

DAILY MARKET REVIEW

18 December, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 15 December some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.3-0.4%, on Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost more than half a percent. The markets were pressured by a controversy over the tax reform in the US and associated fears that it would be difficult for Republicans to pass it through the Senate. According to media reports, one of the Republican senators stated that he will not support the tax reform until the tax deductions for children are increased. As noted by analysts, a small advantage of Republicans in the upper house of Congress does not allow them to lose supporters before the vote, which is expected this week. February Brent futures traded near \$63.5 per barrel, \$0.5 higher than the closing level on 14 December. Quotations are still supported by a reduction in the supply of oil from the North Sea fields due to the failed Forties pipeline – repair work, according to experts, may last several weeks.

Following the correction in the US and Asian markets, the MOEX Russia Index and the European Stoxx Europe 600 Index spent the trading session in a small minus on average about half of a percent. The short-term surge in volatility in the Russian currency and stock markets was triggered by a decrease by the Bank of Russia of the key interest rate by 0.5 percentage points, to 7.75%, while the absolute majority of economists forecast a decrease in the rate on 0.25 p.p. "The extension of the agreement on the limitation of oil production reduces the inflationary risks on the horizon up to a year. With this in mind, the Bank of Russia lowered the key rate by 50 basis points," the Central Bank explained the logic of its actions in a press release. At the end of the trading session, Russian investors were supported by the US market's growth with more than half a percent at the beginning of the day on expectations that the Republicans would still be able to resolve disputable tax reform issues.

As a result of the trading session the MicexPWR Sector Index outperformed mainly due to growth of shares of Enel Russia and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" wants to increase the investment case of sales assets before selling them

The power grid holding "Rosseti" currently considers it inexpedient to sell the company's sales assets. Before the transaction, it is necessary to raise their investment case by increasing the collection of payments for electricity and reducing losses in the power grid, Tass learned from the press service of Rosseti.

Read full text: <http://www.bigpowernews.ru/markets/document80993.phtml>

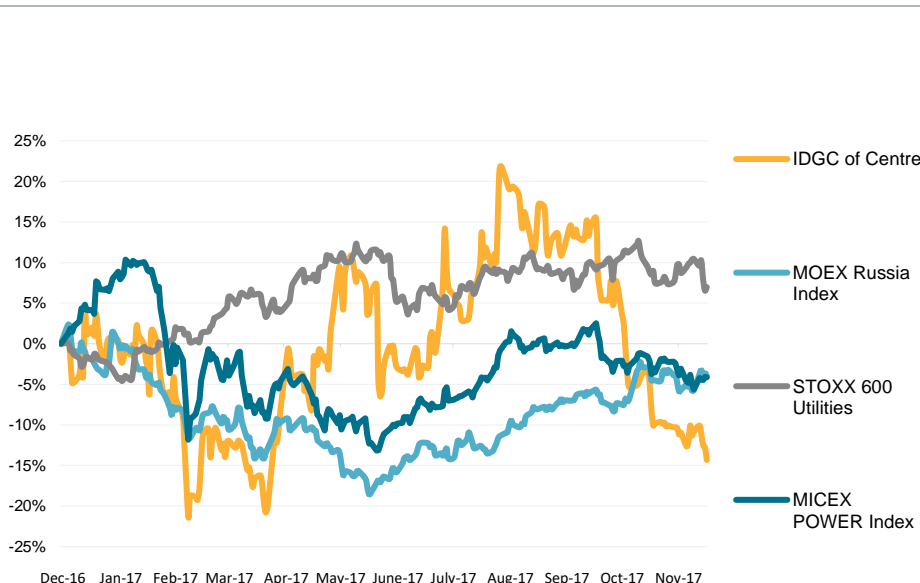
COMPANY NEWS

IDGC of Centre provided electricity to a new fitness centre in the Smolensk region

IDGC of Centre - Smolenskenergo division completed work on grid connection of a sports and health facility in the village of Novodugino in the Smolensk region. Power engineers constructed three sections of an overhead line, laid a cable line, and also installed a 10/0.4 kV two-transformer double-ended substation.

Read full text: <http://www.bigpowernews.ru/press/document80987.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 143,99	-0,39%	-3,97%
S&P 500	2 675,81	0,90%	19,52%
FTSE 100	7 490,57	0,57%	4,87%
DAX	13 103,56	0,27%	14,13%
DJStoxx 600	388,19	-0,19%	7,41%
Nikkei	22 553,22	-0,62%	17,99%
Sensex	33 462,97	0,65%	25,68%
CSI300	3 980,86	-1,12%	20,26%
Bovespa	72 607,70	0,25%	20,56%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	58,71	-0,74%	-3,21%
EURO/RUB	69,40	-0,09%	8,77%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 256,44	0,28%	9,49%
Brent*, USD/bbl	63,23	-0,13%	7,88%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3830	16,17	275,42
IDGC of Centre & Volga Reg	0,3089	34,81	592,97

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	0,40%	6,98%
MICEX POWER Index	-0,03%	-4,13%
IDGC of Centre**	-1,79%	-14,32%
IDGC of Centre and Volga Region**	-0,03%	106,01%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-0,03%	-20,40%
FGC UES	-0,24%	87,05%
IDGC of Volga	0,95%	-5,57%
MOESK	-1,61%	-16,78%
IDGC of Northern Caucasus	0,19%	-2,18%
IDGC of North-West	0,71%	28,57%
IDGC of Urals	-0,85%	39,19%
IDGC of Siberia	0,53%	8,21%
IDGC of South	-1,23%	-5,09%
Lenenergo, ordinary shares	-5,00%	-20,17%
TRK, ordinary shares	0,00%	-15,52%
Kubanenergo	-0,03%	-20,40%

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