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Wimm-Bill-Dann Profit Drops 53%

By The Moscow Times

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Wimm-Bill-Dann Foods, the dairy company being acquired by PepsiCo, said Thursday that third-quarter profit fell 53 percent as record raw-milk prices added to costs and interest expenses increased.

Net income dropped to $21 million from $44.5 million a year earlier, the company said. Sales increased 22 percent to $640.9 million, with growth accelerating from 17 percent in the first half.

PepsiCo, the world's largest snack-food maker, agreed to buy a controlling stake in Wimm-Bill-Dann for $3.8 billion this month to become the biggest food-and-beverage company in Russia. Wimm-Bill-Dann, whose brands include Chudo dairy products and Agusha baby food, has almost doubled sales since 2005.

An unusually hot summer caused "an unprecedented spike" in raw-milk prices, which affected the whole industry, Wimm-Bill-Dann Chief Executive Tony Maher said in a statement. Gross profit fell to 31.3 percent of sales in the third quarter from 36 percent a year

earlier, the company said.

Interest expenses rose to $14.6 million from $7.7 million a year earlier, Wimm-Bill-Dann said. The price that the company paid for raw milk increased 54 percent in the quarter, it said.

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