

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 22 January some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.3-0.5% under pressure of fears of the spread of a new viral infection from China, which could negatively affect global economic growth. Analysts recall that as a result of an outwardly similar epidemic of SARS in 2003, China's GDP lost 1%, Southeast Asian countries – 0.5%, the global economy as a whole lost up to \$100 billion. On Wednesday composite index of the Asia-Pacific region MSCI Asia Pacific added 0.6% on assurances by the Chinese authorities that they had taken large-scale measures to curb the spread of the viral disease. At the same time, writes Bloomberg, observers note that the transparency of actions taken by the authorities of the PRC significantly distinguishes the situation from the SARS epidemic that erupted in 2003. March Brent futures were trading around \$64.4 per barrel, \$0.7 below our close on 21 January. Brent quotes declined on a statement by the head of the IEA that “the world is flooded with oil, especially from the United States.” According to the IEA, in the first half of the year, the excess supply of oil will be about 1 million barrels per day (b/d), despite interruptions in the supply of energy resources from Libya due to the civil war. In addition, Goldman Sachs estimated that due to the outbreak of infection in China, global oil demand could decline by 260 thousand bpd, and prices could lose about \$3.

Sales continued on the Russian market on Tuesday, despite an improvement in global market sentiment on expectations that China could contain the coronavirus epidemic. In the middle of the day, the rate of decline in the MOEX Russia Index was approaching a percent, according to Interfax, on fears of introducing additional taxes on excess profits of companies after the formation of the new cabinet of the Russian Federation. A number of analysts drew attention to the appointment of Andrey Belousov as First Deputy Prime Minister, recalling that in 2018, being an assistant to the President of the Russian Federation, he came up with the idea of removing “excess profits” from metallurgical, mining and chemical companies in order to finance measures from the presidential decree on strategic development objectives until 2024. In general, experts do not predict serious changes in the course of the new government – many key ministers have preserved their portfolios, but expect a softening of budget policy and a stronger emphasis on accelerating economic growth. The consolidated world MSCI All Country World Index for most of the day added within a third of a percent – the positive hopes of limiting the spread of a new viral disease were offset by the growing risks of increasing trade disputes in the US and Europe. At a forum in Davos, Donald Trump reiterated that Washington would impose a 25% duty on imports of European cars if the US and the EU do not reach an agreement on trade. At the end of the day, the MOEX Russia Index lost more than a percent due to increased sales of “heavy” index securities at the closing auction.

As a result of the trading session, the electric utilities sector index outperformed, mainly due to steady growth of ordinary shares of Rosseti. These papers could be supported by information about Alexander Novak's retaining the post of Minister of Energy, which allows investors to count on the continuity of the new government's policy with respect to the electricity sector as a whole and its grid segment in particular.

ELECTRIC POWER INDUSTRY NEWS

Rosseti and 1C successfully completed piloting a software solution for automating tax monitoring of enterprises

The Rosseti and 1C companies have successfully completed a pilot project for automation of tax monitoring based on “1C: Holding Management”.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36935

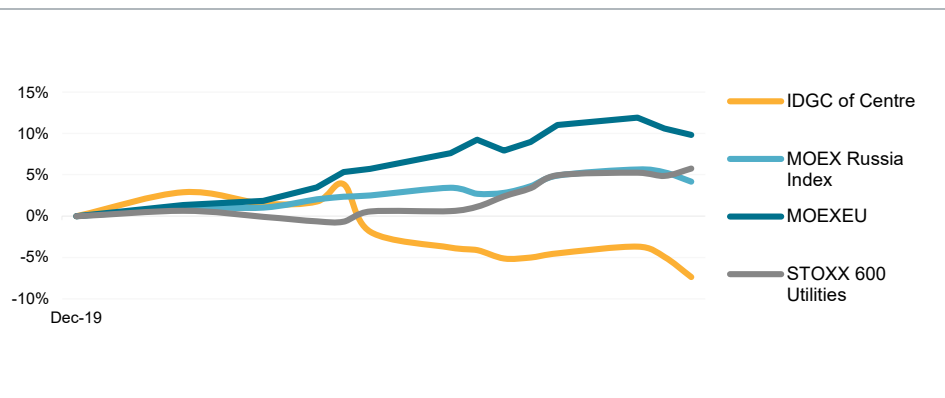
COMPANY NEWS

In 2019 the branch “Rosseti Centre Lipetskenergo” received more than 68 thousand customer requests

Lipetsk power engineers summed up the results of work with customers for the year. During the reporting period, the Lipetsk branch of Rosseti Centre received more than 68 thousand requests. 78% of them were submitted by individuals, 22% - by legal entities. Most of the requests were personally submitted by citizens when they visited the Customer Service Centre in Lipetsk and customer service offices in 18 districts of the region.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/71216/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.19
MOEX Russia	3 174,62	-1,08%	4,23%
S&P 500	3 334,81	0,42%	3,22%
FTSE 100	7 579,45	-0,41%	0,49%
Nikkei	24 031,35	0,70%	1,58%
Sensex	41 115,38	-0,50%	-0,34%
CSI300	4 131,93	0,43%	0,86%
Bovespa	117 872,7	0,72%	1,93%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.19
USD/RUB	61,8552	0,63%	-0,08%
EURO/RUB	68,6222	0,61%	-1,04%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
Number of transactions, pcs.	2 071	1 892
Trading volume, ₺ mln	22,5	55,0
Trading volume, mln pcs.	75,5	237,6
Average trading volume over the last 30 days, mln pcs.	72,0	300,3
% of the authorized capital	0,18%	0,21%

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2936	12,40	200,39
IDGC of Centre & Volga Reg	0,231	26,03	420,87

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.19
STOXX 600 Utilities	0,61%	5,80%
MOEXEU	-0,69%	9,88%
IDGC of Centre**	-2,59%	-7,38%
IDGC of Centre & Volga Region**	-0,77%	-3,35%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.19
Rosseti, ordinary shares	3,61%	15,41%
FGC UES	0,28%	6,66%
IDGC of Volga	-1,58%	-5,46%
MOESK	-1,49%	-2,85%
IDGC of Northern Caucasus	-0,40%	-0,47%
IDGC of North-West	-0,19%	0,84%
IDGC of Urals	-1,16%	3,27%
IDGC of Siberia	-4,10%	-16,83%
IDGC of South	-1,21%	-1,21%
Lenenergo, ordinary shares	-0,85%	-0,14%
TRK, ordinary shares	6,21%	3,49%
Kubanenergo	-0,81%	15,41%

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