



Herman Gref
Chairman of the Board
and CEO of Sberbank

RUSSIA

Exciting Times

The Russian government has committed to a huge \$60 billion privatization program that will fund its enormous one trillion dollar infrastructure upgrade.

It's a process that represents a financial bonanza to the local banks, but with so much turbulence in the Russian banking sector, it's hard to see who will be the winners. Over the past 15 years, the Russian banking sector has changed out of all recognition. In 1997, 2,000 commercial banks were operating in the Russian federation; but two financial crises later, that figure has halved and the main players are changing.

Increased foreign ownership is a certainty, and there's plenty of good reason as Russia's banks offer overseas investors the prospect of considerable future growth. Credit Suisse has calculated that only 24% of Russians currently have bank accounts. The past decade has seen the emergence of a new middle class and an explosion in the number of high net worth individuals in the country.

The Kremlin's privatization program is closely linked to its determination to transform Russia into a 21st-century economy. Part of its strategy has been to parachute some of its brightest and best administrators into top positions at these enterprises, with the job of turning them into shop windows for the Russian economy as a whole.

Among the chosen few is Herman Gref, who was appointed president of Sberbank in 2007. Gref inherited an organization whose

assets account for over 30% of Russia's banking sector and 26% of its banking capital, and whose 242,000 employees look after its 70 million customers through a network of 20,000 branches. In 2010 it posted profits of 181.6 billion roubles — up 18% from the previous year; no mean feat considering the difficult trading conditions at the time.

SBERBANK'S CORE COMPETENCIES

Bureaucracy is often cited as one of the biggest obstacles to doing business in Russia, a reality acknowledged by Gref: "We've learned how to provide services very quickly. We've shortened the period of giving credits to physical entities from two weeks to one day. We have very good technologies and today we offer the whole spectrum of investment banking services. Now, with Troika Dialog, we are in an even better position. That's why we have the best rates in the market."

With such a dominant position in the local market, Gref is looking further afield for Sberbank's expansion. "This year we plan to launch a depositary receipts program on our existing ordinary shares. We will expand the spectrum of options we offer our investors, and we will continue to open offices in a number of countries around the world."

RUSSIAN APPEAL

With \$60 billion of state assets currently on the auction block, the ongoing Russian privatization program is enormous. It's a process that Gref, citing his past experience as Minister, backs wholeheartedly. "Ten years ago we realized the need to diversify the economy. Some 25% of our GDP was in oil and gas, which is too much for the 10th largest economy in the world. I believe that diversification should be even more actively promoted now. All sectors of the economy should be opened for investment and we need to improve conditions for investments."

With such a huge ongoing privatization process, there are big prizes to be won. Given the rapid evolution of the Russian banking landscape, we aim to highlight some of the institutions that not only survived the financial crisis but are now also best placed to take advantage of Russia's re-emergence as an economic superpower. ●

CyberPlat®: New Financial Infrastructure

The CyberPlat® payment system, a unique financial infrastructure platform created in Russia and the CIS countries for the collection of small payments, has become crucial for many everyday economic and social tasks.

IT IS CURRENTLY the largest payment system in Russia in terms of infrastructure, with more than a quarter million outlets in the country and a total of 310,000 outlets throughout the CIS. The emergence of CyberPlat® has given a significant boost to the development of many modern segments of the Russian economy, such as mobile and fixed-line telephony, the Internet, and cable television. The offering of a large-scale, cheap payment acceptance system has led to significant growth of the subscriber base in the low-income segment. With just minimal costs to the operators, their system solves the problem of replenishing subscribers' personal accounts. For that reason, prices for providers of advanced digital services in Russia are currently lower than those in many other countries, and the net cost of collecting the revenues of the mobile network operators in Russia (about 2%) is considerably lower than, for example, in Europe (5%-7%).

CyberPlat's infrastructure operates in parallel to the banking segment. It is much more convenient for customers since the payment acceptance outlets are located within reasonable walking distance, and the payments are made quickly and without queues.

At the moment the retail payments market in Russia is covered by electronic payment systems (EPS) that account for about \$30 billion. CyberPlat estimates that the total volume of the payment acceptance market that has still not yet been covered by EPS technology could be as much as \$300 billion.

One of the principal differences between how the CyberPlat model for retail payments works and what happens in other western countries is that the CyberPlat system enables members of all levels

of society, including the lowest income groups, to purchase modern high-tech services. This in turn leads to an increased penetration of advanced services, such as cellular communications, across the entire population. According to the latest research, the level of mobile penetration in Russia is 163%, vs. 91% in the U.S. Because many people use two, three, or even more handsets, the real level of mobile penetration is markedly lower. In Russia, for example, it is estimated at 90-95%, and in the U.S. it is proportionally lower.

In the U.S. the typical minimum amount for replenishing an account with a mobile operator is \$15, a price point that does not allow lower-income people to easily top-up their subscriber accounts, since they do not always have such an amount handy or prefer to spend it on more immediate needs.

In Russia middle- and lower-income customers use scratch-cards or virtual scratch cards (e-vouchers) to replenish their subscriber accounts. The CyberPlat® payment system allows accounts to be replenished with the same mobile network operators for as little as 1 rouble (\$0.03), substantially less than a \$1. Roughly 22% of subscriber payments are for less than \$1, and payments of less than \$2 comprise more than half of all our payments.

Before the advent of the CyberPlat® system, middle- and lower-income people in Russia were deprived of the opportunity to use cellular communications services because the account replenishment amount was virtually inaccessible for them. The minimal value of scratch cards in Russia was \$4.00. By comparison, \$4 was the

cost of two bottles of inexpensive alcohol. For low-income Russians the dilemma "whether to top-up the phone account or buy two bottles of vodka" was always solved in favor of the latter.

Today, about 40% of Russian mobile communications subscribers have an average revenue per use (ARPU) of less than \$4 per month. They would not be able to become subscribers without this new financial infrastructure. The formation

of the new financial infrastructure platform in Russia has resulted in the emergence of several million subscribers with ARPU of 10 roubles (\$0.3), including many

children. Those children often do not have pocket money to pay for voice traffic, but happily exchange SMS messages. Only \$0.3 covers the cost of sending 100 to 200 SMS messages on the Russian operators' networks.

The introduction of CyberPlat® technologies in the U.S. could lead to a rise in mobile penetration. According to Deloitte, each 10% of mobile penetration growth in developed countries increases GDP by 0.6%.

CyberPlat's technology also solves the problem of "digital divide," as it did in Russia where even the poorest of subscribers now have the opportunity to use high-tech services and replenish their personal accounts with just a few dozen cents. ●



Dr. Andrey Gribov
President & CEO

CyberPlat®

SISTEMA — A WINDOW ON RUSSIA

Sistema, the largest diversified public financial corporation in Russia and the CIS, offers a new mechanism of portfolio asset management in the Russian market.

SISTEMA PROVIDES foreign investors with access to the most attractive investment projects in the fast-growing and high-profit industries within the local economy.

In operation for 18 years, Sistema today invests in and is a major shareholder of companies serving over 100 million customers in the telecommunications, high technology, oil and energy, radar and aerospace, banking, retail, mass-media, tourism, bio-technologies, and health care sectors. The companies that make up the Sistema portfolio operate in Russia, the CIS, Europe, and India.

In 2010 Sistema reported revenues of US\$ 28.1 billion and total assets of US\$ 46 billion as of March 31, 2011.

SISTEMA IS ONE OF THE RUSSIA'S BIGGEST PUBLIC COMPANIES.

Its global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. The main drivers for Sistema's shares are the gains generated by portfolio activities and profits from M&A deals. In 2009 Sistema entered the Boston Consulting Group's 100 New Global Challengers list. In 2010 the company appeared on the Fortune Global 500 list.

Sistema's investments are now managed as two distinct portfolios, split by the size and level of maturity

of the various businesses. Core Assets include CIS' telecom leader MTS; federal-wide Bashneft, which is among Russia's Top 10 oil players; and Bashkirenergo, which generates electricity for Bashkir Republic users. Core Assets provide Sistema's stakeholders with a stable dividend flow. The Developing Assets of Sistema are relatively small compared to the Core assets, but not that small in absolute terms: Detskiy Mir is a leading brand in childrens retail, Medsi is a network of medical clinics, Concern RTI Systems produce radars for the defense industry, Sitronics is Russia's leading manufacturer of microelectronic products, Moscow Bank of Reconstruction and Development, and Sistema Mass-Media a movie-making studio. The company also has an investment called MTS India, the country's fastest-growing mobile operator, which focuses on mobile broadband technologies. Developing Assets has a high potential for growth.

Sistema focuses its efforts on its portfolio development strategy. Operational management led by the Asset management teams is based on a key parameter: TSR, or Total Shareholders Return.

WORKING FROM A LARGE-SCALE ANALYTICAL DATA-BASE, Sistema's specialists investigate Russia's macro-economy and investment attractiveness



Mikhail Shamolin
Sistema's President
and CEO



across various industries and regions. Sistema invests in assets that have a positive Risk / Profitability ratio. The company then uses its own resources and attracts the capital of other investors to take a controlling stake of assets with \$300+ million of annual revenue.

Sistema provides an effective and reassuring pathway for foreign investors to achieve their investment potential in Russia. The operational experience of Sistema is well proven and its ability to manage large-scale deals and understand Russia's political and economical realities offer foreign investors an opportunity to monetize Sistema's unique advantages and perspective of investment projects that would otherwise be unavailable. ●

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ZENIT BANKING GROUP — ONE OF THE TOP 500 MOST VALUABLE BANKING BRANDS IN THE WORLD

ZENIT BANKING GROUP, one of the leading private financial institutions in Russia, has been operating successfully in the market for more than 15 years. Since its establishment, the Group managed to not only take an honorable position among the Russian financial institutions, but also confirmed stability of its business, particularly in severe times of the crisis.

Throughout the history of the Group, the key success factors included a focus on comprehensive client services, a wide regional network, and high business efficiency for our investors and shareholders. ZENIT Banking Group comprises a number of subsidiary banks which take leading positions in their respective regions, as well as a vast network of branches and subsidiary offices that give a competitive advantage based on the deep knowledge of regional clients, their individual needs and the particularities and potential of the banking market in the specific region.

BROAD CONTACTS

in the business circles and among regional elites enable ZENIT Banking Group to efficiently finance multiple regional enterprises operating in different industries. Generally, such enterprises play an important role in the regional economies, and our activity promotes significant investment flows from the federal center to the subjects of the Russian Federation.

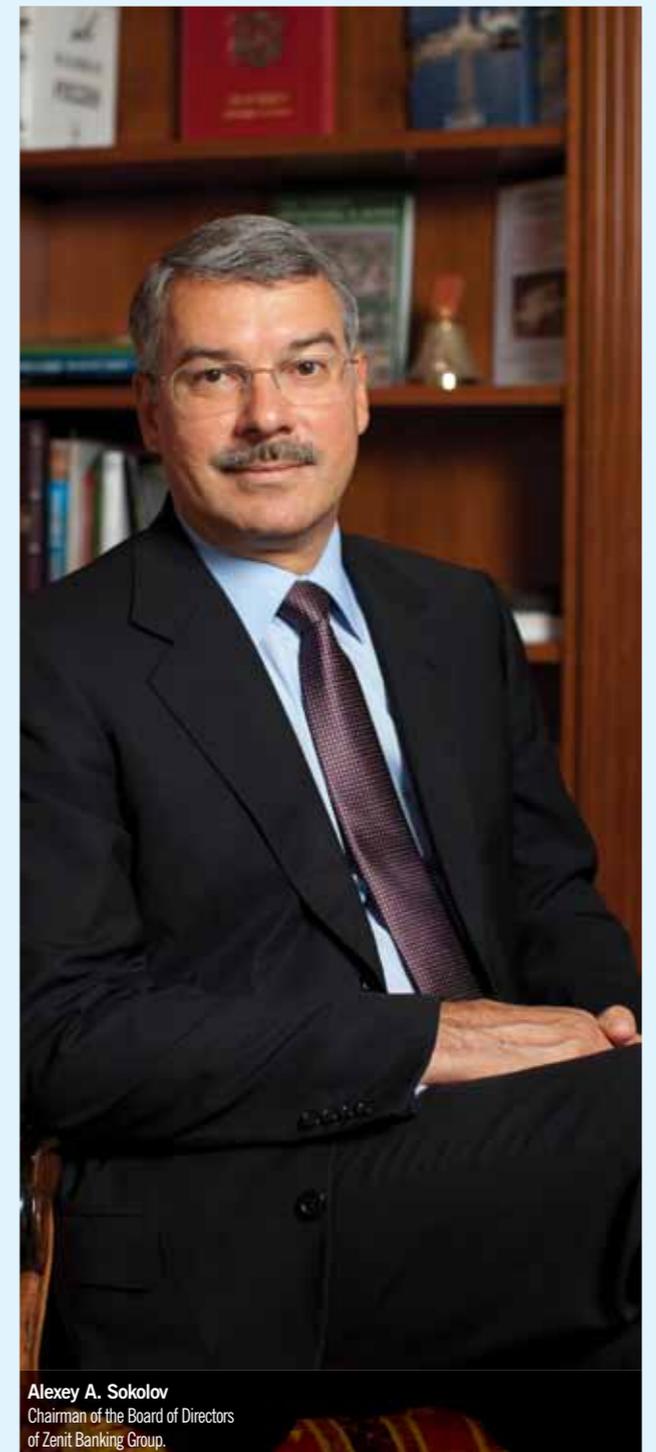
We consider that international cooperation is an important segment of our business activities. The long-standing contacts with the foreign banking and

economic communities allow successful development of our investment business, and supports a significant volume of export - import transactions. The Group is one of the innovators in these areas. In particular, in 2010 we launched operations with the Chinese Renminbi, and have recently opened the correspondent account in South Korean Wons.

THUS, WITH wide regional penetration into the Russian economy, on the one hand, and channels to raise funds from the global financial markets, including those from the dynamic Asian countries, on the other, ZENIT Banking Group has unique opportunities to saturate the companies' regional business with the financial resources from the global capital markets. In this respect, we consider the creation of such a cross-border bridge to be beneficial for both our Russian clients and the Group's foreign partners seeking opportunities in promising new markets. This is one of our individual strengths and an important competitive advantage.

Another strength of ZENIT Banking Group is its Private Banking business. For years, we have been steadily ranked among the TOP 5 Russian banks in this area, which has been recognized by the foreign business media.

The Group's stable success has allowed beneficial positioning of our brand, both in Russia and abroad. For several years we have been in the TOP 500 of the most valuable banking brands in the world according to the "Brand Finance" ranking. In the last year alone, our position rose by 11 places. ●



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INTERPROMBANK — INSTRUMENTAL IN MODERNIZING THE RUSSIAN ECONOMY

I NTERPROMBANK SERVES 12,000 clients. One might say this is a very small number for a large country such as Russia. However each of our clients gets personalized attention. We know the business specifics of each corporate client, and we offer them exactly the product and service they need to develop. Because of this approach, we fight through the daily Moscow traffic jams to get to our offices. Even though others possess a higher quantity of clients, we possess a higher quality of clients. And it is thanks to these clients that INTERPROMBANK has been ranked in the top 100 most profitable and efficient banks in Russia.

During 2010, the bank's capital grew 10% to reach a total of \$117.4 million, while our total assets have grown by 16% to \$924.7 million. Our client list has dynamically growing young enterprises alongside long established businesses, and includes Kievskaya Ploshad Holding Company which embraces construction and development subsidiaries, Antipinsky Refinery, Radisson Royal Hotel Moscow (formerly The Ukraina Hotel), Slavyanskaya Hotel and Business Center, Sukhoi United Holding Company, Tactical Rocket Armaments Corporation, Okeany flot, and representing mass media The Russian Television and Radio Broadcasting State Company and TV Company Zvezda.

Together we grow — in 2010, the INTERPROMBANK credit portfolio grew by 12% to a total of \$704.4 million, and the corporate deposits with us grew by 35% to a total of \$494.9 million.

THE INTERPROMBANK strategy is aimed at developing stable, long-term projects. Thanks to this strategy, the bank has not experienced serious hardships throughout the last global economic crisis. INTERPROMBANK was founded 16 years ago, in 1995.

Although this might not seem a long period of time, it has been a period of significant progress in the Russian economy. During this time, Russia has established itself as an equal partner in the global economic space while Moscow has emerged as a global financial business center. The most renowned financial institutions have their offices here, and INTERPROMBANK, without a doubt, is one of them.

THE RESULTS achieved by INTERPROMBANK in 2010 demonstrate the sustainable trend of dynamic development. The high quality of the banking services offered to our clients has led to the growth of client assets and our credit portfolio in 2010.

This steady growth of the bank is constantly confirmed by experts. Moody's Investors Service annually affirms the stability of INTERPROMBANK. INTERPROMBANK works in all sectors of the Russian economy. The existing correspondent bank network allows the bank to provide quick and reliable settlement in top tradable currencies.

INTERPROMBANK has approximately 100 correspondent accounts in 48 banks throughout Russia, the CIS, and other countries, including Deutsche Bank AG, Standard Chartered Bank, Raiffeisen Bank International AG,



Rakhmim Emanuilov
One of the founders and shareholders,
Deputy Chairman of the Board of Directors,
INTERPROMBANK



Bank of Tokyo-Mitsubishi UFJ Ltd, VTB Bank (Deutschland) AG, UBS AG, Bayerische Landesbank (Bayern LB), Svenska Handelsbanken AB and others.

INTERPROMBANK has the status of a customs guarantor, confirmed by the Federal Customs Service of Russia. It functions as a guarantor of transactions between exporters and importers.

In 2009, the bank became a member of the "Green Corridor" customs payment system which provides the ability to pay customs fees using electronic banking cards.

INTERPROMBANK is a member of the Interbank Currency Exchange of Moscow, a member of worldwide payment systems Visa International and Mastercard Worldwide, as well as the SWIFT telecommunications system.

THE BANK'S 15TH ANNIVERSARY IN 2010

saw the beginning of a new phase in growth. Shareholders have voted to conduct a rebranding campaign, and informed our clients and partners of evolutionary changes. The new stage of development aims to support strategically important innovations and modernization projects, as well as SMEs.

The bank has decided to use its own unique experience also for the

benefit of retail clients, and started marketing private banking products and services to high net worth individuals. In 2010, the retail client deposits grew 34% to a total of \$140.9 million.

THE PRIMARY

BASE of private clients consists of shareholders and top managers from large corporations and well known high net worth individuals.

We provide our clients with high returns, as well as flexible and swift solutions to money issues. We have a user friendly system of transactions, with the ability for remote access, supported by a wide network of lawyers, notaries, and many other experts.

Our work experience and partnerships with large corporations and private clients allow INTERPROMBANK to cooperate successfully with potential investors. We are always ready to provide quality consulting and expertise, reliable support for important business endeavors and an effective return on the invested capital.

Throughout the many years of changing macro-economic conditions in Russia, INTERPROMBANK has worked successfully and has constantly increased its capital and client base—proving it to be a full participant in the modernization of the Russian economy. This ensures the reliability and positive dynamic growth of the bank. ●

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Credit Europe Bank —Your Local International Bank

Credit Europe Bank's presence and subsequent success in Russia owes much to the vision of self-made Turkish billionaire Mr Husnu Ozyegin.

B ACK IN THE early 80's Soviet relations with the West were strained yet Ozyegin correctly anticipated the changes that would come and the potential opportunities that would arise for a company offering financial services to facilitate trade and investment in Russia. Today Credit Europe Bank (CEB) Ltd has grown into one of the Top 50 largest banks in Russia in terms of total asset size.

Familiarity with the local market is one of the reasons for CEB's success. According to the bank's President, Haluk Aydinoglu, "We have been operating in Russia for a long time and our strategic vision for Russia is long term. We experienced the 1998 and 2009 crises in Russia yet we never thought of leaving the country. Possibly because of our Turkish origin, we understand Russia better than some other investor might, because our mentality is very similar. Like any other

country, Russia has its own set of rules, procedures, and regulations, and we as an investor should respect and follow them."

The bank's stability and development have been sustained through a strong focus on sound, conservative banking practices and a superior level of customer service. The bank is owned by Credit Europe Bank NV, which is headquartered in the Netherlands; as such, CEB is supervised by the Russian and Dutch Central Banks.

Aydinoglu also recognizes the importance of innovation and diversification in a landscape as fluid as the Russian financial sector. CEB has accomplished many firsts in the Russian banking sector by providing custom-tailored solutions and a wide product variety to its clients. "We are very advanced in consumer finance in terms of technology and service. We work with a significant number of foreign investors such as Ikea and Mega. We are eighth in the Russian Federation in terms of credit cards, fifth in terms of Points of Sale, and in the sixth position in terms of auto financing. For that reason we are a very natural choice for any foreign entrant doing business in the consumer finance sphere. In auto financing we work with South Korean Hyundai and Daewoo and other European brands. We are very creative in this market and a good partner for foreign entrants. Some of those retailers coming to Russia looking for consumer finance solutions contact us asking how they can do it. This is the area in which I can say we are helping the economy to grow." ●



www.crediteurope.ru

The Changing Banking Landscape

T HE CURRENT privatization and banking reform programs in Russia mean the sector is changing beyond all recognition. As Absolut Bank's CEO, Nikolay Sidorov, acknowledges, "The availability of cheap and long-term money has attracted significant investment into foreign-owned banks." Absolut was acquired by the Belgium-based KBC Bank in 2007. "This influx of foreign capital will inevitably result in a further consolidation of the sector to a point where the top 50 banks will control 95% of the market," Sidorov continues.

Rakhmim Emanuilov, deputy chairman of Interprombank, is confident that the bank's focus on customer loyalty and its thirst to uncover new markets will help it thrive in the new environment. Established in 1995, Interprombank made the smart choice of concentrate on clients in the defense and high-tech sectors. "Those are the industries that make up the intellectual potential of our nation," says Emanuilov. As the IT industry blossomed and the aerospace industry was revitalized, Interprombank's customer base grew to more than 9,000 corporate and individual customers. Investing in the intellectual capacity of its clients has richly rewarded the bank

and has opened diverse new opportunities for the company. Emanuilov puts it this way: "We started to analyze and help our affiliated pharmaceutical companies. Now we are creating, developing, and manufacturing innovative new medicines that are competitive on the worldwide markets."

Today Interprombank is capitalizing on its reputation in the market by moving into private banking. "People know us," says Emanuilov. "We have our reputation. Private banking is about trust, and we can deliver our services much quicker than big companies. We believe that our country has a very promising future. I daresay Russia, with all its potential, is one of the most promising countries in the world today."

An example of the dynamic fresh face of the Russian financial sector is CyberPlat, which is not just a company but also a brand name for a multi-banking integrated internet payment system that is transforming many facets of Russian commerce. The idea behind CyberPlat is as simple as it is clever. "Because banks have to have armored windows and walls and highly qualified staff, their net cost of transactions is very high, so there is no profit for them in processing payments under \$60," says CyberPlat's general director, Andrey Gribov.

"This is a problem for companies in sectors like telecommunications, which rely on a lot of small payments. In Russia, the average transaction is less than \$5. So even though a company like MTS is collecting \$5 a month from as many as 50 million people, the banks don't want to know. So we have created a parallel financial

structure that allows small payments to be accepted in supermarkets, ATMs, gas stations—in fact, just about anywhere. Last year we enabled 1.5 billion such transactions through a quarter of a million points of sale,” Gribov continues.

With more than 250,000 Russian outlets now accepting cash payments through its on-line payment system, CyberPlat is rapidly becoming a critical cog in the country's economic machine.

In addition to expansion into the virtual world, there are many opportunities in the physical country beyond the Russian capital. With Muscovites accounting for only about 10% of Russia's population of 114 million, it stands to reason that there is a plethora of commercial opportunities waiting for overseas investors and entrepreneurs in the federation's vast hinterland—and substantial demand for banks with in-depth knowledge of regional conditions.

“Western investors often make the mistake of thinking of Russia as the area inside the Moscow Ring Road,” says Alexey Sokolov, one of Bank Zenit's founding fathers and chairman of its board of directors, “and I think it's time we got rid of this stereotype. We positioned ourselves as a non-Moscow bank from the very beginning, and while we are registered in Moscow we have a very good infrastructure in the regions.”

Bank Zenit is ranked among the 500 most highly valued companies in the world. “There aren't many Russian banks up there with us,” Sokolov proudly declares. “That's why foreign investors need Russian partners like us who are able to check reputations quickly and effectively. Our strategy is to offer services to very large clients and companies that have financing opportunities from abroad. We operate as a kind of agent between this type of company and

foreign investors, and to that end Zenit has an affiliation with several other Russian banks. We have a lot of experience of operating in international markets, so it is easy for us to understand foreign investors and to translate their needs to companies in the regions.”

The willingness of these banks to adapt and diversify will inevitably play a key role in separating the winners and losers in Russia's evolving banking environment. ●



Catalysts of Growth

IN RECENT YEARS Russia's agricultural sector has had to contend with both the global financial crisis and a series of droughts that have seriously challenged Vladimir Putin's vision of the country as a nation self-sufficient in food production, as well as a major force in the international food industry.

Agriculture Minister Elena Skrynnik nevertheless believes that the sector remains the “locomotive” of the Russian economy, and sees no reason why Putin's vision cannot be realized. “The Russian agricultural sector is quite capable of not only satisfying domestic needs but also of offering a wide range of food products for export,” she said recently.

The engine room that is powering this locomotive includes a number of “vertical” companies that are harnessing decades of hard-earned experience with a commitment to modernization and a will to succeed.

One such company is sugar producer Prodimex. Established in 1992, the company controls around 20% of the Russian sugar market and operates 16 sugar mills across the country, as well as Russia's only citric acid plant. But Prodimex is not just in the business of sugar production: With a strategy that reflects the government's commitment to food self-sufficiency, it has in the past 10 years built up its own land bank of 0.5 million hectares to enable it to produce its own raw materials.

It has simultaneously been switching its focus from raw to beet sugar. “Raw sugar is a business with very small margins,” explains CEO Achim Lukas. “If our share of the raw sugar business decreases every year and sugar beet increases, we will be able to increase our market share without any M&A transactions.”

Although acquisitions have historically boosted Prodimex's growth, its focus now lies in forming strategic partnerships to help with beet supply, sales, and distribution. “We are in a commodity market, so brands are not our key driver,” Lukas observes. “I think it is more important that we can guarantee good quality at fair prices with a well-managed supply chain.”



Yelena Skrynnik
Minister of Agriculture for the
Russian Federation.

While Prodimex's efficient production methods and its commitment to employee development are critical to this objective, Lukas also believes that risk management has become a pivotal issue. “We work in a volatile business that is prey to weather conditions. We cannot control Mother Nature, so we need to protect ourselves through a combination of regional diversification, crop insurance, and irrigation.” Prodimex is playing its part in keeping Russia's locomotive on track.

READY FOR TAKE-OFF

The Russian Aerospace industry passed an important milestone earlier this year when Armenian carrier Armavia took delivery of the first Sukhoi Superjet to roll off the production lines of the country's state-controlled umbrella organization, the United Aircraft Corporation (UAC). Hailed as the first regional jet to be unveiled this century, the Superjet represents the first step toward Russia's goal of securing a minimum of 10% of the world airline market by 2018.

The Sukhoi Superjet may be the industry's flagship project, but a number of privately-owned design and consultancy companies with excellent reputations are also working throughout the international aerospace industry. One such company is engineering service provider Progresstech. Since its beginnings in 2002, Progresstech's workforce of 1,500 engineers has contributed to almost all of Boeing's recent commercial airplane programs (including its latest 787 Dreamliner project), as well as collaborating with UAC on the Sukhoi Superjet.

“We work in two sectors,” says CEO Vladimir A. Kulchitsky. “The principal one is the provision of intellectual services. We are active in almost all of today's ongoing world commercial airplane programs,

working either directly with the OEMs (Original Equipment Manufacturers) or with their suppliers. We also offer design and consulting services in the field of airport infrastructure, mainly within the Russian Federation.”

For the past five years, Progresstech has made it into the Deloitte Technology Fast 500 EMEA program, which recognizes the region's fastest-growing technology companies, but Kulchitsky is not one to rest on his laurels. “The search is on to find and develop new engineering know-how,” he says. “To do this we have had to look beyond Russia's borders and we have now opened up subsidiaries in Kharkov, Kiev, and Erevan. We've also established a company in the Dubna economic zone, which allows us to attract resources from across Russia.”

Kulchitsky is also looking to grow through acquisition. “We are looking for additional investment in order both to acquire companies with similar expertise to ours in Eastern Europe, and to diversify, particularly into the automotive industry.”

Those partners will need to have not just similar expertise, but a similar pedigree. “It is extremely difficult to enter our business because the issue of trust is critical,” he continues. “Our client companies depend on us a lot and our qualifications have to be impeccable. Our brand is instantly recognizable in the industry, and that is the result of 20 years' hard work. I see my company as a very good ‘bride’ and it needs a good ‘groom.’” ●

IIG INTERNATIONAL INVESTMENT GUIDE

David Woodward Editorial Director, Gleb Nagorniy Regional Coordinator

Absolut financial solutions for you.

“When we were forming our strategy, we chose a western approach – We decided to have the strategy of long-term relations with clients. And their needs vary at different life stages: today, this can be a loan, tomorrow – a deposit, the day after tomorrow – an investment product. We aim to arrange our work in such a way, that our clients can meet all these needs at one and the same bank.”

Nikolay Sidorov, Chairman of the Management Board



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With the know-how of our experienced team we transform natural raw materials into high quality food. Prodimex is a top Russian agricultural company. The Group's plants produce more than 20% of sugar in this country and cultivate more than 400,000 ha of land.

PRODIMEX

We purchase the most economically attractive agricultural lands. The land bank under the Group's cultivation is currently numbers over 400 000 ha. The Group has long term successful ties with largest industrial customers, among them well known Russian foodstuff producers, retail chains and international trading companies.

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Progresstech. Creating the Future

GROUP OF COMPANIES PROGRESSTECH
Founded on October 9, 1997

We offer a wide range of engineering and consulting services to aircraft manufacturers, aircraft assemblies and component suppliers, airport and airline operators. We accumulate highly qualified professionals with the deep knowledge of the world's best practices in aerospace engineering and air transport infrastructural design. Our engineering team is one of the largest in Eastern Europe. We are constantly focused on improving our services to create more value to our Clients and to help them in shaping the future of the world aerospace and air transportation.

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