

IBS

Group

Financial and Operational Results for
the Year Ended March 31, 2006

September 2006

SAFE HARBOUR

- This presentation contains certain forward-looking statements regarding the anticipated market evolution and future prospects of IBS Group Holding. While these statements are based on the company's best estimates as of the date hereof, the actual results may vary due to market conditions, the action of competitors, consumer demand, economic conditions and other factors.
- Certain numbers in this presentation are based on non-audited financial statements. The company makes no representation, direct or implied, that these figures are true and correct, and you should not rely on these numbers as having been audited or otherwise independently verified. Certain numbers may be presented differently once audited, and the company takes no responsibility and accepts no liability for such changes and accepts no responsibility for providing the final audited financial statements to you once the audit has been completed.

PRESENTATION AGENDA

Results Overview

IT Services

Offshore Programming

Hardware Products

Group Financials

Strategy & Forecasts

FINANCIAL HIGHLIGHTS

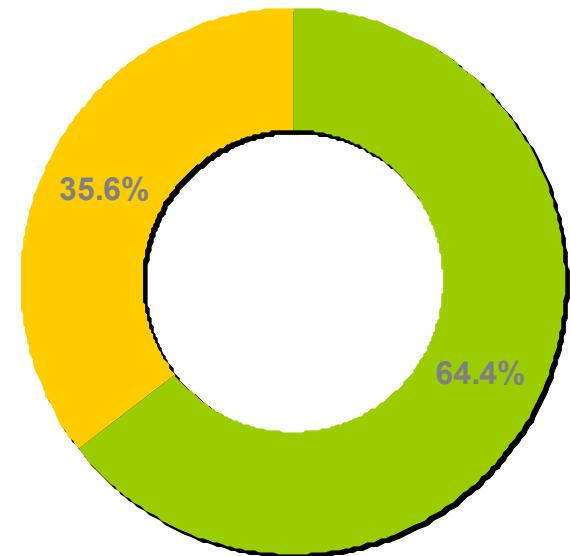
- Outstanding YoY EBITDA growth in two key service segments:
 - IT Services **77%**
 - Offshore Programming **84%**
- Substantial increase in revenues by strategic segments
- Continued diversification in IT Services and Offshore Programming jointly accounted for **44%** of revenue and **63%** of EBITDA in FY'2005
- A new strategy implemented in hardware products provided for a boost in the segment's profitability
- Effective managerial procedures reduced costs level

KEY EVENTS OF FY'2005

- Citigroup and AIG Capital, major shareholders since 1996 and 1997 respectively, realized their long-term investment advantages at the end of their funds term
- Private placement in the form of GDRs (November 2005) served to broaden the international institutional investors base
- IFC converted loan into shares and acquired **4.5%** stake of Group's capital

- Streamlined Group structure

Share Capital Structure



- Management of the Group
- Institutional investors

GROUP STRUCTURE



IT SERVICES

- Integrated **IT services** company
- Broad industry and client coverage
- The largest ERP player

OFFSHORE PROGRAMMING



- The only Russian *CMMI Level 5* certified company
- 1500+ strong leader in **offshore programming**
- Long-term outsourcing contracts with international clients

HARDWARE PRODUCTS



- Top-selling brand **of desktop PCs and servers**
- Depo products also channelled through **Direct sales** to corporate clients, and **Distribution channel**

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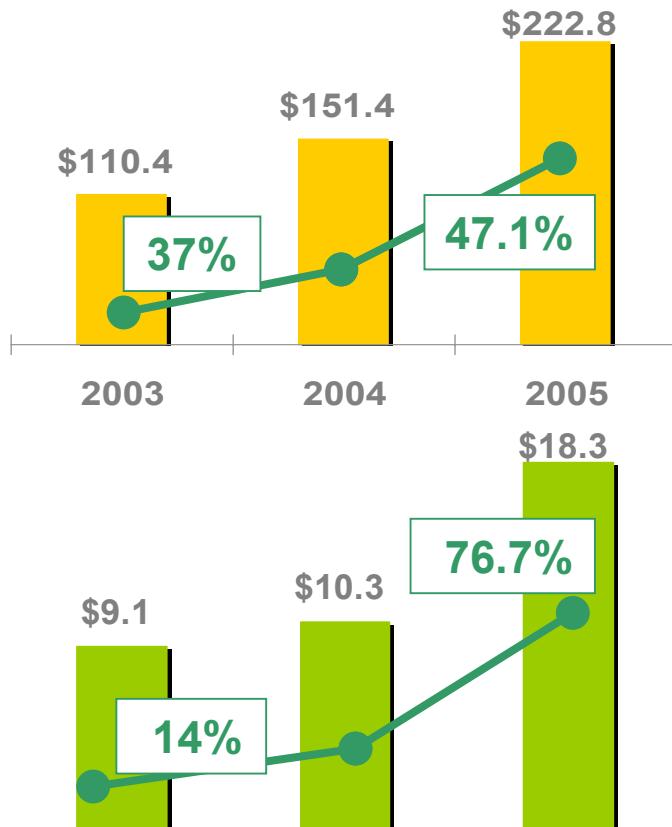
Group Financials

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IT SERVICES: EXCELLENT PERFORMANCE

FY2003-FY2005, US\$ Million



- 1700-strong IT consulting & services powerhouse
- #1 consulting company in Russia
- “Pure” services at **40%** of total turnover
- Blue chip, TOP-500 companies client list
- Multi-vendor portfolio



IT SERVICES: DIVERSIFIED AND SOLID

- Strong performance in all sectors
 - *Management Consulting* up **68%**
 - *Business Applications* up **49%**
 - *Outsourcing* up **32%**
 - *Infrastructure* up **36%**
- Key clients list reached **50+** (above **1M** in revenue); no single client accounts for more than **10%** of revenue
- 137 new customers in FY'2005
- The largest MIS (*Management Information Systems*) practice in Russia (*ERPs, SCM, CRM, budgeting & reporting, portals, data integration*)
- *Best SAP Local Service Partner* in **2005**; the strongest SAP team in the country
- **#1** outsourcer in the Russian market, incl. state-of-the-art data centre
- Introducing *Oracle application* practice
- Introducing MES (*Manufacturing Execution Systems*) practice

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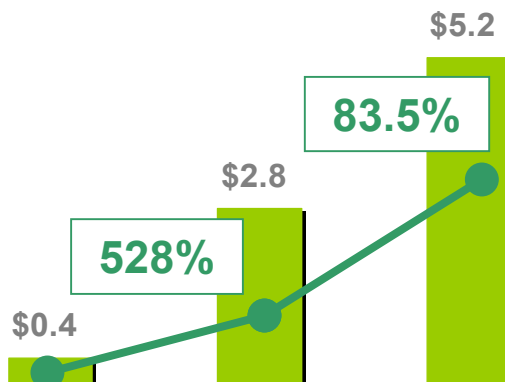
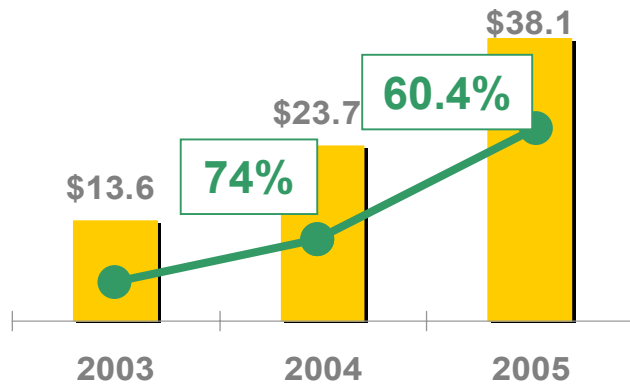
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OFFSHORE PROGRAMMING: PREMIER LEAGUE PLAYER

FY2003-FY2005, US\$ Million



- The only Russian company on the Top 50 Best Managed Global Outsourcing Vendor List (Brown-Wilson Group, July 2006)
- Strong exposure to regional growth. Two new delivery centers established in *Kiev* and *Odessa* during **FY'2005**
- *London* office opened in line with the European expansion plan
- Successful bidding participation brought significant projects and two more key clients: *UBS* and *Harman/Becker*
- Expanding customer base and growing penetration in major clients' operations (*Boeing, IBM, Dell, Deutsche Bank, Citibank, etc.*)
- Increasing the volume of long-term maintenance contracts
- **1500+** headcount



OFFSHORE PROGRAMMING: ACQUISITION OF ITCI AT A GLANCE

IT Consulting International

- Founded in 1993 in New York, USA
- Headquartered in New York with **70** employees
- Moscow based offshore center with **40** employees
- US-based management team
- Technical expertise in J2EE, .NET and IBM Mainframe
- Enterprise-scale project expertise with successful track record at AIG, Citigroup, S&P, Lehman Brothers, JPMorgan etc.

Rationale

- Integration of highly professional management pool and a large team of strong professionals
- Access to large corporate clients
- Access to strong-performing and stable US IT market
- Diversification of customer base
- Increased on-site presence in the United States

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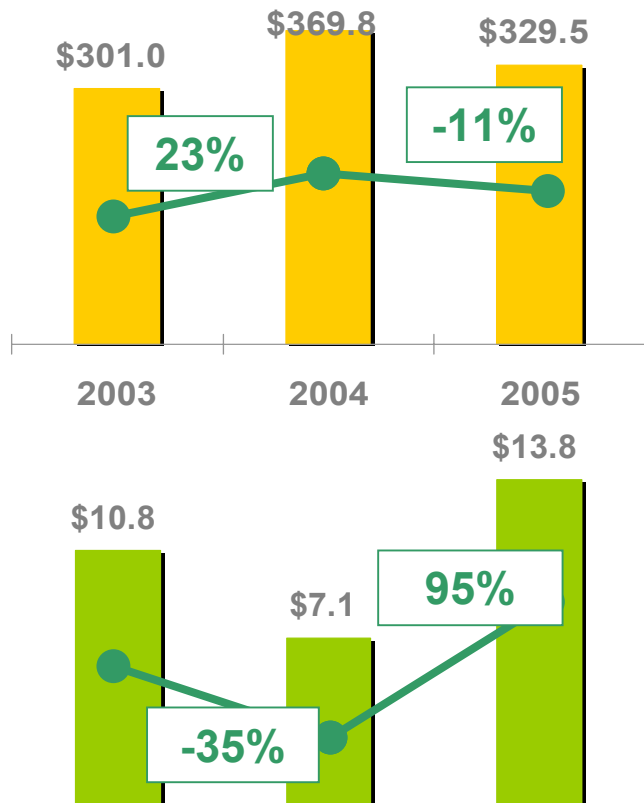
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HARDWARE PRODUCTS: LEADING BRAND

FY2003-FY2005, US\$ Million



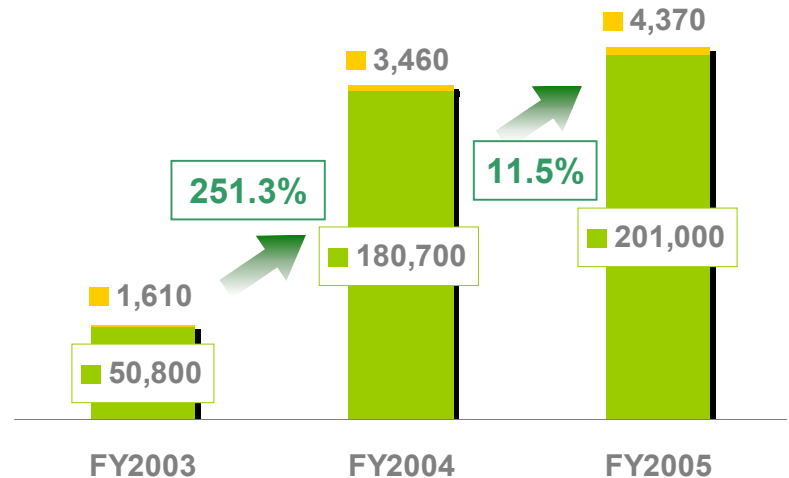
- Strategic transition to manufacturing and direct sales
- **205,370** desktops and servers produced over FY'2005
- #1 PC manufacturer in Russia (Q4 FY'2005)
- Direct sales ratio reached **20%**
- Existing channels to focus on higher-margin, lower-volume business; to serve as sales channel for Depo products
- Investment in PC quality and after-sale service



HARDWARE PRODUCTS: CONFIRMED LEADING POSITION

- Sustainable growth in physical sales volume
- Top-selling brand of desktop PCs and servers
- Leader in retail sales

Sales of PCs and Servers by Units



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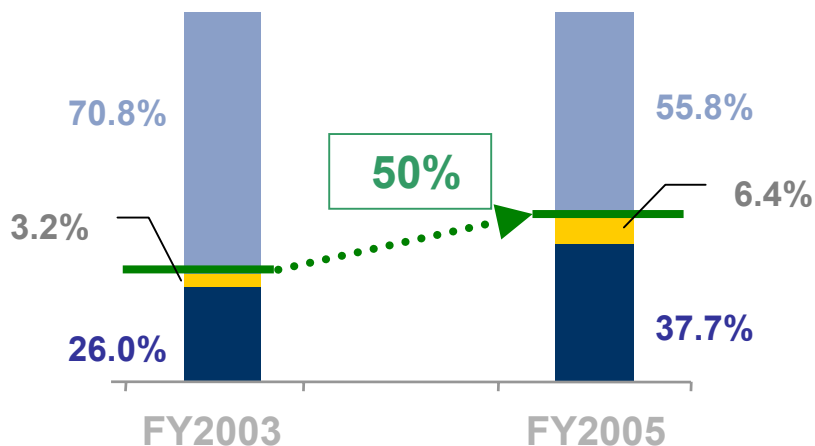
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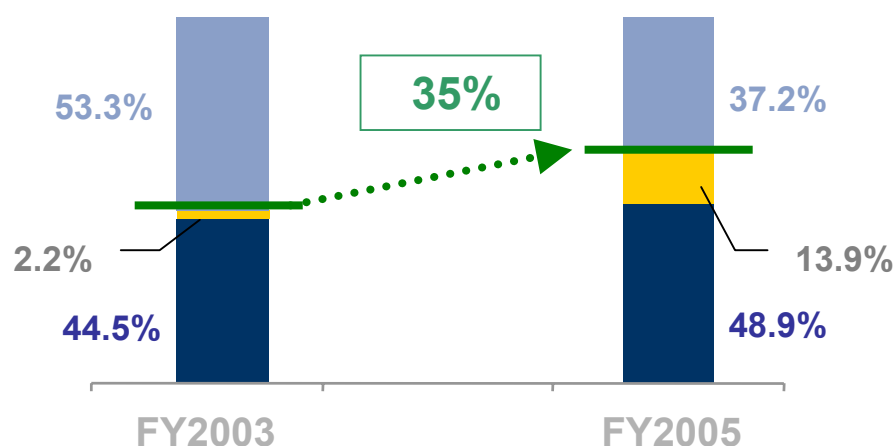
SEGMENTS CONTRIBUTION

to FY2003-FY2005, US\$ Million

Revenue by segments, %



EBITDA by segments, %



- IT Services and Offshore Programming jointly accounted for **44%** of revenue and **63%** of EBITDA in FY'2005

HARDWARE PRODUCTS

 OFFSHORE PROGRAMMING

 IT SERVICES

www.ibsgr.com

Note: From continued operations; financial years ending March 31

GROUP FINANCIAL RESULTS

FY2004-FY2005, US\$ Million

	FY2005	FY2004	Growth
Sales	574.5	529.9	8.4%
IT Services	222.8	151.4	47.1%
Offshore Programming	38.1	23.7	60.4%
Hardware Products	329.5	369.8	(11%)
EBITDA	33.6	19.5	72.7%
EBITDA Margin	5.8%	3.7%	
Net Profit from Continued Operations	25.6	9.1	181.0%
Net Margin	4.5%	1.7%	

- Rapidly growing services business and sound performing hardware segment provided for a significant EBITDA growth

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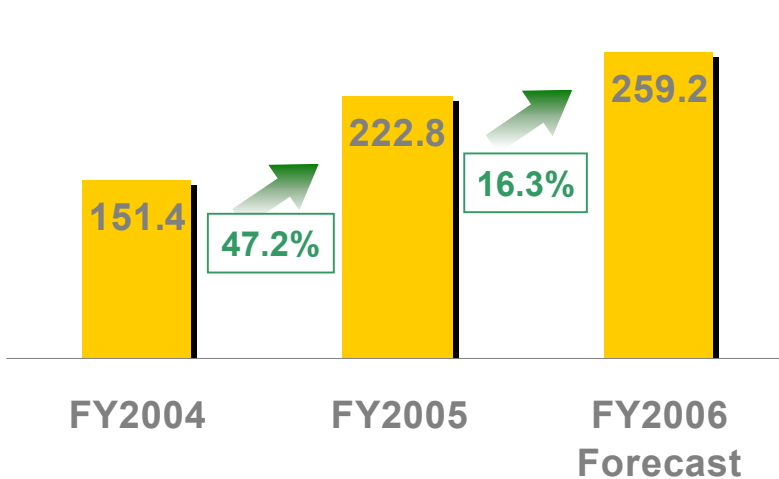
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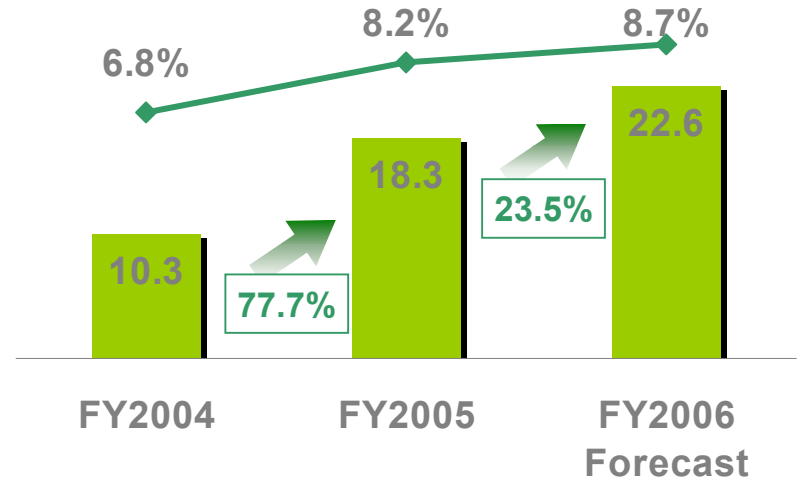
IT SERVICES: STRONGER FOR LONGER

BUSINESS STRATEGY

- Focus on Business Applications market segment, particularly ERP, Vertical Solutions
- Acquisition program targeting niche companies
- Expand technology practices and vertical solutions



Source: IBS Group managerial accounts



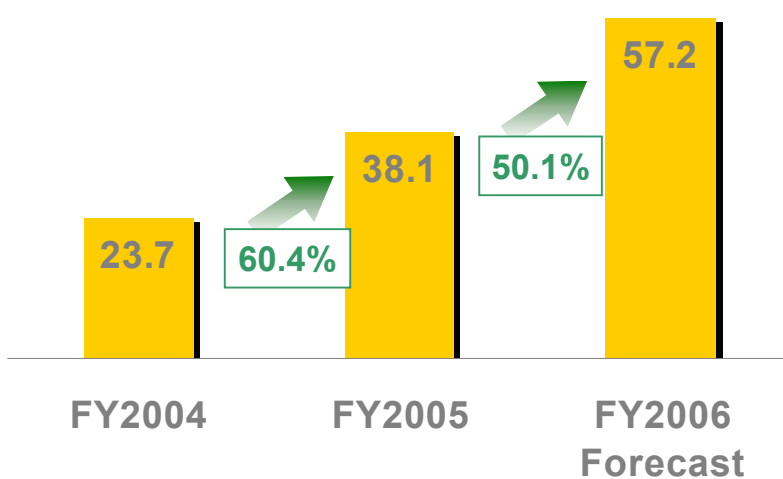
Source: IBS Group managerial accounts



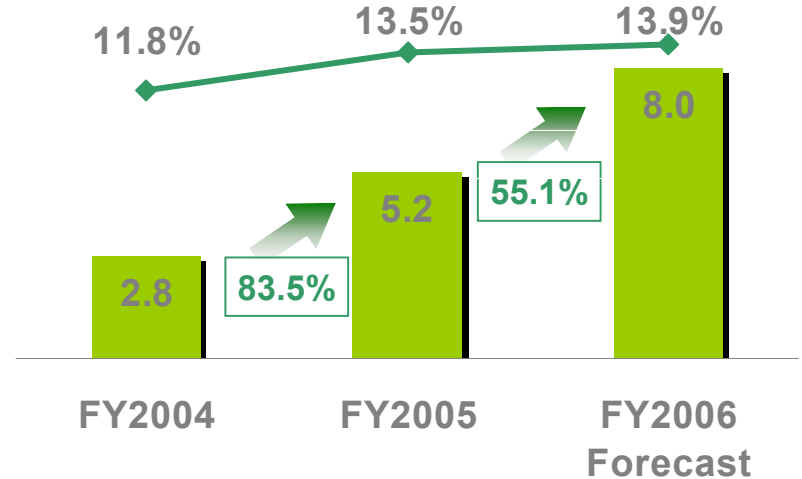
OFFSHORE PROGRAMMING: GOING GLOBAL

BUSINESS STRATEGY

- Superior growth both internationally and inside Russia
- Further expansion to Russian regions and Eastern Europe
- Explore industry-specific products & services opportunities



Source: IBS Group managerial accounts



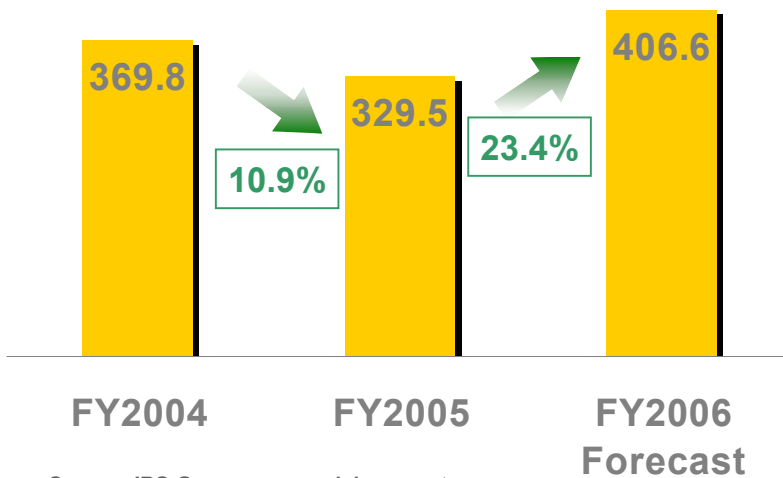
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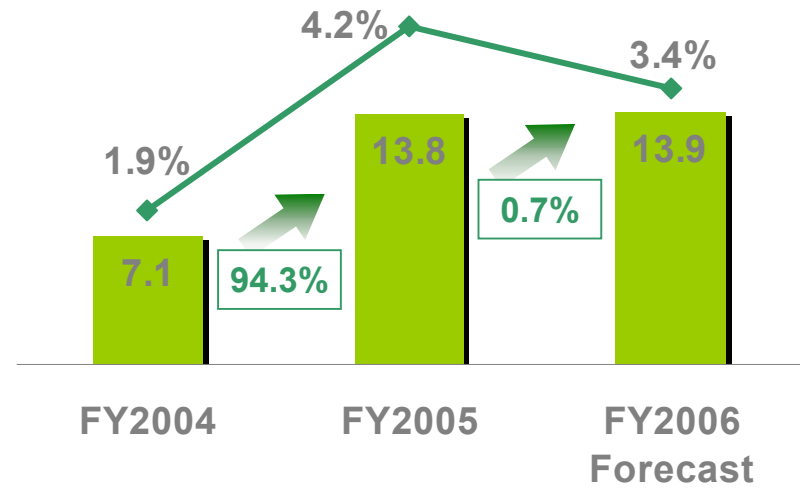
HARDWARE PRODUCTS: INVESTING IN BRAND

BUSINESS STRATEGY

- Complete transition to manufacturing and direct sales
- Implement targeted marketing program to become the most recognised domestic brand
- Maintain leadership in existing sales channels



Source: IBS Group managerial accounts



Source: IBS Group managerial accounts

GROUP STRATEGY ON CAPITAL MARKETS: UNLOCKING VALUE

- AIM listing for IBS Group this year (no issues of new shares)
- IT-Services (*IBS*) IPO on AIM in **2007**
- Offshore programming (*Luxoft*) IPO in **2007-2008**
- Hardware products (*DEPO*) IPO in **2008-2009**



More information at: www.ibsgr.com