

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 11 June some moderately negative external background formed on the Russian market. On Wednesday, the US indices DJIA and S&P500 lost 0.5-1% under pressure from the pessimistic Fed's estimates of the prospects for the US economy. According to the results of the last meeting, having kept the expected interest rate in the range of 0-0.25%, the Fed presented the first macroeconomic forecast since the beginning of the pandemic. The regulator expects a fall in the GDP of 6.5% in 2020, while the head of the Federal Reserve, noting the "exceptional uncertainty" of the current situation, warned that the scale of the economic downturn will depend on the further spread of coronavirus. In addition, the Fed expects that the consequences of the pandemic and measures to combat the coronavirus will be felt for several years and in the medium term the labour market will not return to pre-crisis levels: this year unemployment could reach 9.3%, in 2021 and 2022 – 6.5% and 5.5%, respectively. On Thursday, the composite index of the Asia-Pacific region MSCI Asia Pacific and the S&P500 futures lost 1.8% and 1.4%, respectively. Additional pressure on the markets in the Asian session was put by increasing concern of investors about a possible second wave of a pandemic after media reports about a sharp increase in the number of hospitalized with Covid-19 in several US states. August Brent futures were trading around \$40.4 per barrel, \$0.5 below our close on 10 June. Negative background for oil prices, in addition to the overall risk-off, was the message of the US Department of Energy about the increase in oil reserves in the country to the next record.

On Thursday, sellers dominated the global stock markets. In the afternoon, the loss of the MSCI ACWI composite index exceeded 2.5% after weakening hopes for a quick recovery of the global economy amid the Fed's pessimism and the growing risks of the second wave of the Covid-19 pandemic. According to MarketWatch, despite a slowdown in some US cities and states, the average number of new infections over the past seven days has continued to rise in more than 20 states. Statistics on the US labour market, which recorded a decrease in the number of Americans who applied for unemployment benefits for the first time last week to the minimum since the beginning of the coronavirus crisis, 1.542 million people, could not provide support to investors. The MOEX Russia Index was able to complete trading with a fairly moderate decrease – by 1.5%, despite the upcoming long weekend, an increase in losses of Western stock indicators by an average of 3.5% and a drop in Brent quotes below \$39 per barrel. Regarding the prospects of the oil market, experts, The Wall Street Journal writes, believe that its recent rise was not associated with fundamental factors – oil went up along with other risky assets, as traders relied on a quick "restart" of the global economy.

During the day, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by ordinary shares of Rosseti, which fell 7% after the ex-dividend date.

ELECTRIC POWER INDUSTRY NEWS

Takeover of small grid companies to be paid by consumers

Cleaning the market from small private electric grid companies can still lead to an increase in grid tariffs above inflation. The Ministry of Energy proposes to include in the tariff expenses for the purchase of grids that do not have the status of a territorial grid company (TGC).

Read full text: <https://www.kommersant.ru/doc/4378536>

Officials and experts opposed the rejection of indexation of housing and communal services tariffs

The idea to temporarily freeze utility tariffs, abandoning their indexation on 1 July this year, did not receive support from departments and the industry community, although some regions have already begun to implement it.

Read full text: <https://www.kommersant.ru/doc/4377352>

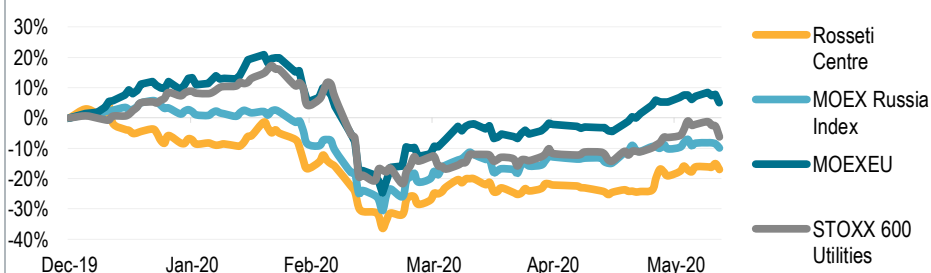
COMPANY NEWS

Belgorodenergo to construct grids to connect more than 800 plots of individual housing development

"Rosseti Centre Belgorodenergo" has launched a program for the engineering arrangement of residential areas of mass residential development. Private developers will be able to connect 843 land plots.

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

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|----------|---------|-------------|
| | | per day | fr 31.12.19 |
| MOEX Russia | 2743,8 | -1,49% | -9,92% |
| S&P 500 | 3075,16 | -3,60% | -4,82% |
| FTSE 100 | 6076,7 | -3,99% | -19,43% |
| Nikkei | 22472,91 | -2,82% | -5,00% |
| Sensex | 33538,37 | -2,07% | -18,70% |
| CSI300 | 3995,89 | -1,08% | -2,46% |
| Bovespa | 94686 | 0,00% | -18,12% |

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

| Currency rates | Value | Change | |
|----------------|---------|---------|-------------|
| | | per day | fr 31.12.19 |
| USD/RUB | 68,6183 | -0,08% | 10,84% |
| EURO/RUB | 77,9229 | 0,74% | 12,38% |

Source: Central Bank of Russia, Company calculations

| Liquidity | Rosseti Centre | Rosseti Center & Volga Region |
|--|------------------------------|-------------------------------|
| | Number of transactions, pcs. | 1091 |
| Trading volume, ₺ mln | 7,4 | 18,8 |
| Trading volume, mln pcs. | 28,0 | 99,2 |
| Average trading volume over the last 30 days, mln pcs. | 37,0 | 113,5 |
| % of the authorized capital | 0,07% | 0,09% |

Source: MOEX, Company calculations

| Shares | Price**, ₺ | MCap**, ₺ bln | MCap**, \$ mln |
|----------------------------|------------|---------------|----------------|
| Rosseti Centre | 0,263 | 11,10 | 161,81 |
| Rosseti Center & Volga Reg | 0,1889 | 21,29 | 310,25 |

Source: MOEX, Company calculations

| Comparison with indexes | Change | |
|---------------------------------|---------|-------------|
| | per day | fr 31.12.19 |
| STOXX 600 Utilities | -3,62% | -6,26% |
| MOEXEU | -2,45% | 5,10% |
| Rosseti Centre** | -2,30% | -17,03% |
| Rosseti Center & Volga Region** | -1,46% | -20,96% |

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

| Grid companies | Change** | |
|---------------------------|----------|-------------|
| | per day | fr 31.12.19 |
| Rosseti | -6,55% | 5,61% |
| Rosseti FGC UES | -1,33% | -7,55% |
| Rosseti Volga | -3,39% | -19,77% |
| Rosseti Moscow Region | -1,20% | -6,84% |
| Rosseti Northern Caucasus | -0,61% | -12,80% |
| Rosseti North-West | -3,86% | -6,83% |
| Rosseti Ural | 0,63% | -3,27% |
| Rosseti Siberia | -0,64% | -24,60% |
| Rosseti South | -0,97% | -17,59% |
| Rosseti Lenenergo | -0,16% | -13,78% |
| Rosseti Tomsk | -2,00% | -8,84% |
| Rosseti Kuban | -1,80% | 11,32% |

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