



IDGC OF CENTRE

DAILY MARKET REVIEW

22 September, Tuesday

2015

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 21 September some moderately negative external background formed on the Russian market. Last Friday the US indices DJIA and S&P500 closed lower by 1.6-1.7%, on Monday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was 0.8% down. The markets were pressured, writes Bloomberg, with concerns that the Fed's decision to keep the basic interest rate at the same level indicates problems in the world economy. November Brent futures traded near the mark of \$48.1 per barrel – at the closing level on Friday, September 18th. Oil prices were supported by expectations of reduction of the imbalance in the oil market mainly due to lower demand. In particular, the OPEC expects recovery in oil prices to \$80 per barrel in 2020 due to reduced shipments from countries outside the cartel. In turn, Wood Mackenzie believes that the drop in oil prices by more than 50% over the last year made projects in the mining sector unprofitable up to \$1.5 trillion, and could lead to less investment in the sector by 30%. In this regard, experts predict a sharp rise in oil prices starting from 2017.

Most of the trading session the MICEX Index had a small minus, within half a percent, despite the rise in European markets recovering from Friday's sales. The decline driver of the Russian market was shares of oil companies, which were under pressure from media reports that the Ministry of Finance proposes to increase the mineral extraction tax for these companies – according to analysts, Interfax reported, the novations of the Ministry of Finance may reduce EBITDA of Russian oil companies by 9-11%. Released worse than expected US statistics on sales of homes on the secondary market in August did not affect the dynamics of the markets – the European indices closed trading with a half-point increase on average, the MICEX Index lost 0.6%.

During the trading session the MicexPWR Sector Index looked better than the market mainly due to adjusting shares of Rosseti and FGC UES after the Friday's collapse. Gazprombank resumed research coverage of grid companies – experts presented a neutral view on the sector in weak macroeconomic conditions, reduction of electricity demand, inflation and tariff rate risks. All shares of the analyzed companies were given the recommendation to "hold", the target price of securities is in the range of -11% to + 17% to the current market price. For shares of IDGC of Centre the predictive value was set at 0.22 RUB. Among the positive factors for the company the experts note the scale of the business, the presence of large industrial consumers – particularly OEMK, NLMK and Mikhailovsky GOK, an active process of new connections. At the same time, according to analysts, the investment potential of the market is constrained by the high level of losses in the grids, obligations to implement the investment program and probable absence of dividends for 2015 due to expected loss under RAS.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" and FGC divide the disputed Institute

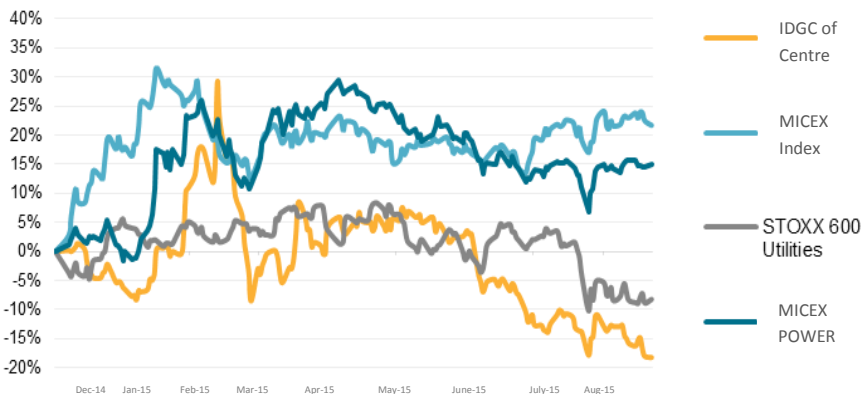
Read full text: <http://www.kommersant.ru/doc/2814793>

COMPANY NEWS

The branch of Bryanskenergo does active claim-related work on the collection of accounts receivable

Read full text: <http://www.kp.ru/daily/26434/3305967/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.14
MICEX	1 699,72	-0,65%	21,70%
S&P 500	1 966,97	0,46%	-4,47%
FTSE 100	6 108,71	0,08%	-6,97%
DAX	9 948,51	0,33%	1,46%
DJStoxx 600	357,83	0,86%	4,46%
STOXX Utilities	289,52	0,70%	-8,22%
Nikkei	18 070,21	0,00%	3,55%
Sensex	26 192,98	-0,10%	-4,75%
CSI300	3 308,25	1,75%	-6,38%
Bovespa	46 590,20	-1,43%	-6,83%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.14
Euro/USD	1,12	-0,75%	-7,77%
USD/RUB	65,64	0,43%	16,68%
Euro/RUB	74,97	1,40%	9,70%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.14
Gold, USD/oz	1 133,44	-0,51%	-4,30%
Brent*, USD/bbl	48,92	3,05%	-24,49%

* - November futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2065
Capitalisation**, billion RUB	8,72
Capitalisation**, million USD	132,81

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.14
MICEX-Power Index	0,50%	14,98%
Shares of IDGC of Centre**	-0,24%	-18,22%

Source: Bloomberg, Company calculations

Grid companies	Change** for the day	fr 31.12.14
JSC Russian Grids	3,33%	4,79%
FGC UES	4,65%	35,41%
IDGC of Volga	-1,67%	-26,16%
MOESK	1,75%	-30,40%
IDGC of Northern Caucasus	-1,08%	13,64%
IDGC of Centre and Volga Reg	1,35%	-30,02%
IDGC of North-West	-1,40%	11,07%
IDGC of Urals	0,79%	24,88%
IDGC of Siberia	0,37%	-40,22%
IDGC of South	0,31%	5,83%
Lenenergo	4,60%	62,29%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

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