

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 15 August some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell 2.9-3.0%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.9%. The markets were pressured by investors' concerns about the prospects for the global economy. Recession expectations in the US strengthened after the yield of two-year US government bonds exceeded the yield for 10 year papers for the first time since 2007. This situation is considered a fairly reliable sign of the onset of a recession in the country – it preceded the last five economic downturns in the US with a time lag of 24 months. Germany was on the verge of a technical recession – the GDP in the second quarter fell 0.1%. In China the industrial production growth in July was minimal for 17 years. A less pronounced decline in markets in the Asian session was mainly due to the correctional growth of futures for the US indices – in particular, futures on the S&P500 added 0.8%. October Brent futures traded around \$59.3 per barrel, \$0.6 higher than our close on 14 August. Oil prices recovered after a 3% fall on Wednesday, triggered by increased fears of declining global oil demand.

Russian and European stock indices began trading on Thursday with a half-percent growth after the correctional rise in the US futures. However, the attempt to restore markets failed – sellers became again active after the official Beijing announced its intention to take countermeasures in response to the imposed additional duties on Chinese imports by the US. As a result, the loss of the MOEX Russia Index, the European Stoxx Europe 600 Index and futures on the S&P500 exceeded half a percent, the rate of decline in Brent oil quotes – 3%. In the afternoon, the markets were able to play back part of the losses on good American statistics. In July the US retail sales rose by 0.7% with a consensus forecast of 0.3% – according to analysts, the consumer spending will support economic growth and reduce investors' concern about a possible recession in the US economy. In addition, the data for August on the indices of manufacturing activity in New York and business activity in Philadelphia were better than expected. Against this background, the main US indices began the trading session with a slight increase within a third of a percent, which allowed the MOEX Russia Index to reduce the rate of decline to 0.4%.

During the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

The government to discuss the abolition of personal income tax on the sale of electricity for owners of power generators

The Russian government on Thursday will discuss a bill to abolish personal income tax from the sale of electricity to the grid for micro-generation owners, the press service of the cabinet said. "The bill proposes to exempt from the income tax on individuals the income from the sale of energy produced at micro-generation facilities owned by the consumer," the press service said.

Read full text: <http://www.bigpowernews.ru/markets/document89404.phtml?1&q=>

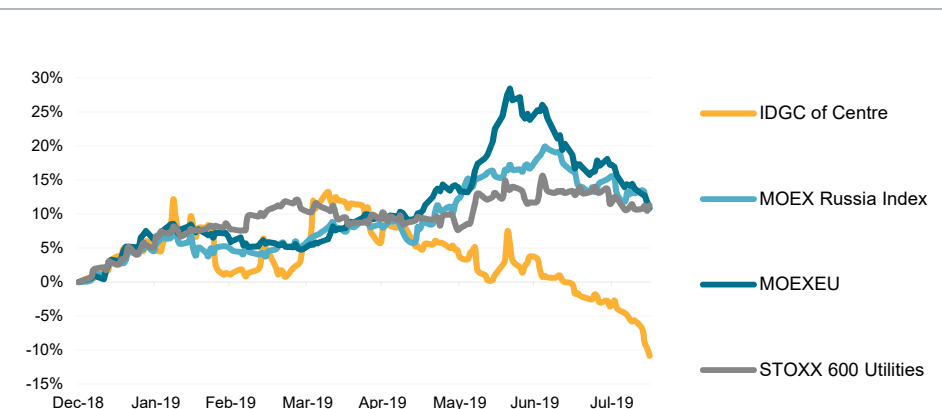
COMPANY NEWS

Lipetsk power engineers control the quality of electricity supplied

Since the beginning of the year, specialists of the branch "Rosseti Centre Lipetskenergo" performed a total of 1,180 measurements of electricity quality indicators. In order to provide consumers of the Lipetsk region with high-quality power supply, employees of Lipetskenergo constantly conduct incoming, periodic and unscheduled monitoring of the quality parameters of electricity supplied to consumers.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69315/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2625,58	-0,43%	10,82%
S&P 500	2844,16	0,13%	13,46%
FTSE 100	7067,01	-1,13%	5,04%
DAX	11412,67	-0,70%	8,09%
DJStoxx 600	365,09	-0,29%	8,13%
Nikkei	20405,65	-1,21%	1,95%
Sensex	37311,53	0,00%	3,45%
CSI300	3694	0,32%	22,70%
Bovespa	99686,3	-0,57%	13,43%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,2032	-0,61%	-6,14%
EURO/RUB	72,9037	-0,70%	-8,25%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1520,49	0,27%	18,56%
Brent*, USD/bbl	58,14	-2,25%	8,07%

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2398	27,02	414,47

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,73%	11,32%
MOEXEU	-0,77%	10,98%
IDGC of Centre**	-1,24%	-10,84%
IDGC of Centre and Volga Region**	-0,99%	-9,51%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,74%	36,85%
FGC UES	-2,12%	15,07%
IDGC of Volga	-1,57%	-7,40%
MOESK	-0,07%	11,21%
IDGC of Northern Caucasus	-2,70%	126,43%
IDGC of North-West	-2,83%	5,05%
IDGC of Urals	-1,16%	-7,69%
IDGC of Siberia	0,24%	139,61%
IDGC of South	-2,28%	6,43%
Lenenergo, ordinary shares	-0,18%	7,37%
TRK, ordinary shares	-0,68%	-5,84%
Kubanenergo	0,66%	24,80%

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