

DAILY MARKET REVIEW

20 February, Wednesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 19 February some neutral external background formed on the Russian market. On Monday in the US the stock exchanges did not work in connection with the celebration of Presidents Day. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed zero changes with multidirectional trends in the main country indices. The Japanese market, Bloomberg writes, has grown on statements by the head of the Bank of Japan that the regulator will have to consider additional incentives in the event of a further strengthening of the yen, which puts pressure on inflation and economic recovery. Among the steps that the Japanese Central Bank can take are an increase in the volume of asset purchases, as well as measures to reduce the yield of government bonds. April Brent futures traded at around \$66.5 per barrel, at the level of our closure on 18 February. Among factors favourable for the oil market, experts noted including the media information on the reduction of oil exports by Saudi Arabia in the first half of February by 17% y/y, to 6.2 million barrels per day (b/d) – below the level of 6.9 million b/d, designated by the Minister of Energy of the country as the target for March.

On Tuesday, moderately pessimistic sentiment prevailed on global stock markets. The MOEX Russia Index, the European Stoxx600 Index and the index of emerging markets MSCI EM spent most of the day in a small minus in the range of 0.5%. According to analysts, investors have chosen to take a wait-and-see position before the start of the next round of the US-PRC trade negotiations and the publication of the Fed's January minutes. The negotiations on trade disputes between the US and China started yesterday in Washington, the White House said. The press release states that the goal of the talks is to "achieve the necessary structural changes in China." Meanwhile, analysts point out that the situation around the negotiations may be complicated by the increased US pressure on the Chinese telecommunications giant Huawei. In particular, the Chinese Foreign Ministry on Monday issued a sharp statement accusing Washington of pursuing a policy of discrediting Huawei in order to hit the economy and technological development of China. As for the Fed's minutes, Bloomberg writes, experts expect that the document will allow them to understand how confident the Central Bank's representatives are in their decision to "show patience" in terms of further rate hikes.

At the end of the trading session the electric utilities sector index outperformed mainly due to a steady growth of Inter RAO's shares.

ELECTRIC POWER INDUSTRY NEWS

Who to pay for the digitization of ROSSETI

ROSSETI continues to hold presentations on the concept of digitization of the electric grid complex that they have developed: last week it was presented at the Russian Investment Forum in Sochi, not long before that, on 8 February, at a meeting of the expert council sections of the State Duma Committee on Energy. They promise to implement digitalization without increasing tariffs for end-customers, and its result declares an increase in the reliability and quality of power supply. However, experts doubt the stated sources of funding for the program and note that it is more important for customers to reduce the price of electricity - but it seems that as a result it will only grow.

Read full text: http://www.ng.ru/economics/2019-02-18/4_7511_rosset.html

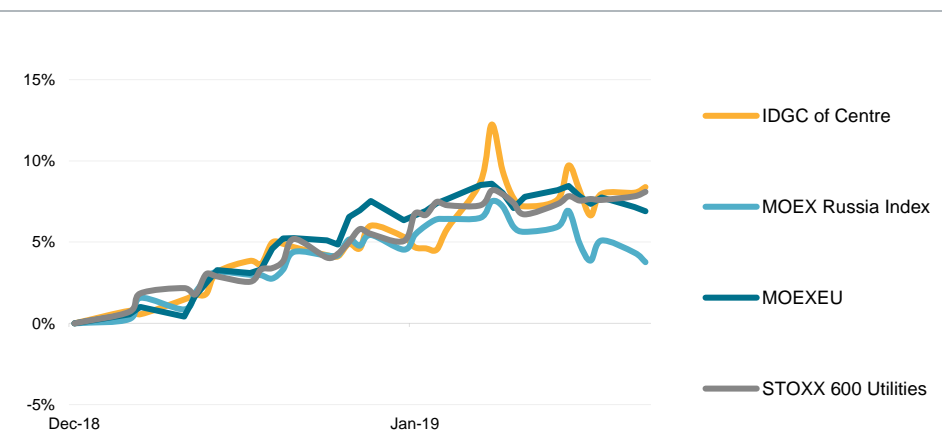
COMPANY NEWS

IDGC of Centre in 2018 saved more than 50 million kilowatt-hours of electricity

IDGC of Centre summed up the implementation of the energy saving and energy efficiency program in 2018. The total effect of the program was 51 million kWh with the planned figures of 35 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67321/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 458,55	-0,56%	3,77%
S&P 500	2 779,76	0,15%	10,89%
FTSE 100	7 179,17	-0,56%	6,70%
DAX	11 309,21	0,09%	7,11%
DJStoxx 600	368,97	-0,22%	9,28%
Nikkei	21 302,65	0,10%	6,43%
Sensex	35 352,61	-0,41%	-1,98%
CSI300	3 439,61	-0,18%	14,25%
Bovespa	97 659,15	1,19%	11,12%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,25	-0,69%	-4,64%
EURO/RUB	74,91	-0,46%	-5,73%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 340,94	1,06%	4,56%
Brent*, USD/bbl	66,45	-0,08%	23,51%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3100	13,09	197,56
IDGC of Centre & Volga Reg	0,29	32,68	493,34

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,26%	8,10%
MOEXEU Index	-0,25%	6,90%
IDGC of Centre**	0,32%	8,39%
IDGC of Centre and Volga Region**	0,24%	9,43%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,05%	27,66%
FGC UES	0,18%	11,90%
IDGC of Volga	-0,51%	9,49%
MOESK	0,29%	6,36%
IDGC of Northern Caucasus	0,00%	2,86%
IDGC of North-West	-0,91%	-1,80%
IDGC of Urals	-0,20%	10,40%
IDGC of Siberia	-1,51%	58,73%
IDGC of South	0,57%	13,50%
Lenenergo, ordinary shares	-1,40%	6,24%
TRK, ordinary shares	-2,27%	11,69%
Kubanenergo	1,28%	29,51%

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