

DAILY MARKET REVIEW

2 February, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 1 February some moderately positive external background formed on the Russian market. The US indices DJIA and S&P500, which started the trading session on Wednesday with more than half a percentage point increase on good statistics from the labour market (the number of jobs in January, according to ADP, increased by 25% above expectations) and strong corporate reporting, by the end of the day reduced their growth by 0.5-0.30% on the results of the Fed meeting. The US Central Bank expectedly retained the key interest rate in the range of 1.25-1.5%. However, the Fed tightened the rhetoric of the press release, improving the assessment of the labour, consumption and investment market, and noting that inflation in the US would rise this year to a target level of 2%. In addition, a number of analysts drew attention to the appearance in the text of the press release of words about the "further" increase in rates, interpreting it as a shift in benchmarks in terms of the number of rate hikes from 2-3 to 3-4 by the end of the year. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added about 0.5%. March Brent futures traded near \$69 per barrel, \$0.6 above the closing level on 31 January. Oil quotations were supported by the message of the US Department of Energy about the reduction last week of gasoline and distillate stocks, and the decrease of oil reserves at the terminal in Cushing, where oil traded on NYMEX is stored. An additional positive factor for the oil market was optimism of Goldman Sachs, which increased the forecast for Brent crude for the next three, six and twelve months to \$75, \$82.5 and \$75 per barrel, respectively, from previously expected \$62 per barrel.

In the first half of the trading session the Russian market was dominated by buyers – on the daily highs the growth rate of the MOEX Russia Index was about a percent. Our market was supported by the Brent price increase to \$69.6 per barrel and positive moods on the western exchanges. The European Stoxx Europe 600 Index added about 0.5% on strong statistics on business activity in the Eurozone in January – although the growth rates of production and new orders decreased from near record highs of the end of last year, they remained one of the best since the beginning of observations since 1997, reported IHS Markit. In the second half of the day the rise of the MOEX Russia Index slowed to 0.5% after the turn of the western markets, where investors fixed profits on weak corporate reporting and ambiguous US statistics. In the US labor productivity in the fourth quarter of 2017, contrary to expectations, fell for the first time in almost two years, in January the decline in the index of industrial activity was less than forecast, which remained at a level close to the maximum since 2004.

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 increase was made by shares of Enel Russia and Unipro.

ELECTRIC POWER INDUSTRY NEWS

Rosseti intends to spend 1.3 trillion rubles on digitalization of electric grids until 2030, says the newspaper

The holding does not request for budgetary funds, hoping for loans, tax breaks, tariffs and an increase in the cost of new connections. The effect of digitalization, according to Rosseti, may be a 30% decrease in CAPEX and OPEX, but analysts note that the net debt/EBITDA ratio of the holding can finally grow from 1.7 to 2.5.

Read full text: <http://www.bigpowernews.ru/news/document81559.phtml>

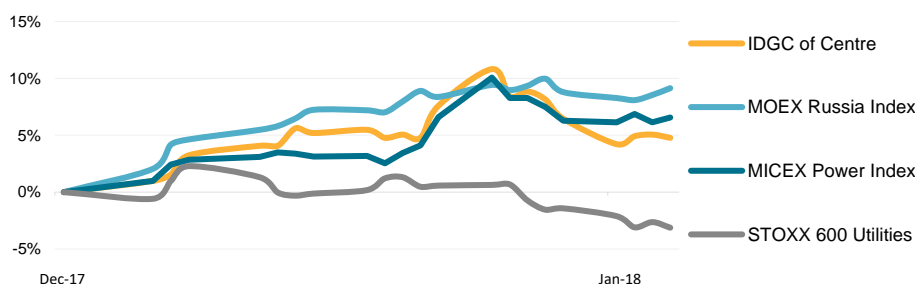
COMPANY NEWS

In 2017 Smolenskenergo spent 57.7 million rubles on staff safety measures

In 2017, IDGC of Centre - Smolenskenergo division spent 57.7 million rubles to implement measures aimed at reducing risks of occupational injuries, meeting the requirements of regulatory and legal acts on labour protection, improving the sanitary and living conditions of personnel. The invested funds made it possible to provide a sufficient number of personnel with modern means of protection, tools and devices to ensure safe production.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/62997/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 302,57	0,55%	9,14%
S&P 500	2 821,98	-0,06%	5,55%
FTSE 100	7 490,39	-0,57%	-2,57%
DAX	13 003,90	-1,41%	0,67%
DJStoxx 600	393,49	-0,50%	1,11%
Nikkei	23 486,11	1,68%	3,17%
Sensex	35 906,66	-0,16%	5,43%
CSI300	4 245,90	-0,70%	5,33%
Bovespa	85 495,24	0,69%	11,90%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,18	-0,19%	-2,51%
EURO/RUB	69,93	0,56%	1,67%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 348,79	0,27%	3,53%
Brent*, USD/bbl	69,65	1,10%	4,83%

* - March futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,3730	15,75	280,28	
IDGC of Centre & Volga Reg	0,3094	34,87	620,62	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,50%	-3,13%
MICEX POWER Index	0,41%	6,57%
IDGC of Centre**	-0,27%	4,78%
IDGC of Centre and Volga Region**	0,81%	2,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,82%	10,43%
FGC UES	-0,57%	7,37%
IDGC of Volga	0,55%	6,48%
MOESK	0,12%	-5,45%
IDGC of Northern Caucasus	-0,28%	-7,03%
IDGC of North-West	-0,57%	0,00%
IDGC of Urals	1,06%	14,08%
IDGC of Siberia	-3,09%	9,61%
IDGC of South	-0,32%	3,01%
Lenenergo, ordinary shares	-0,96%	6,98%
TRK, ordinary shares	0,00%	3,50%
Kubanenergo	-0,13%	-4,46%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM