

DAILY MARKET REVIEW

27 February, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 22 February some moderately positive external background formed on the Russian market. On Tuesday the major US indices – DJIA, S&P500 and Nasdaq Composite – rose by 0.5-0.6% with updating their historical highs. Drivers of the indices growth, reports Bloomberg, were shares of oil companies, which were supported by rising oil prices, and Apple's stocks, which closed at a record level after the publication of the positive outlook for these securities by analysts of Morgan Stanley. On Wednesday, after the US markets, the composite stock index of the Asia-Pacific region MSCI Asia Pacific added about 0.5%. April Brent futures traded at \$56.9 per barrel, or \$0.2 higher than the closing level on 21 February. The oil prices rose on the statement of the head of OPEC that in the coming months the cartel countries will reach an even higher level of performance of obligations to reduce production, which is currently estimated at 90%.

On Wednesday the Russian market was dominated by sellers – in the second half of the trading session the MICEX Index losses exceeded 1.5%. The market was pressured by both reduction in short positions by investors before the long weekend, and Brent quotations drop below \$56 per barrel in anticipation of the growth in US oil inventories. A small increase in the major European indices on good statistics – inflation in the Eurozone in January accelerated to the highest since February 2013, data on the changes of the UK GDP in the IV quarter and the index of confidence in the economy in Germany in February were better than expected – was unable to provide significant support for the Russian market. At the end of the day the MICEX Index played back some of its losses after the neutral start trading in the US. On Friday the MICEX index lost another 1%.

Most of the trading session on Wednesday and Friday the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the final MicexPWR drop was made by shares of FGC UES and Rosseti, which continue to play back the media information that the Ministry of Energy proposes to determine dividend payments for subsidiaries of Rosseti at the level of 25% of net profit under RAS.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" to pay lower dividends

The Ministry of Energy proposes until 2018 to reduce for "Rosseti" dividend rate to 25% of the highest net profit under IFRS or RAS. This proposal, according to "Kommersant", has been sent to the Ministry of Economy and State Property Management Agency. Last year, the government demanded that the state-owned companies to pay 50%, but not all could cope with it, and "Rosseti" could not pay at all because of the loss under RAS. The Ministry of Energy offers a solution for such cases: while calculating to exclude "paper" losses from the revaluation of assets and, if necessary, to pay dividends out of retained earnings. An alternative proposal of the Ministry - to pay dividends only out of profit under RAS.

Read full text: <http://www.kommersant.ru/doc/3227826>

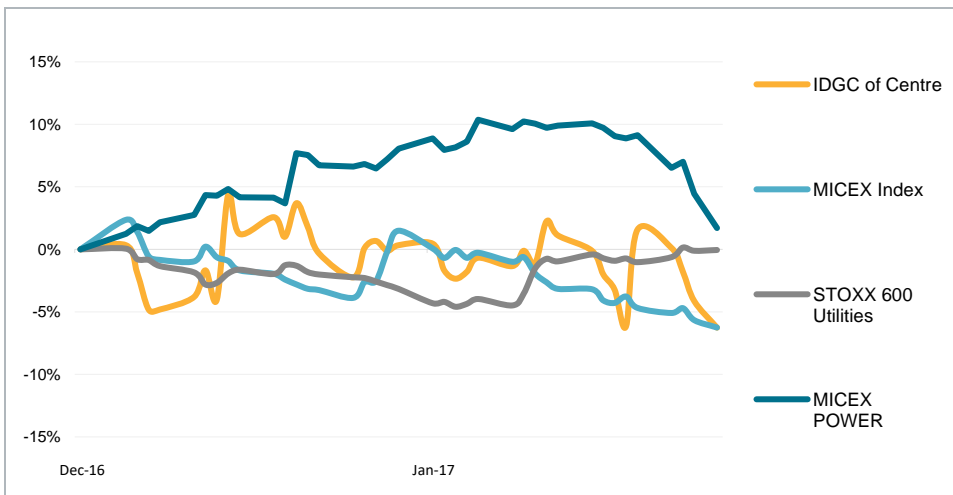
COMPANY NEWS

"Lipetskenergo" reduced the failure rate in the grid by 16% in 2016

Through the implementation of a package of measures on technical upgrading, repair and reconstruction, improvement of professional skills of operating and maintenance personnel, power engineers of IDGC of Centre – Lipetskenergo division managed to reduce the total number of interruptions in 2016 in the 0.4/6/10-35/110 kV grids by 16% compared to 2015.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/58987/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 106,30	-1,01%	-5,66%
S&P 500	2 362,82	-0,11%	5,54%
FTSE 100	7 302,25	0,38%	2,23%
DAX	11 998,59	0,26%	4,51%
DJStoxx 600	373,38	-0,01%	3,31%
STOXX Utilities	276,46	-0,26%	-0,11%
Nikkei	19 379,87	-0,01%	1,39%
Sensex	28 864,71	0,36%	8,41%
CSI300	3 489,76	0,20%	5,43%
Bovespa	68 589,55	-0,67%	13,88%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,05	0,03%	0,29%
USD/RUB	57,86	-0,41%	-4,61%
Euro/RUB	61,21	-0,79%	-4,08%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 237,44	0,14%	7,84%
Brent*, USD/bbl	55,84	-1,45%	-2,87%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4285
Capitalisation**, billion RUB	18,09
Capitalisation**, million USD	312,66

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-2,41%	4,43%
Shares of IDGC of Centre**	-2,39%	-4,14%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-5,86%	-3,72%
FGC UES	-5,04%	16,36%
IDGC of Volga	1,51%	8,04%
MOESK	0,58%	15,70%
IDGC of Northern Caucasus	-7,92%	-7,71%
IDGC of Centre and Volga Reg	0,26%	4,73%
IDGC of North-West	-0,78%	-7,09%
IDGC of Urals	-2,71%	-1,82%
IDGC of Siberia	-1,51%	-14,22%
IDGC of South	-1,01%	-6,68%
Lenenergo, ordinary shares	-0,80%	1,82%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM