

Wimm-Bill-Dann Buys Back Stake from Danone

By [The Moscow Times](#)

August 12, 2010

The  Moscow Times

French food group Danone confirmed that it would sell its stake in Wimm-Bill-Dann back to the juice and dairy group for \$470 million, freeing it up to pursue a deal with WBD rival Unimilk.

A deal for its 18.4 percent stake had been in the cards since Danone announced plans to merge its Russian dairy business with Unimilk in June, and WBD spokeswoman Marina Kagan said the company would now decide what to do with the stake.

She said WBD is considering three options: canceling the shares and paying higher dividends; selling them on the market; or putting them toward possible acquisition deals.

Board member and co-owner David Yakobashvili said in June that WBD was ready to spend "a lot of money" on acquisitions in the dairy and baby food sectors abroad this year, although Citi analyst Brady Martin said in a note that the share purchase would be "an appropriate use

of cash," even in the absence of expansion opportunities.

He added that the market had expected Danone to sell the stake in order to complete the Unimilk deal.

"In our view, the market will welcome this news as the sale of the stake removes a perceived share overhang, as investors assumed the stake sale would be required to receive necessary government approvals [for the merger with Unimilk]," he said.

WBD, which also makes juice and baby food, said the transaction involved both local shares and American Depositary Receipts and will be funded from its own resources.

WBD currently holds about 6 percent of its own shares.

Danone's stake has always been considered a purely financial investment in the Russian company, WBD's Kagan said, adding that WBD was happy to get the stake back.

Danone said the share sale will close when the company receives the necessary regulatory approvals for its merger with Unimilk.

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