

DAILY MARKET REVIEW

31 August, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 30 August some moderately positive external background formed on the Russian market. On Wednesday major US indices rose by 0.2-1.0%, while the S&P500 and high-tech Nasdaq indices updated their historical records for the fourth consecutive session. Investors were supported by strong data on the US economy and hopes for an early resolution of trade disputes between the US and Canada. Assessment of the US GDP growth in the II quarter, contrary to forecasts, was raised from 4.1% to 4.2% – this is the maximum rate over the past four years. On Wednesday the leaders of the United States and Canada expressed optimism about the possible signing of a free trade agreement between Canada, the US and Mexico (NAFTA) until the end of this week. On Thursday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.2% on statements of Donald Trump, who accused China of undermining American efforts to nuclear disarmament of the DPRK. Such statements can serve as a signal that the trade war between Washington and Beijing is beginning to exacerbate geopolitical tensions, experts say. October Brent futures traded near \$77.4 per barrel, \$0.9 higher than our closing on 29 August. The increase in quotations was promoted by the message of the US Department of Energy about reduction of stocks of oil and gasoline in the country for a week more than forecasts.

The MOEX Russia Index spent the first half of Thursday flat near zero – a slight increase in Brent quotations to \$78 per barrel was levelled by moderately negative sentiment on European exchanges. In the middle of the day, the European Stoxx Europe 600 Index lost about 0.5% due to its own weak statistics. The consolidated index of business and consumer confidence in the Eurozone's economy in August fell to a minimum value for the year due to the uncertainty in the trade sphere, while the fall of the indicator has been going on for eight months in a row. In the second half of the trading session, the MOEX Russia Index moved to a decrease of 0.7% following a general deterioration in the attitude of investors to assets of emerging markets. The consolidated index of emerging markets MSCI EM lost 1.2% due to the fall of the Turkish lira continuing for the fourth consecutive day and financial problems of Argentina, which asked the IMF for accelerated transfer of a loan of \$50 billion. To prevent further collapse of the Argentine peso, the Central Bank of the country on Thursday was forced to raise the key rate from 45% to 60%. The US statistics – the PCE Core index, which draws the attention of the Fed in assessing inflation risks, in July increased by 2% in annual terms, having reached this mark for the first time since 2012, became an additional negative factor for emerging markets vulnerable to rising dollar rates.

During the trading session the changes of the MicexPWR Sector Index in general corresponded to the MOEX Russia Index. The main contribution to the final MicexPWR decrease was made by shares of RusHydro and Mosenergo.

ELECTRIC POWER INDUSTRY NEWS

Mr. Siluanov: dividends of state-owned companies at 50% of profits should not lead to a reduction in investment programs

Payments by state-owned companies of dividends of not less than 50% of net profit under international financial reporting standards (IFRS) should not lead to a reduction in investment programs. This was announced to journalists by First Deputy Prime Minister, Finance Minister Anton Siluanov.

Read full text: <http://tass.ru/ekonomika/5506497>

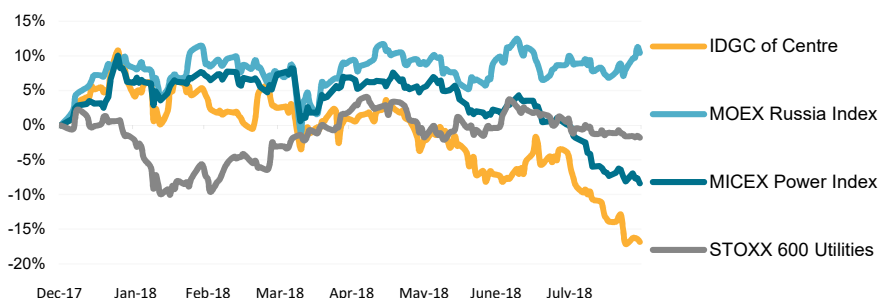
COMPANY NEWS

IDGC of Centre in the first half-year ensured the delivery of about 350 megawatts to consumers of the Central Federal District, a number of large and significant facilities were connected to the grid

IDGC of Centre summarized the results of work on connection to electric grids in the first half of 2018. During the reporting period, the company concluded 19,856 grid connection agreements with consumers, 16,787 contracts were executed. The total connected capacity under the executed contracts was 347 MW, the total revenue from grid connection is 781.164 million rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65507/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 330,92	-0,75%	10,48%
S&P 500	2 901,13	-0,44%	8,51%
FTSE 100	7 516,03	-0,62%	-2,23%
DAX	12 494,24	-0,54%	-3,28%
DJStoxx 600	385,36	-0,32%	-0,98%
Nikkei	22 869,50	0,09%	0,46%
Sensex	38 690,10	-0,08%	13,60%
CSI300	3 351,09	-1,05%	-16,86%
Bovespa	76 404,09	-2,53%	0,00%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,15	1,12%	18,25%
EURO/RUB	79,56	1,01%	15,66%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 199,98	0,55%	-7,89%
Brent*, USD/bbl	77,77	0,82%	20,78%

* - October futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2960	12,50		183,38
IDGC of Centre & Volga Reg	0,2850	32,12		471,33

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,26%	-1,78%
MICEX POWER Index	-0,79%	-8,38%
IDGC of Centre**	-0,50%	-16,85%
IDGC of Centre and Volga Region**	0,71%	-5,54%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,50%	-17,97%
FGC UES	0,66%	-5,28%
IDGC of Volga	0,63%	-6,67%
MOESK	-1,14%	-22,58%
IDGC of Northern Caucasus	-0,67%	-22,40%
IDGC of North-West	-1,63%	27,88%
IDGC of Urals	0,88%	-18,14%
IDGC of Siberia	-2,25%	-24,02%
IDGC of South	-1,94%	10,03%
Lenenergo, ordinary shares	0,00%	23,02%
TRK, ordinary shares	0,00%	-8,36%
Kubanenergo	-1,07%	-29,08%

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