

DAILY MARKET REVIEW

3 February, Friday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 02 February some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with weak growth in the range of 0.15% – uncertainty about further steps of the Fed levelled strong positive statistics on the labour market from ADP and good reporting of a number of companies, led by Apple. As a result of this year's first meeting the Federal Reserve kept its key interest rate in the range of 0.5-0.75%, and almost did not give new signals about future changes in rates, while noting the improved confidence in the economy and the overall balance of risks to the economic outlook. As experts note, the regulator is mostly restrained by the lack of a clear economic program of the new president. In this regard, analysts believe that the current focus of investors' attention shifts from Fed statements to actions of Donald Trump. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US indices lost around 0.5%. The fall of the Japanese Nikkei225 exceeded a percent due to the strengthening of the yen against the dollar on growing doubts on raising rates by the US Central Bank soon. April Brent futures traded near the mark of \$56.6 per barrel, or \$0.5 higher than the closing level on 01 February. Oil quotations were supported by the information about active production cuts by OPEC+. In particular, the head of the Russian Ministry of Energy reported that the oil-producing states, which agreed at the end of last year to cut production, decreased the oil production in January by about 1.4 million barrels per day. In turn, according to the market research center JBC Energy, last month OPEC countries fulfilled the agreement to cut production by about 88%.

On Thursday the MICEX Index was under pressure from the growing uncertainty of investors in the western markets. Against this background, the growth of Brent quotations to around \$57.5 per barrel did not become a growth driver of our market, while the reversal in oil prices from daily highs triggered increased sales of Russian stocks – the MICEX Index losses approached a percent. Good statistics from the US, where data on applications for unemployment benefits and productivity in the fourth quarter were better than expected, could not provide significant support to investors.

During the trading session the MicexPWR Sector Index outperformed mainly due to growth of shares of FGC UES. Current news background for these securities had favourable character: VTB Capital analysts raised their estimate of shares of FGC UES to 30 kopecks, and the recommendation to "buy", BCS experts included shares of FGC UES in its focus list for purchase.

ELECTRIC POWER INDUSTRY NEWS

Reduction of the share of "Rosseti" in six IDGCs not included in the privatization plan, say some sources

Proposals to reduce the share of the state holding "Rosseti" in six of the eight major regional "daughters" to 25% plus 1 share were not included in the approved by the Russian government forecast privatization plan for 2017-2019, told RIA Novosti two sources familiar with the contents of the document.

Read full text: <http://www.bigpowernews.ru/news/document75284.phtml>

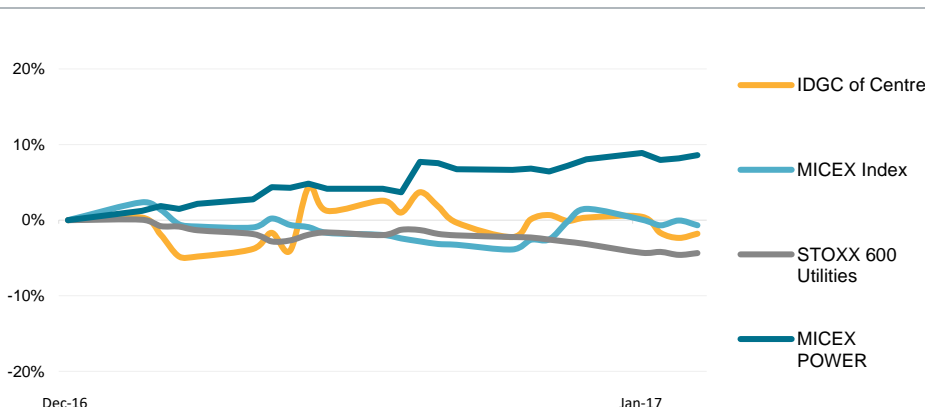
COMPANY NEWS

In 2016 IDGC of Centre exceeded the plan to reduce losses in grids

IDGC of Centre summed up the work in 2016 to reduce losses in electric grids. Following the results of the year, their level in the Company amounted to 9.36%, which is 0.02% lower than established in the business plan. Savings amounted to 11.8 million KWh or 25 million rubles. Compared with 2015, losses in distribution networks of the company decreased by 0.15% (32.0 million KWh).

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/58727/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 217,56	-0,63%	-0,68%
S&P 500	2 280,85	0,06%	1,88%
FTSE 100	7 140,75	0,47%	-0,03%
DAX	11 627,95	-0,27%	1,28%
DJStoxx 600	361,95	-0,34%	0,15%
STOXX Utilities	264,71	0,25%	-4,36%
Nikkei	18 914,58	-1,22%	-1,05%
Sensex	28 226,61	0,30%	6,01%
CSI300	3 387,96	0,00%	2,35%
Bovespa	64 578,21	-0,40%	7,22%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,08	0,33%	2,58%
USD/RUB	60,31	0,37%	-0,57%
Euro/RUB	65,03	1,16%	1,91%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 215,96	0,51%	5,97%
Brent*, USD/bbl	56,56	-0,42%	-1,62%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4390
Capitalisation**, billion RUB	18,53
Capitalisation**, million USD	307,31

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,42%	8,61%
Shares of IDGC of Centre**	0,57%	-1,79%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,15%	7,40%
FGC UES	1,82%	18,26%
IDGC of Volga	-1,54%	14,02%
MOESK	1,56%	15,81%
IDGC of Northern Caucasus	-0,21%	6,80%
IDGC of Centre and Volga Reg	-1,33%	5,14%
IDGC of North-West	0,00%	0,91%
IDGC of Urals	-0,87%	3,34%
IDGC of Siberia	1,39%	-3,82%
IDGC of South	1,81%	-3,44%
Lenenergo, ordinary shares	-0,09%	-0,91%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC RX

MRKC.MM