

DAILY MARKET REVIEW

16 November, Thursday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 15 November some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decrease of 0.1-0.2%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about a percent. The driver of the correction was shares of commodity companies following the fall in prices for oil and metals. Additional pressure on Asian markets was provided by data on the slowdown in the GDP growth in Japan in the third quarter and the strengthening of Asian currencies against the dollar. In turn, the weakening of the US currency is due to uncertainty with the progress of the tax reform. On Tuesday the US Treasury Secretary said that the President's Administration would refuse to support tax reform if the corporate profits tax was above 20% – while Republicans in Congress offered a tax cut from 35% to 25%. January Brent futures traded near the mark of \$61.4 per barrel, \$0.5 lower than the closing level on 14 November. Oil quotes were falling, including, on the report of the American Institute of Oil on the growth of oil reserves in the country last week by 6.5 million barrels.

On Wednesday the Russian market was dominated by sellers in the global trend of fixing profits in risky assets – in the afternoon the MICEX Index and the European Stoxx Europe 600 Index lost more than a percent. The growth of volatility in the markets was also due to mixed statistics from the US: in October retail sales increased more than forecast, inflation slowed to 2% in annual terms, while the Core CPI rose for the first time since January to 1.8%, the index of manufacturing activity in New York in November fell more than expectations. At the end of the day, the rate of decline of the MICEX Index accelerated to 1.6% after the reduction of Brent quotations to around \$61.3 per barrel on the statistics of the US Department of Energy, which reported on increase in oil and gasoline reserves and oil production growth to the next record for weekly data for the entire time of their collection since 1983. The main contribution to the loss of the MICEX Index was made a 11% fall in Magnit's shares, triggered by media reports about the sale by the company's main owner, S. Galitsky, of a 7.5% stake with a 11% discount to Tuesday's close.

During the trading session the changes of the MicexPWR Sector Index in general corresponded to the MICEX Index. The main contribution to the reduction of the sector indicator was made by shares of Rosseti, FGC UES and Unipro. Aton's analysts reported on the start of analysis of Rosseti's shares: for ordinary shares the recommendation was to "hold" with a target price of 1 ruble, for preferred shares - to "sell" with the same TP. Among the constraints on Rosseti's investment case, the experts pointed to small dividends with an unclear prospect of their trends, a lack of plans to reduce capex in the medium term, the business of IDGCs subject to regulatory pressure, and the established practice of using additional issues to finance capex.

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev decided to increase the availability of electricity for summer house residents

Russian Prime Minister Dmitry Medvedev signed a resolution on increasing the availability of energy infrastructure for members of horticultural, gardening and summer house non-profit associations. This is stated in the message on the website of the government.

Read full text: <https://www.rbc.ru/rbcfreeneews/5a0bfae99a7947d44504c362?from=newsfeed>

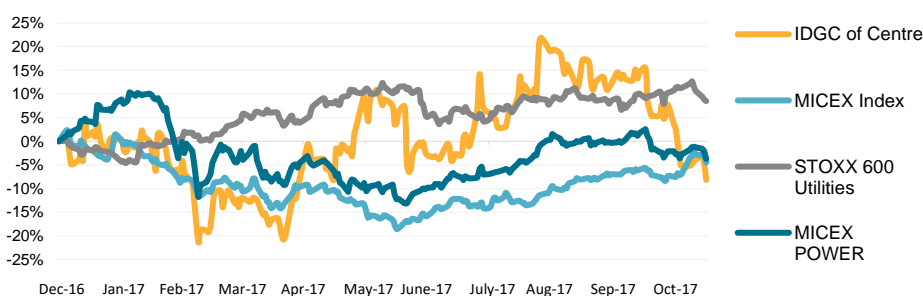
COMPANY NEWS

IDGC of Centre and IDGC of Centre and Volga Region discussed the implementation of innovative development programs for the companies

In Moscow, a meeting of experts of units of technological development and innovation of IDGC of Centre and IDGC of Centre and Volga Region was held under the supervision of Alexander Pilyugin, First Deputy General Director - Chief Engineer of IDGC of Centre, the managing organization of IDGC of Centre and Volga Region, at which the participants discussed the implementation of innovative development programs of the two companies.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62370/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 131,75	-1,62%	-4,52%
S&P 500	2 564,62	-0,55%	14,55%
FTSE 100	7 372,61	-0,56%	3,22%
DAX	12 976,37	-0,44%	13,02%
DJStoxx 600	381,96	-0,49%	5,68%
STOXX Utilities	300,31	-0,30%	8,51%
Nikkei	22 028,32	-1,57%	15,24%
Sensex	32 760,44	-0,55%	23,04%
CSI300	4 073,67	-0,63%	23,07%
Bovespa	70 826,59	0,00%	17,60%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,18	0,14%	12,18%
USD/RUB	59,62	0,74%	-1,71%
Euro/RUB	69,68	1,10%	9,20%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 278,14	-0,16%	11,38%
Brent*, USD/bbl	61,87	-0,55%	5,45%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4105
Capitalisation**, billion RUB	17,33
Capitalisation**, million USD	290,68

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-1,65%	-3,73%
Shares of IDGC of Centre**	-3,53%	-8,17%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-5,10%	-23,59%
FGC UES	-1,63%	-21,31%
IDGC of Volga	0,19%	91,61%
MOESK	-1,49%	-4,34%
IDGC of Northern Caucasus	-0,27%	-17,01%
IDGC of Centre and Volga Reg	-0,90%	108,58%
IDGC of North-West	-0,18%	-0,18%
IDGC of Urals	-0,26%	15,81%
IDGC of Siberia	-3,97%	44,56%
IDGC of South	-2,77%	-6,30%
Lenenergo, ordinary shares	-3,49%	-4,45%
TRK, ordinary shares	-2,00%	-17,65%
Kubanenergo	-2,91%	-8,05%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
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MRKC
MRKC:RM
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