

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 25 December some neutral external background formed on the Russian market. Major US indices closed the shortened pre-holiday trading session with multidirectional changes near zero. Donald Trump confirmed the high degree of readiness of the agreement on the first phase of the trade deal with China, according to him, the signing ceremony of the document will be held in the near future. At the same time, experts note that there are still no details on key terms of the agreement. Asian markets showed near-zero changes on Wednesday, with most of the major markets, including Australia, Hong Kong and South Korea, closed due to Christmas. February Brent futures closed Tuesday's trading at a maximum of three months – \$67.2 per barrel and \$0.1 higher than our closing level on 24 December. The market was supported, among other things, by statistics of the American Petroleum Institute, which recorded a sharp decline in the US oil reserves by 7.9 million barrels.

On Wednesday, trading on the Russian market took place in the absence of external reference points – the European and American stock exchanges were closed due to the celebration of Christmas. The MOEX Russia Index spent most of the day in a small minus within 0.2% amid low investors' activity – the turnover on the exchange was 67% lower than the average daily indicator for the last 30 trading sessions. The negative changes of the MOEX Russia Index were mainly due to a decrease in Gazprom's shares under pressure from media information about a possible increase in the tariff for gas transit through Ukraine by half in 2020-2024. According to analysts of VTB Capital, such an increase in the transit tariff will lead to a decrease in dividends relative to the base scenario in 2020 – by 10%, in 2021-2024 – by 6%. At the same time, Kommersant writes, it is too early to give estimates, since the full picture of the package deal on gas is still not clear. In particular, Vygon Consulting noted that a high level of transit tariff may be a condition for the supply of Russian gas to the domestic market of Ukraine. The Russian side, experts recall, has always insisted on this, since such deliveries, even at a discount on prices in Germany, are very beneficial for Gazprom.

In the first half of the trading session, the electric utilities sector index looked much better than the market. The rise of the MOEXEU was approaching 0.5% on the growing shares of RusHydro, FGC UES and Rosseti. Support for these securities was provided by the expectations of news on the privatization of the companies. An additional positive factor for FGC UES's shares was the statement by the head of the company on maintaining dividends at the level of last year, despite a slight decrease in net profit, and a reduction in capex in 2020-2024 in comparison with the previous plans. In the afternoon, the electric utilities sector index lost most of the growth following profit-taking in the leading papers – investors noticed that media reports about the government's approval of the three-year privatization plan did not mention the electric utilities sector's companies.

ELECTRIC POWER INDUSTRY NEWS

The first company of Rosseti's group received a new legal name in accordance with the single brand architecture

On 23 December 2019, the Surgut department of the Federal Tax Service of the Russian Federation registered changes to the charter of JSC Rosseti Tyumen, previously known as Tyumenenergo. Thus, the company "Rosseti" began the second stage of the transition of enterprises of the electric grid holding to the single brand architecture.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36863

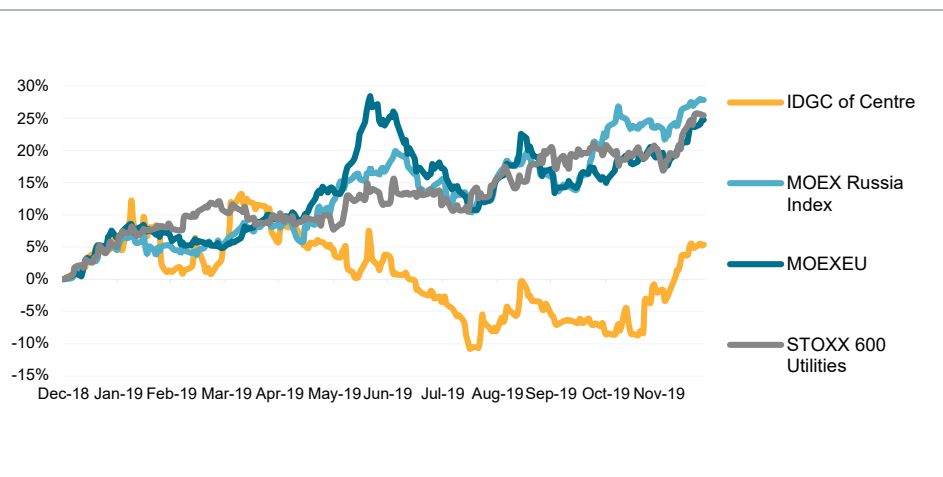
COMPANY NEWS

Tambovenergo saved about seven million kilowatt-hours of electricity

The branch "Rosseti Centre Tambovenergo" summed up the implementation of the energy conservation and energy efficiency program for 11 months of 2019. The total effect of its implementation amounted to 6.81 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/70979/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	3 030,84	0,01%	27,92%
S&P 500	3 223,38	0,00%	28,58%
FTSE 100	7 632,24	0,00%	13,44%
Nikkei	23 782,87	-0,20%	18,83%
Sensex	41 461,26	0,00%	14,95%
CSI300	3 990,87	-0,05%	32,56%
Bovespa	115 863,3	0,00%	31,83%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,1673	-0,13%	-10,51%
EURO/RUB	68,9062	-0,13%	-13,28%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
Number of transactions, pcs.	985	1 806
Trading volume, ₺ mln	16,1	53,9
Trading volume, mln pcs.	53,5	237,1
Average trading volume over the last 30 days, mln pcs.	40,7	220,6
% of the authorized capital	0,13%	0,21%

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3014	12,72	204,68
IDGC of Centre & Volga Reg	0,228	25,70	413,32

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,00%	25,52%
MOEXEU	0,08%	24,81%
IDGC of Centre**	0,13%	5,38%
IDGC of Centre & Volga Region**	1,20%	-13,96%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,41%	81,26%
FGC UES	-0,04%	34,97%
IDGC of Volga	-0,40%	-10,56%
MOESK	-0,17%	80,61%
IDGC of Northern Caucasus	0,13%	115,14%
IDGC of North-West	0,48%	-5,05%
IDGC of Urals	0,37%	-11,38%
IDGC of Siberia	4,70%	193,17%
IDGC of South	1,32%	12,67%
Lenenergo, ordinary shares	-1,36%	36,86%
TRK, ordinary shares	-6,62%	28,25%
Kubanenergo	-0,16%	28,89%

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