

DAILY MARKET REVIEW

14 December, Thursday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 13 December some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 increased by 0.2-0.5%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed similar changes. The financial sector outperformed on expectations of an increase in the rate of the Fed following a two-day meeting. At the same time, a deterrent to the rise of the markets was information on reducing the majority of the Republicans' votes in the US Senate to a minimum, which experts say could complicate the adoption of important legislative initiatives, including the harmonization of tax reform. This piece of news helped weaken the dollar and strengthen the yen, which put pressure on the Japanese market – the Nikkei225 lost 0.5%. February Brent futures traded near \$63.9 per barrel, \$0.8 lower than the closing level on 12 December. Oil prices corrected after a sharp jump on Tuesday to \$65.8 (high since June 2015), provoked by information that the repair of the largest pipeline in the North Sea Forties, which carries about 450,000 barrels per day, may take several weeks. At the same time, the potential for price reduction was limited by the report of the American Petroleum Institute about a significant reduction in oil reserves last week – by 7.4 million barrels, twice the forecast.

On Wednesday the Russian market was dominated by sellers, in the second half of the trading session the MOEX Russia Index losses reached 1.5%. The slowdown in the market was driven by shares of Sberbank – the fall of these securities exceeded 3% on Bloomberg's information that, according to the new dividend policy, approved by the Bank's Supervisory Board on Tuesday, the dividend rate of 50% of profit under IFRS is expected to be established by 2019, not 2018, as previously reported. Neutral changes of the western markets on the ambiguous statistics could not render significant support to Russian investors. In the US, inflation in November increased to 2.2% in annual terms as part of the forecast, but the Core CPI slowed to 1.7%, less than expectations. In the Eurozone, the growth of industrial production in October exceeded forecasts, in Germany inflation in November accelerated to 1.8%. The MOEX Russia Index closed trading near daily lows, despite a positive start of trading in the US. At the end of the day the domestic market was pressured by a drop in Brent quotes to around \$63 per barrel after the publication of statistics from the US Department of Energy, which recorded acceleration of oil production growth in the country, which has been running for eight weeks in a row.

During the trading session the MicexPWR Sector Index looked significantly better than the market mainly due to growth in shares of Inter RAO and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Mr. Putin instructed to limit the growth of electricity tariffs by a level of inflation

Russian President Vladimir Putin instructed the Government of the Russian Federation to ensure the growth of tariffs for electricity at a level not higher than inflation, according to the Kremlin website.

Read full text: <http://www.bigpowernews.ru/markets/document80953.phtml>

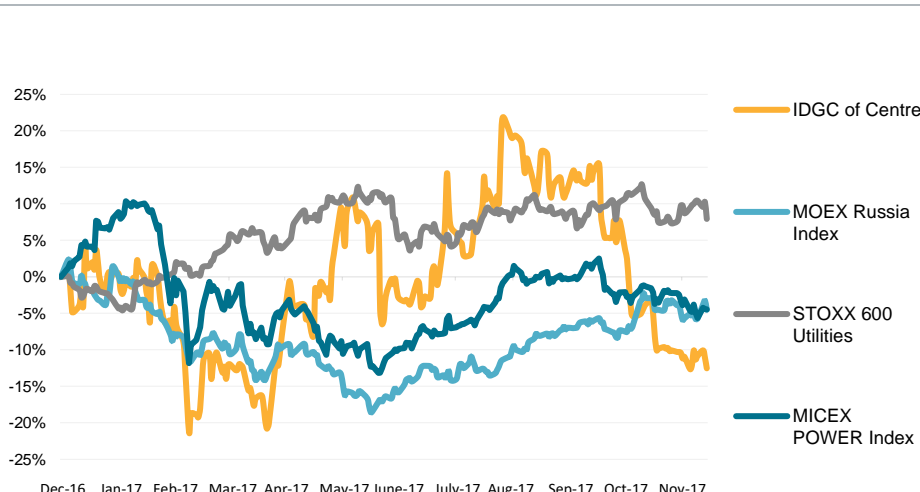
COMPANY NEWS

Lipetskenergo summed up the investment program implementation for 10 months of 2017

Over 10 months of 2017, more than 850 million rubles were allocated to develop the power grid of IDGC of Centre - Lipetskenergo division, which resulted in the commissioning of 278.4 kilometres of power lines and 28.73 MVA of capacities.

Read full text: <http://most.tv/news/91335.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 131,94	-1,33%	-4,51%
S&P 500	2 662,85	-0,05%	18,94%
FTSE 100	7 496,51	-0,05%	4,95%
DAX	13 125,64	-0,44%	14,32%
DJStoxx 600	390,70	-0,24%	8,10%
Nikkei	22 758,07	-0,47%	19,06%
Sensex	33 053,04	-0,53%	24,14%
CSI300	4 050,09	0,85%	22,36%
Bovespa	72 914,34	-1,22%	21,07%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	58,84	-0,67%	-3,00%
EURO/RUB	69,30	-0,72%	8,60%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 255,50	0,88%	9,41%
Brent*, USD/bbl	62,44	-1,42%	6,53%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3089	34,81	591,67

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	-2,11%	7,94%
MICEX POWER Index	-0,06%	-4,45%
IDGC of Centre**	-1,64%	-12,53%
IDGC of Centre and Volga Region**	-0,81%	105,68%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,62%	-24,93%
FGC UES	-0,03%	-20,55%
IDGC of Volga	-1,27%	87,14%
MOESK	0,60%	-7,02%
IDGC of Northern Caucasus	-3,43%	-17,01%
IDGC of North-West	-0,91%	-1,09%
IDGC of Urals	-2,33%	27,66%
IDGC of Siberia	0,43%	40,38%
IDGC of South	-2,08%	8,02%
Lenenergo, ordinary shares	-1,05%	-5,72%
TRK, ordinary shares	0,00%	-13,03%
Kubanenergo	-1,20%	-14,94%

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