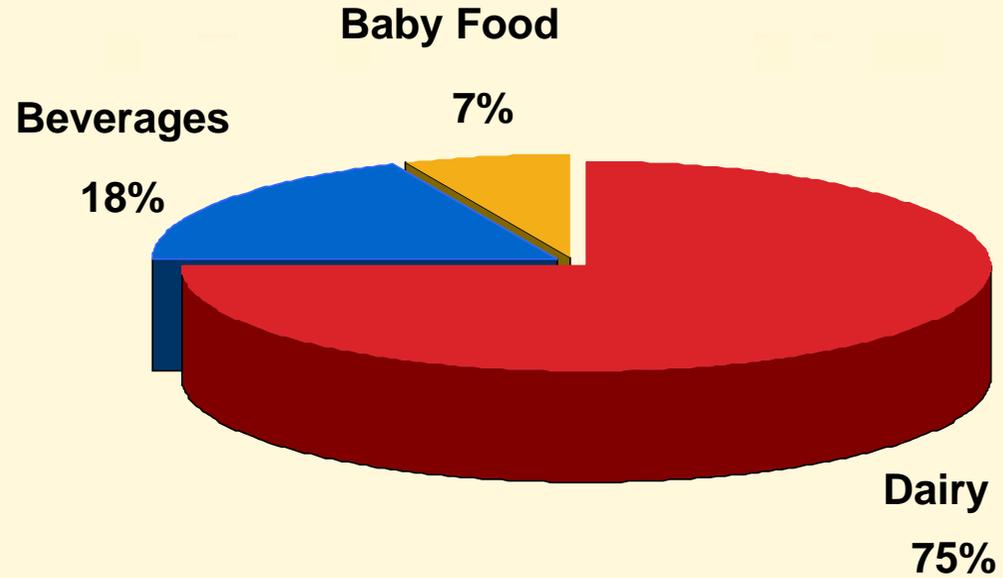




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## WBD's Product Mix in 2006

More diverse mix in Health and Wellness



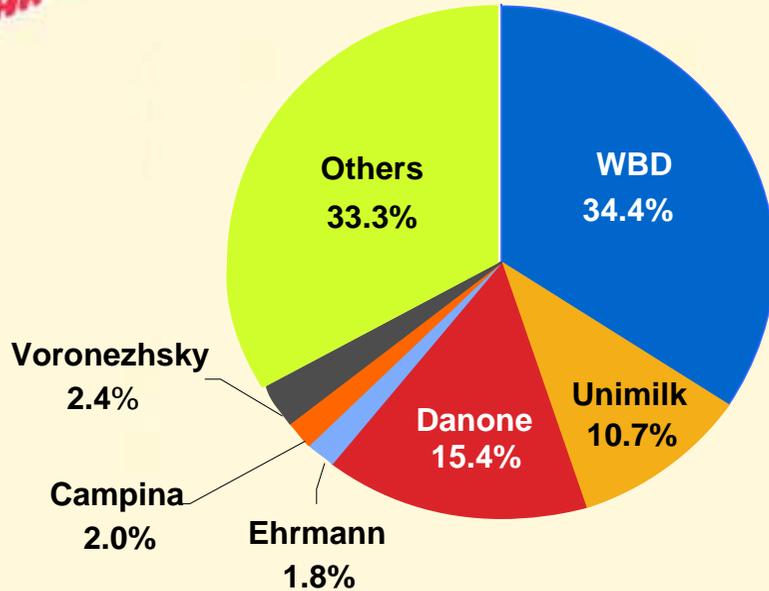


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# Market Shares

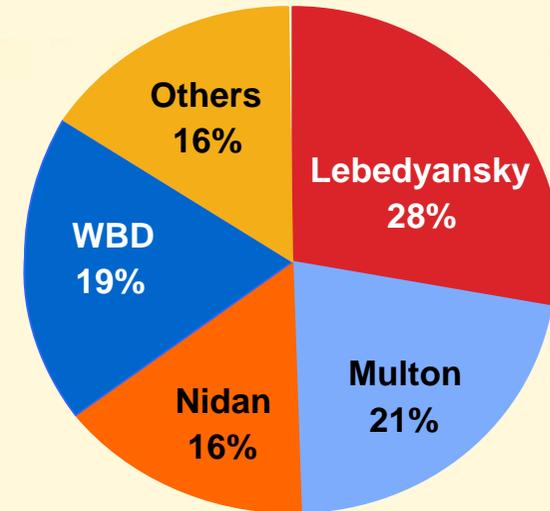
## Leading positions in Russian Dairy, Juice, Baby Food Markets

Russian Packaged Dairy Market, 2006



Source: ACNielsen Retail Audit; value terms, 24 cities, excl. fat, cheese, glazed curd, prostokvasha

Russian Juice Market, 2006



Source: Business Analytica Study; value terms

**And over 63% market share in dairy baby food in Russia**





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## Our Mission

**Wimm-Bill-Dann helps the entire family live healthier by enjoying our nutritious and delicious food and beverage products everyday throughout their lives**

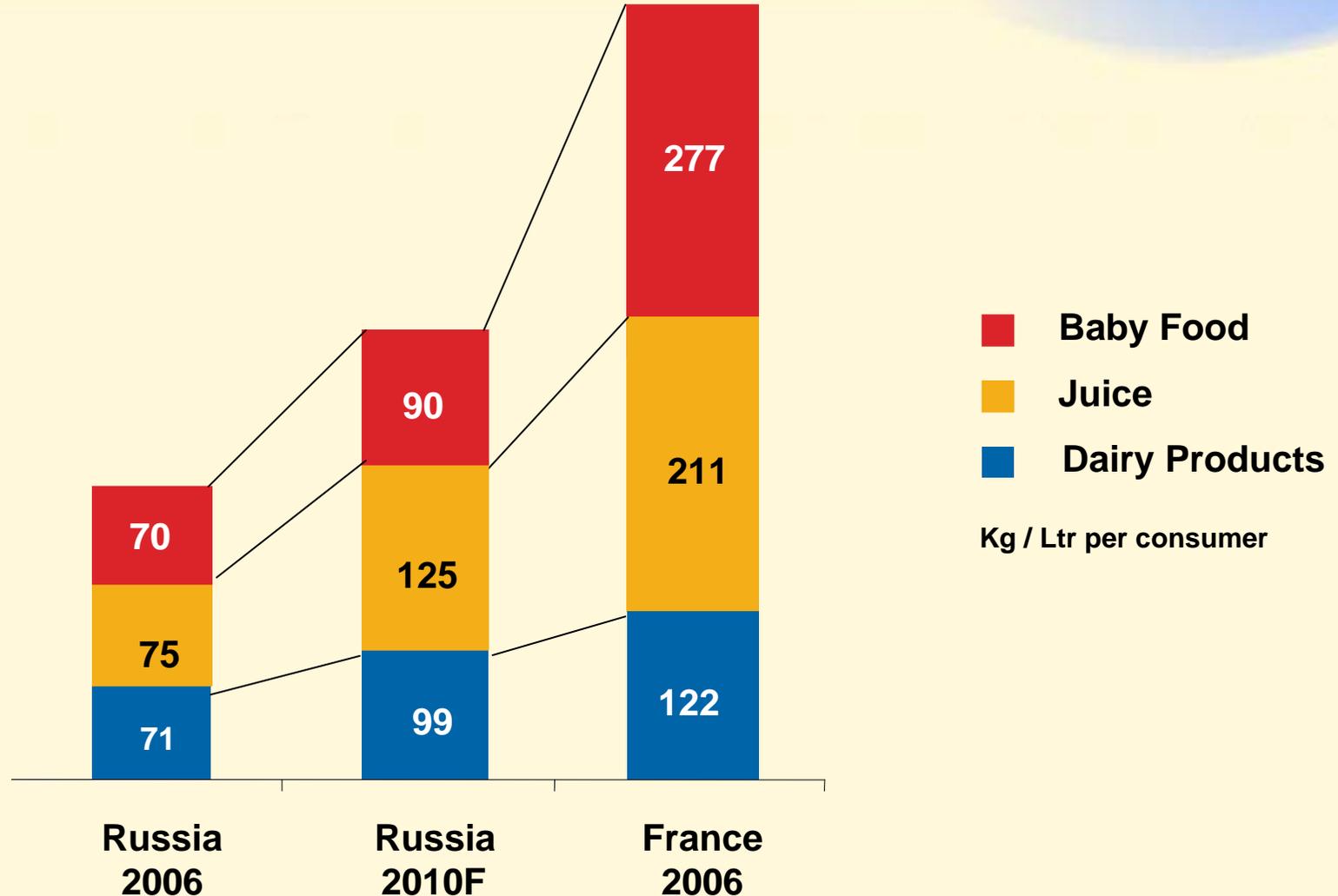




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# Market trends

Strong growth opportunities in consumption

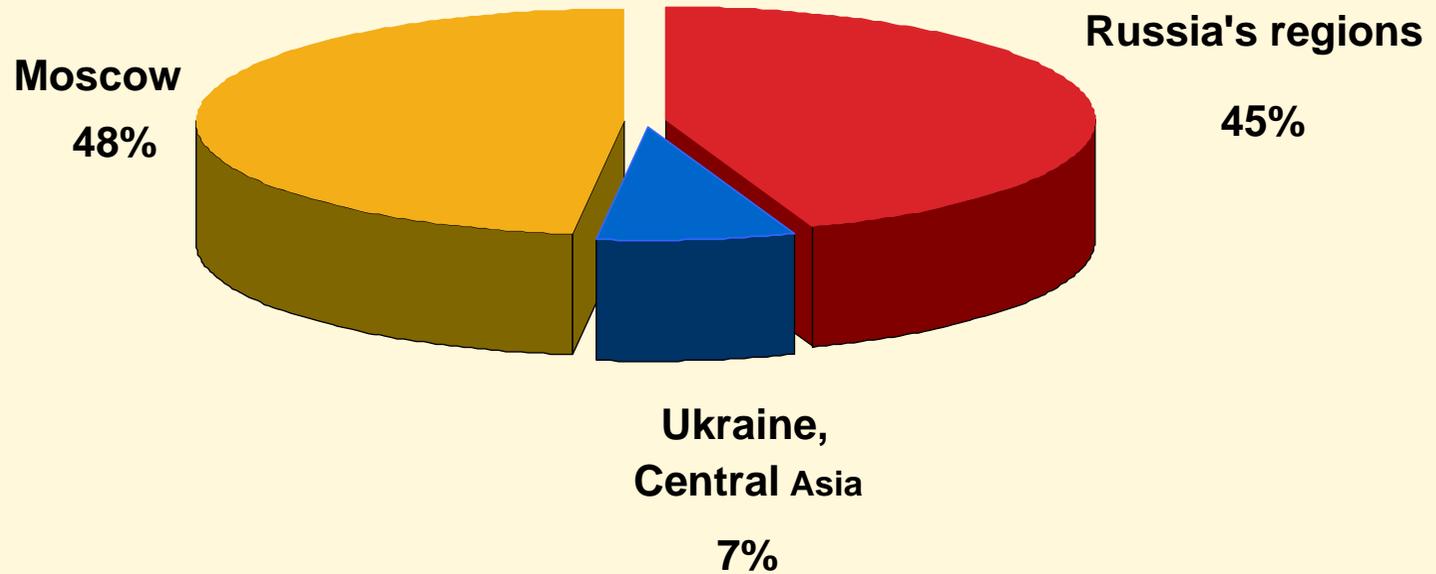




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# WBD's Geography in 2006

Capturing CIS opportunity

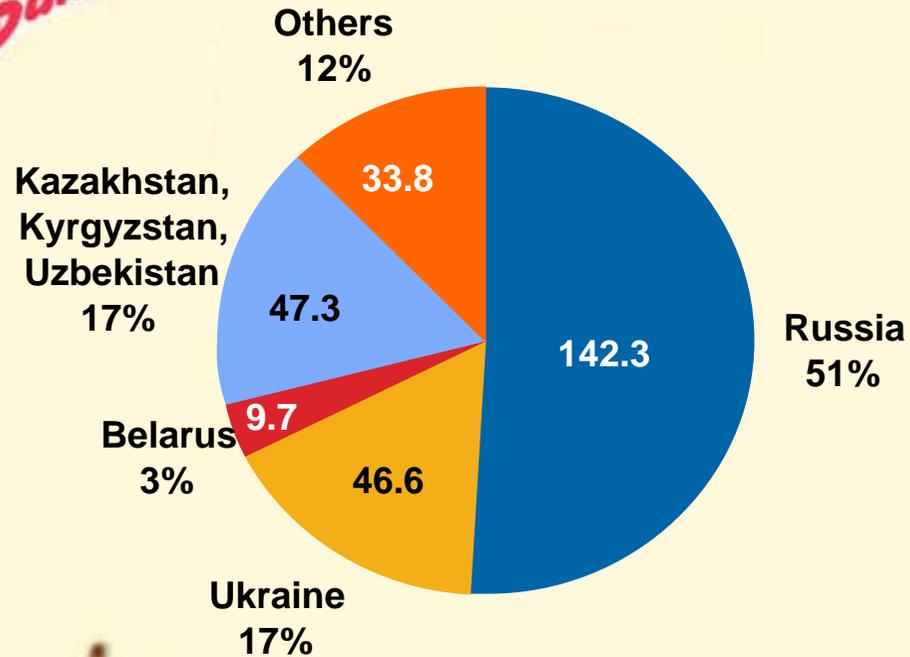




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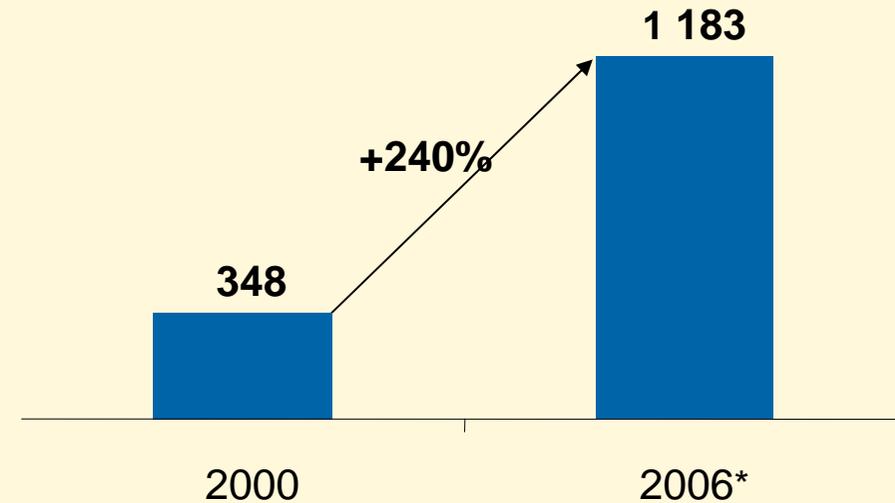
# Our Geography

Serving 280 mln. consumers within our core markets



Source: CISSTAT, 2006

## CIS GDP, Billion USD



Source: CISSTAT, 2006

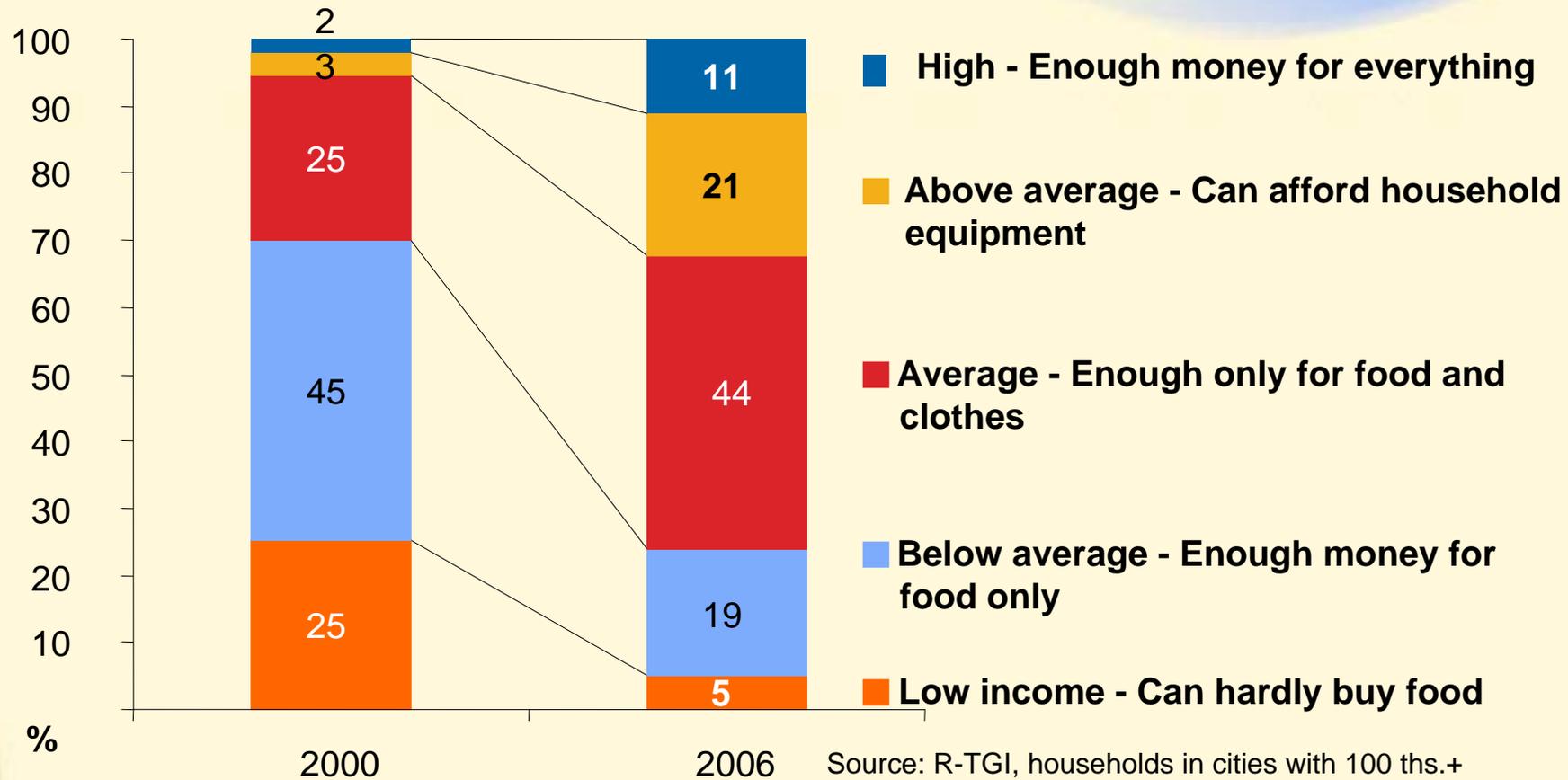




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# Evolution of Middle Class

**Russian Middle Class USD disposable income + 630% in 2006 vs. 2000**





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## Quality, Health and Image Growing Importance

	2000	2006
<b>Prestigious brand can improve one's image</b>	NA	43%
<b>The quality of a product is the most important to me</b>	77%	86%
<b>Natural quality, enriched food is important to me</b>	11%	30%
<b>Women consume diet food</b>	13%	25%
<b>Women aged 20-55 y.o. trying to lose weight</b>	NA	20%

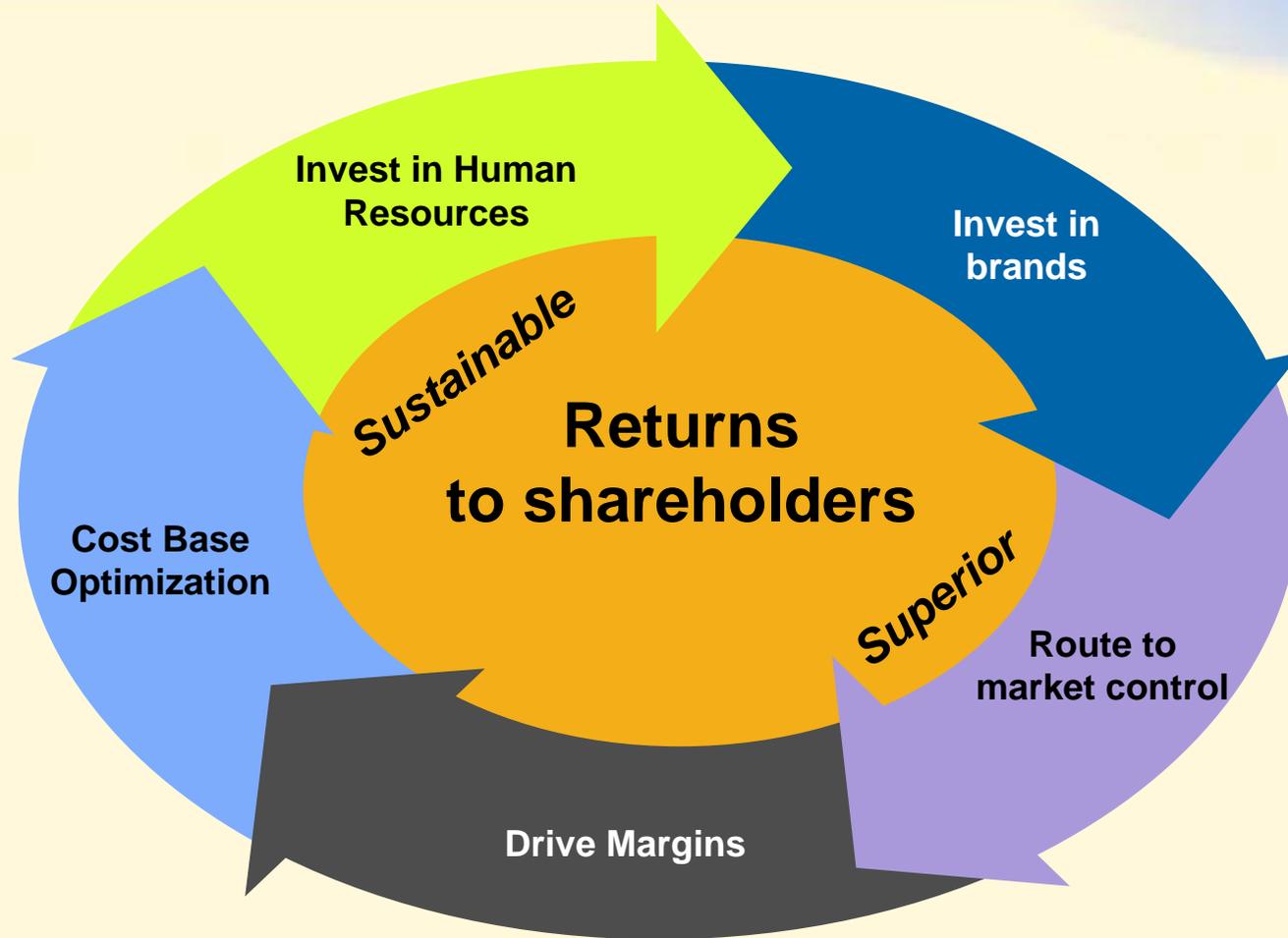
Source: R-TGI, households in cities with 100 ths.+, % of respondents





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# Wimm-Bill-Dann's Growth Model





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# Invest in Marketing to Grow Brand Equity

## Core marketing initiatives

- Greater media investment with better advertising
- Qualitative pre-testing of advertising
- Deeper consumer knowledge
- Focus on innovations
- Holistic approach to marketing





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# Greater Media Investment with Better Advertising

Domik v Derevne – Top 10% FMCG (TV LINK test results)





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# Greater Media Investment with Better Advertising

Agusha – Top 1% FMCG (TV LINK test results)





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# Greater Media Investment with Better Advertising

## Agusha – printed ads

замечательно пройдет  
мой ответственный полет.  
Если папа в самолет  
суп и кашу мне возьмет

# АГУША



«АГУША» представляет новый увлекательный продукт для российского рынка – жидкие молочные каши и супчики. Они насыщены витаминами и содержат состав продуктов, необходимый для развития малыша после 6-ти месяцев. Сбалансированный состав продуктов обеспечивает малышу здоровье и хорошее настроение. Кашки идеально подойдут малышу на завтрак или ужин, а супчики – на обед.

Это готово к употреблению продукты – вариант подходящий для путешествий или прогулок. Супчики и каши не содержат сахара, соли, консервантов, красителей и ГМО. Детское питание «АГУША» одобрено ГУ НИИ питания РАМН, изготовлено с применением многоступенчатой системы производственного и технологического контроля качества.

**Для здоровья малыша – «АГУША».**



Для питания детей старше 6 месяцев. Перед вводом новых продуктов в рацион ребенка необходимо проконсультироваться со специалистом.

у маленькой Оксанки  
красивая осанка  
стать гимнасткой ей помог  
вкусный детский творожок

# АГУША



Специально для самых маленьких мы разработали особое молочное питание, предназначенное для кормления ребенка с первых месяцев жизни. Хрустящий, нежный организм нуждается в деликатной и полезной пище. Именно поэтому «АГУША» предлагает малышам творожки, кефир, молоко и йогурт, разработанные совместно с ведущими специалистами ГУ НИИ питания РАМН. Молочные продукты «АГУША» полезны для детского здоровья и удовлетворяют все потребности растущего организма.

**Для здоровья малыша – «АГУША».**



Для питания детей старше 6 месяцев. Перед вводом новых продуктов в рацион ребенка необходимо проконсультироваться со специалистом.



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# Invest in Marketing to Grow Brand Equity

A balanced portfolio of Health and Wellness power brands





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# Invest in Marketing to Grow Brand Equity

## Accelerate innovations

- Clear innovation targets for contribution to sales and profit
- Innovate into new categories
- Acquire strong regional businesses in current categories





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# Accelerate Innovations

Morand





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## Route to Market Control

- **Expand Sales Team**
- **Focus on in-outlet execution**
- **Implementing new merchandising standards to focus on impulse high margin products**
- **More control over distribution network**
- **Centralized Key Account Management => economies of skill and scale in dealing with large customers**





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# Route to Market Control

## Coolers





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# Drive Margins

## Brands, Packaging, Channel Mix

- Price levels set using elasticity knowledge by package, region, channel and season
- Build 'On the Go' consumption and other high margin occasions
- Optimal combination price, advertising, in-store investment





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# Cost Base Optimization

Always quality first at the lowest appropriate cost

- Regular Retail Quality audits
- Simplify legal structure
- Re-engineer processes to dramatically cut bureaucracy
- Targeting World Class productivity standards
- Centralization of functions to capture synergies





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# Cost Base Optimization





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# Investing in Human Resources

- **Understandable and achievable KPIs**
- **KPI system implementation across all business units**
- **Semi-annual performance review**
- **Individual development plans for top 500 employees**
- **All employees have variable salaries linked to performance**
- **Introduction of stock option program for top managers**





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# Outstanding Performance Trend

## WBD in 2003

Market capitalization  
USD 748 million

Sales  
USD 938 million

EBITDA  
USD 80 million

Operating cash flow  
USD 30 million

Debt/EBITDA  
3.5x

## WBD in 2006

Market capitalization  
USD 2,923 million

Sales  
USD 1,762 million

EBITDA  
USD 218 million

Operating cash flow  
USD 167 million

Debt/EBITDA  
2.0x

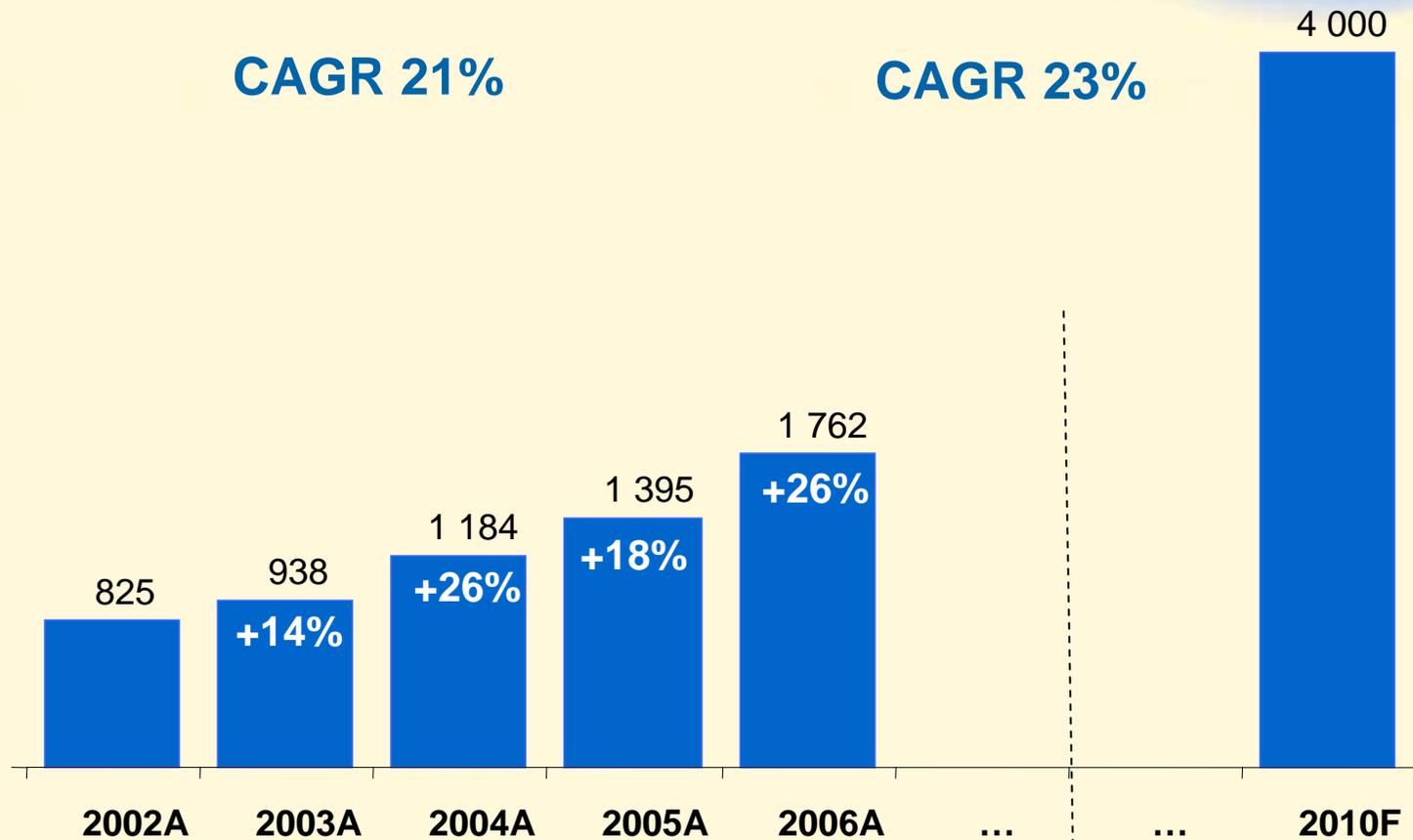




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# WBD - Key Financials

## Sales Revenue, mln. USD

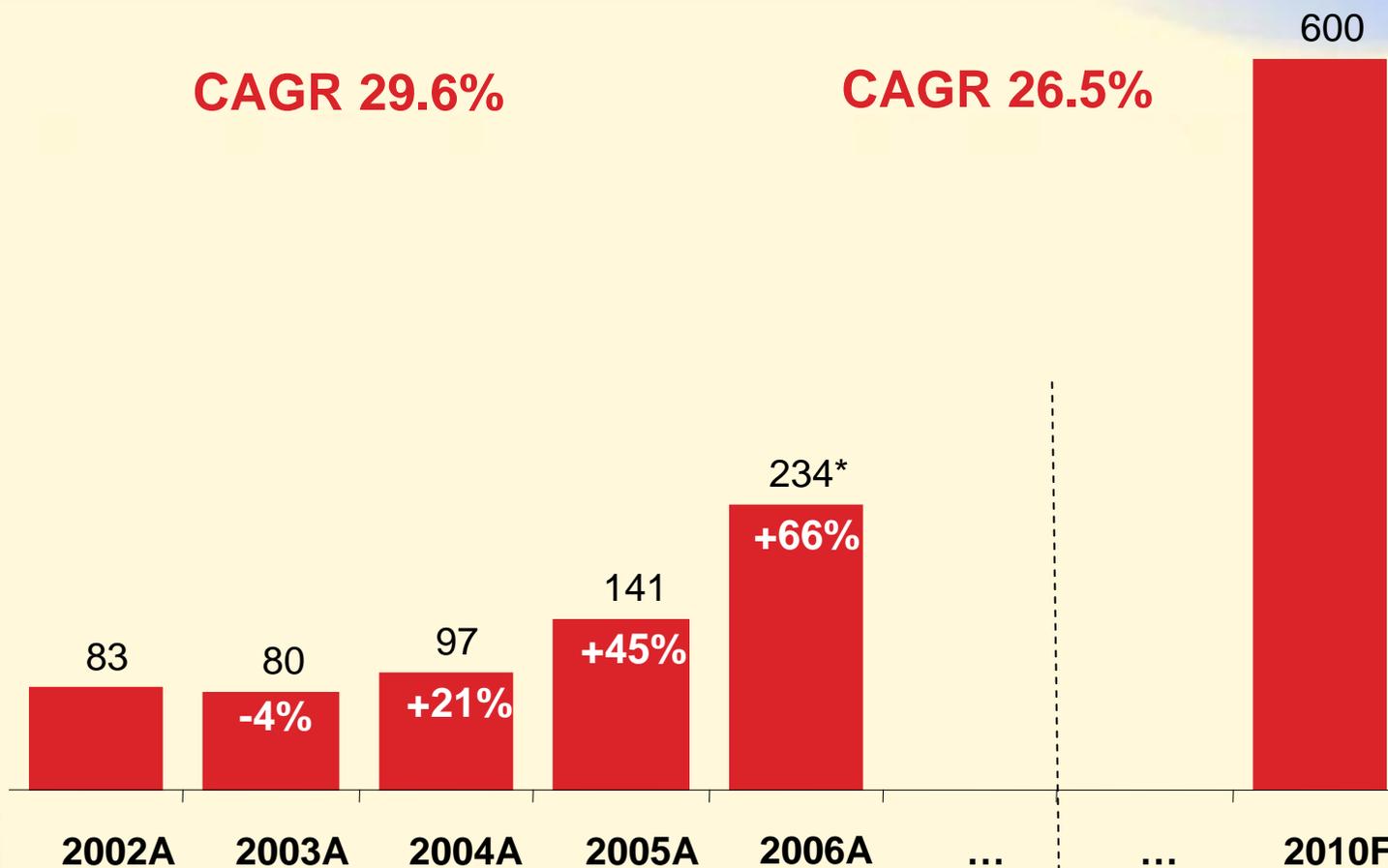




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# WBD - Key Financials

EBITDA, mln. USD



\* Underlying number



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# Q1 2007 Financial Highlights

**Profitable growth across all segments accelerates**

	Q1 2007	Q1 2006	Change, %
	US\$ mln	US\$ mln	
<b>Sales</b>	<b>542.8</b>	<b>387.5</b>	<b>40.1%</b>
<i>Dairy</i>	414.2	287.9	43.9%
<i>Beverages</i>	92.9	73.5	26.4%
<i>Baby Food</i>	35.7	26.1	36.8%
<b>Gross Profit Margin, %</b>	<b>32.0%</b>	<b>29.3%</b>	<b>270 bp</b>
<b>Operating income</b>	<b>51.4</b>	<b>29.7</b>	<b>73.1%</b>
<b>Net income</b>	<b>32.1</b>	<b>17.4</b>	<b>84.8%</b>
<b>EBITDA*</b>	<b>70.4</b>	<b>44.3</b>	<b>58.8%</b>
<b>EBITDA margin, %</b>	<b>13.0%</b>	<b>11.4%</b>	<b>160 bp</b>

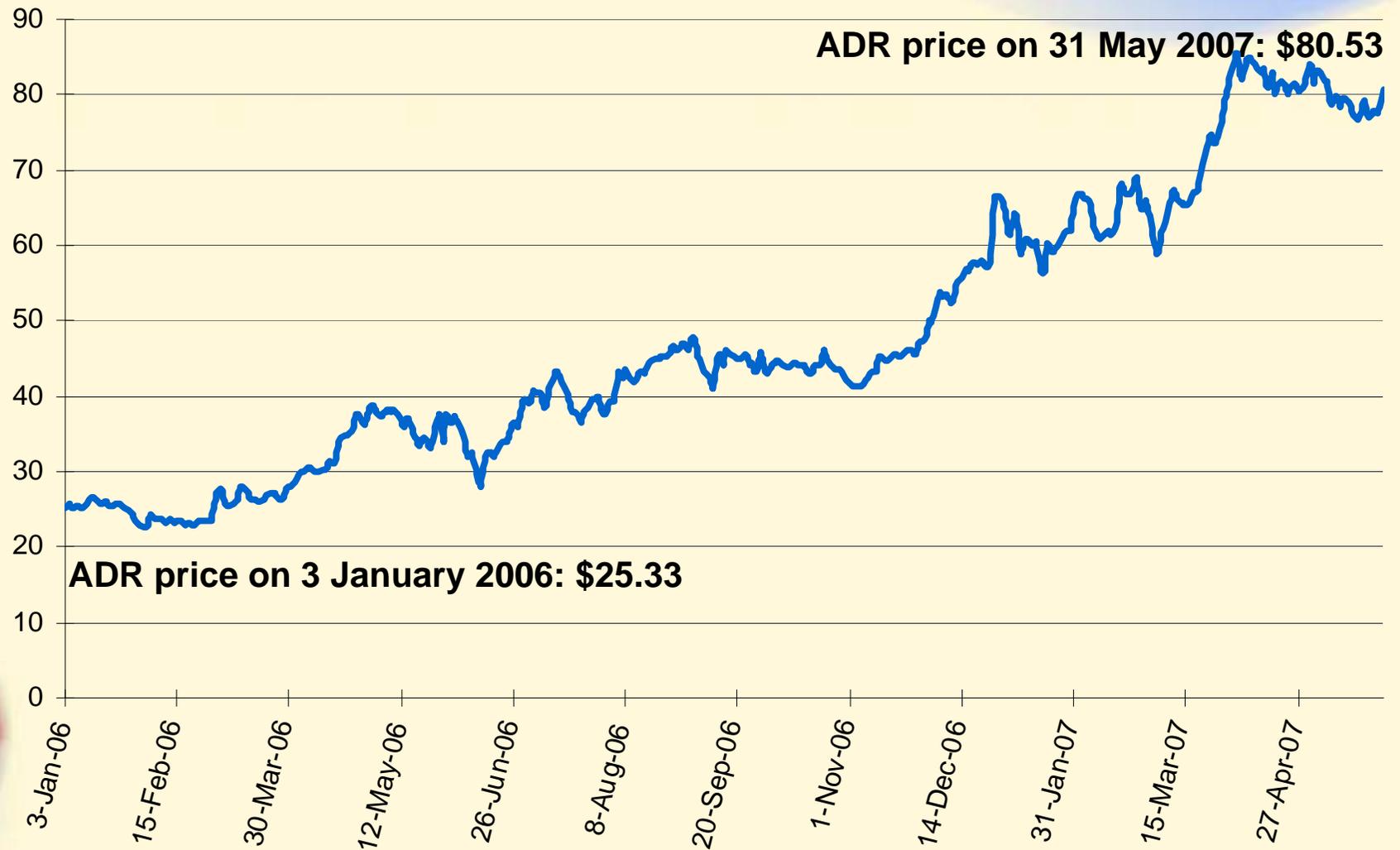
•Non-GAAP indicator: for reconciliation of EBITDA to US GAAP Net Income see [www.wbd.com/f\\_reports/](http://www.wbd.com/f_reports/)



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# WBD – ADR Performance

## Closing price of ADR on NYSE (US\$)

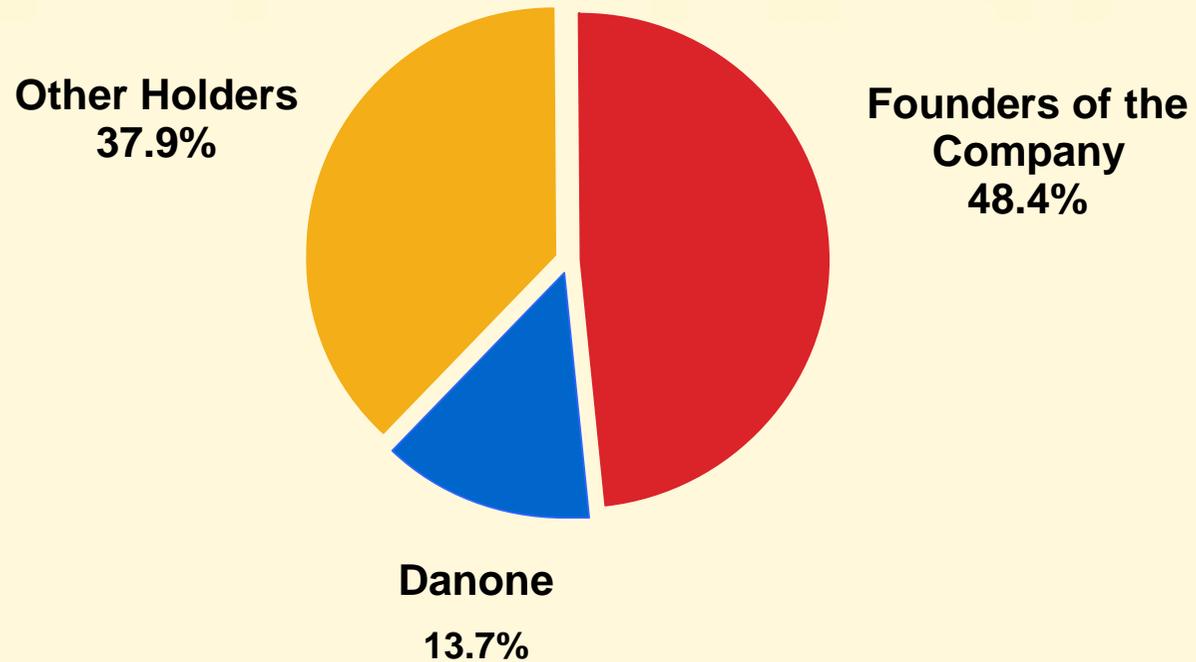




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# WBD – Shareholder Structure

As of May 15, 2007



Based on Company's List of affiliates from 31.03.2007 with later amendments and Danone's SEC filings and public statements.





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## Investment Highlights

- Rapidly growing consumer wealth in our markets
- Significant per capita category growth potential
- Largest CIS Food and Beverage company
- Focused on fast growing Health and Wellness segments
- Branded business with strong ongoing marketing and sales investment
- Significant market shares with room for growth
- Accelerating business performance





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## IR Contacts

Also see our IR site: [www.wbd.com](http://www.wbd.com)

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