

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 17 December some moderately positive external background formed on the Russian market. The US indices S&P and DJIA on Monday rose by 0.7% and 0.4%, respectively. The market is still mainly supported by continued optimism over the conclusion of an interim trade agreement by Washington and Beijing. In addition, favourable statistical data contributed to the improvement of investors' sentiment: in China the growth of industrial production and retail sales in November was higher than forecasts, in the US the confidence index of construction companies in December reached its highest level in 20 years. The underperformances of the DJIA index was mainly due to a 4% drop in Boeing shares – the company decided to suspend the production of 737 MAX aircraft after it became known that the FAA regulator did not have time to complete their certification process before the end of the year. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.8%. An additional positive factor in the Asian session was the statement by the White House economic advisor Larry Kudlow that the first phase of the US-China trade deal was "fully completed", the agreement could be signed in the first week of January 2020. February Brent futures were trading around \$65.4 per barrel, \$0.3 below our close on 16 December.

On Tuesday, the MOEX Russia Index for the most part of the day showed moderately positive changes, adding on average within half a percent following the rise in Brent quotes above \$65.5 per barrel. At the same time, the activity of buyers in the Russian market was restrained by the deterioration of sentiment of European investors due to increased fears of negative consequences of Brexit. According to media reports, the British Prime Minister intends to limit the year 2020 to the period necessary to agree on the terms of a trade agreement with the European Union after the country leaves the EU. At the same time, media remind, European officials previously warned that it was impossible to resolve all issues in such a short time. As a result, experts say, if London and Brussels do not have time to conclude an agreement, they will have to trade according to the rules of the World Trade Organization, and this will mean an economic shock for both the UK and the European Union. Against this background, the consolidated European Stoxx Europe 600 Index, which reached a record level on the eve, lost more than half a percent during the trading session. At the end of the day, Russian investors were supported by a slight growth in the US market – the MOEX Russia Index updated its historical maximum for daily closing.

As a result of the trading session, the electric utilities sector index looked significantly better than the market – during the day all the most capitalized and liquid securities of the sector had increased demand by investors. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Rosseti, RusHydro and FGC UES entered the list for privatization presented at a meeting with Mr. Siluanov on 10 December

However, the inclusion of these companies in the document may mean the sale of their subsidiaries or property, and not just the privatization of the organizations themselves, an informed source explained. From the point of view of the Ministry of Finance, the sale is required not so much for budget revenues as to reduce the state's share in the economy.

Read full text: <https://iz.ru/954202>

COMPANY NEWS

17 December General Director of Rosseti of Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy held a press conference at the TASS news agency

Video recording of the press conference of General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy is available on the link

Read full text: <https://www.mrsk-1.ru/press-center/news/company/70914/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	3013,29	0,24%	27,18%
S&P 500	3193,56	0,07%	27,39%
FTSE 100	7518,21	-0,01%	11,74%
Nikkei	24066,12	0,47%	20,24%
Sensex	41352,17	1,01%	14,65%
CSI300	4041,8	1,36%	34,25%
Bovespa	112261,9	0,33%	27,73%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,7686	0,34%	-9,65%
EURO/RUB	69,9431	0,12%	-11,98%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
Number of transactions, pcs.	1571	3424
Trading volume, ₺ mln	17,7	61,3
Trading volume, mln pcs.	59,1	281,3
Average trading volume over the last 30 days, mln pcs.	35,5	217,2
% of the authorized capital	0,14%	0,25%

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3	12,67	201,78
IDGC of Centre & Volga Reg	0,2182	24,59	391,77

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,50%	24,55%
MOEXEU	1,48%	23,12%
IDGC of Centre**	1,15%	4,90%
IDGC of Centre & Volga Region**	0,83%	-17,66%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	3,80%	72,66%
FGC UES	1,81%	33,55%
IDGC of Volga	1,51%	-10,61%
MOESK	1,48%	71,97%
IDGC of Northern Caucasus	-2,35%	120,00%
IDGC of North-West	0,39%	-7,03%
IDGC of Urals	-0,61%	-11,16%
IDGC of Siberia	3,79%	167,32%
IDGC of South	1,09%	10,93%
Lenenergo, ordinary shares	1,11%	37,62%
TRK, ordinary shares	-1,64%	16,88%
Kubanenergo	-0,16%	30,94%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
Reuters

MRKC
MRKC.MM