

DAILY MARKET REVIEW

1 March, Friday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 28 February some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a decline of 0.1% - 0.3%. The inexpressive changes of the US market throughout the week are mainly due to the uncertainty about the prospects for trade negotiations between the US and China. On Wednesday it was reinforced by a statement of the US Trade Representative Robert Lighthizer that the issues negotiated by the countries are too serious to be resolved by the mere promise of China to increase purchases of American goods. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.6%, including under pressure from weak statistics from China and Japan. According to official data, the index of business activity in the industry of China, which since December 2018 has been below 50 points, dropped to a minimum of three years. In Japan, industrial production and retail sales in January were worse than expectations – industrial production has been declining for the third consecutive month, and the rate of increase in retail sales has been minimal since May 2018. April Brent futures traded at around \$66.1 per barrel, \$0.3 below our 27 February close. The oil quotes were pressured by data from the US Department of Energy, which recorded production growth to a record of 12.1 million barrels per day, as well as weak statistics from China, the world's largest importer of oil. The news levelled the positive message from the US Department of Energy about the decrease in oil reserves last week by 8.7 million barrels and Saudi Arabia's statements about possible extension of the OPEC+ deal.

The MOEX Russia Index spent most of the day in a small minus on average within half a percent following the general deterioration in sentiment in world markets. Negative background for investors was the lack of news on the US-China trade negotiations, as well as increased geopolitical risks. The likelihood of an escalation of the conflict between Pakistan and India remains high, the leaders of the US and the DPRK ended the summit ahead of time, without concluding an agreement on any of the issues discussed. At the same time, Donald Trump said that he was never afraid to abandon deals or leave the negotiating table, and this applies to both negotiations with the DPRK and the trade dialogue with the PRC. Against this background, ambiguous statistics from the US did not have a significant impact on the trends of trading. On the one hand, the growth of the US GDP in 2018 by 3.1% was maximum for 10 years, data on the business activity index in Chicago in February were significantly better than expected. On the other hand, the GDP growth in the fourth quarter by 2.6% was the weakest since January-March last year. According to experts, the main factor in the rise of the US economy last year was the tax reform of 2017, worth \$1.5 trillion, the effect of which will come to naught in 2019.

At the end of the trading session the electric utilities sector index underperformed mainly due to shares of ROSSETI and FGC UES. Interfax's information about a possible increase in capex financing in 2019-2020 by 69%, to 291 billion rubles, could put pressure on FGC UES's shares.

ELECTRIC POWER INDUSTRY NEWS

ACRA affirms the credit rating of PJSC ROSSETI, outlook Stable

On 28 February 2019, the credit rating agency ACRA confirmed the credit rating of PJSC ROSSETI on the national scale at the level of AAA (RU), the outlook is "Stable".

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=34784

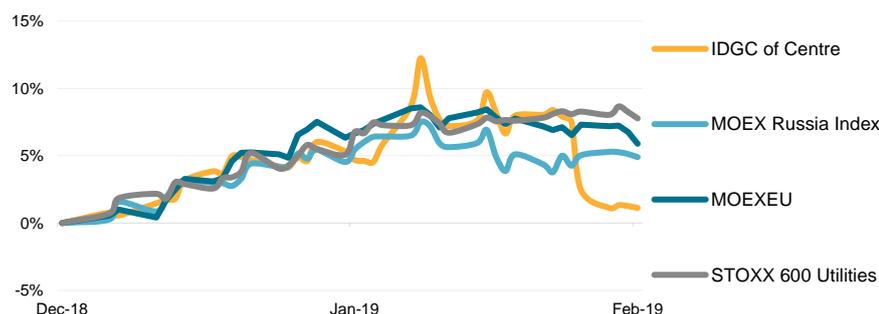
COMPANY NEWS

Igor Makovskiy: "Thanks to the maximum concentration and well-conducted pre-winter preparation, we not only ensure reliable operation of the power grid complex in 20 regions of our service area, but also help cope with consequences of large snowfalls to colleagues from neighbouring regions"

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region (part of ROSSETI's Group of Companies) summed up the first half of the heating period.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67428/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 485,27	-0,22%	4,89%
S&P 500	2 784,49	-0,28%	11,08%
FTSE 100	7 074,73	-0,46%	5,15%
DAX	11 515,64	0,25%	9,06%
DJStoxx 600	372,8	0,06%	10,41%
Nikkei	21 385,16	-0,79%	6,85%
Sensex	35 867,44	-0,11%	-0,56%
CSI300	3 669,37	-0,25%	21,88%
Bovespa	95 584,35	-1,77%	8,76%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,76	0,21%	-5,35%
EURO/RUB	74,82	0,45%	-5,83%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 313,32	-0,50%	2,40%
Brent*, USD/bbl	66,03	-0,54%	22,73%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2625	29,58	449,89

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,43%	7,77%
MOEXEU Index	-0,80%	5,88%
IDGC of Centre**	-0,14%	1,12%
IDGC of Centre and Volga Region**	0,11%	-0,94%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-3,32%	27,27%
FGC UES	-1,53%	12,75%
IDGC of Volga	-1,00%	1,38%
MOESK	1,17%	4,77%
IDGC of Northern Caucasus	3,02%	2,43%
IDGC of North-West	-0,61%	-11,53%
IDGC of Urals	-2,53%	0,33%
IDGC of Siberia	0,49%	61,66%
IDGC of South	0,55%	16,80%
Lenenergo, ordinary shares	-0,87%	7,94%
TRK, ordinary shares	0,00%	11,69%
Kubanenergo	0,00%	20,08%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM