

DAILY MARKET REVIEW

15 February, Wednesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 14 February some neutral external background formed on the Russian market. On Monday the major US indices – DJIA, S&P500 and Nasdaq Composite – increased by 0.5-0.7%, with updating their highs for the third consecutive trading session. At the same time, according to CNBC, capitalization of the companies from the S&P500 index for the first time reached \$20 trillion. The US stock market continued to rally in anticipation of Donald Trump's "phenomenal announcement" about tax plans, which he promised to do in the coming weeks, and the deregulation of the financial sector. On Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was down within half a percent on weak corporate reporting of a number of regional companies and statistics from China, where the growth of consumer prices in January by 2.5% was the highest in 2.5 years. April Brent futures traded near the mark of \$55.6 per barrel, at the closing level on 13 February. On Monday Brent quotes fell 2%, despite the publication of OPEC evidence of compliance with the cartel agreements on limitation of production. In general, the oil market continues to be flat within a narrow price range – on the one hand, the sellers' activity is limited to the reduction of the production by OPEC+, on the other hand, the prices are pressured by signals about growth in the US production and statistics on oil reserves – in particular, in the US they are at the maximum of 30 years.

Sales continued in the Russian market – most of the trading session the MICEX Index, renewing its minimum since the beginning of December 2016, was in a percent minus, despite the rise in oil prices above \$56 per barrel and neutral sentiment in Europe. The Stoxx Europe 600 Index, as well as futures on US indices, showed zero changes before the speech of the Fed in the US Congress, from which investors are waiting for new signals about the timing of interest rate hikes and reduction of the volume of assets on the Fed's balance sheet. Against this background released slightly worse than expected statistics on the changes of the GDP of the Eurozone, Germany and Italy in the fourth quarter did not have significant impact on the trends of the western markets. With regard to our market, experts attributed its weak trends with the continued strengthening of the ruble, skepticism with regard to removal of anti-Russian sanctions by the new US administration, limited oil price growth potential in the medium term. In addition, analysts do not exclude that part of the money was diverted from the market to participate in the IPO and SPOs held with a number of Russian companies (Detsky Mir, Fosagro, TMK, RusAl), or redirected to the bond market.

During the trading session the MicexPWR Sector Index looked somewhat better than the market. The main contribution to the final MicexPWR outperformance in comparison with the MICEX Index was made by shares of OGK-2, which added 4.2% on Tuesday.

ELECTRIC POWER INDUSTRY NEWS

State Duma Committee called for the finalization of the draft law on licensing of energy sales

The State Duma Committee on Natural Resources, Property and Land Affairs called for completion of the introduction of licensing of sales activity bill to increase the payment discipline of energy supply companies and suppliers of last resort, introduced by the Russian government.

Read full text: <http://www.bigpowernews.ru/markets/document75466.phtml>

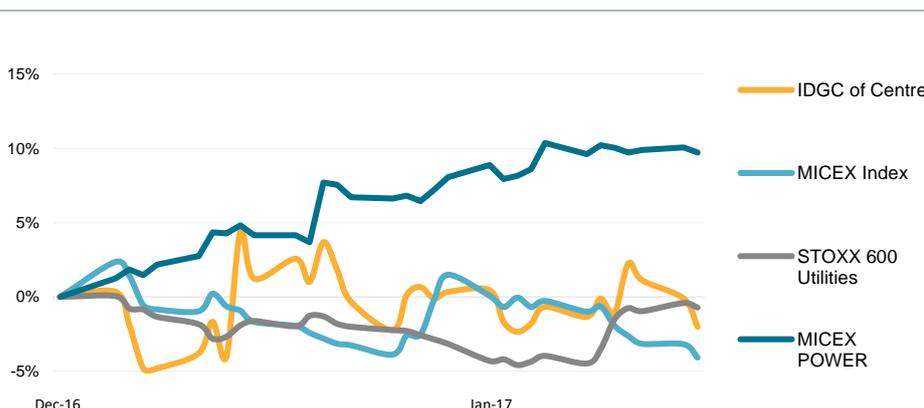
COMPANY NEWS

Belgorodenergo: net supply increased, losses decreased

Last year actual losses of electricity in grids of IDGC of Centre – Belgorodenergo division amounted to 6.68% of the supply to the grid. The amount of net supply reached 11,661 million kWh, an increase compared with 2015 of 318 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/58874/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 141,50	-0,92%	-4,09%
S&P 500	2 337,58	0,40%	4,41%
FTSE 100	7 268,56	-0,14%	1,76%
DAX	11 771,81	-0,02%	2,53%
DJStoxx 600	370,20	0,02%	2,43%
STOXX Utilities	274,79	-0,31%	-0,72%
Nikkei	19 238,98	-1,13%	0,65%
Sensex	28 339,31	-0,04%	6,43%
CSI300	3 435,80	-0,01%	3,80%
Bovespa	66 712,88	-0,38%	10,77%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,06	-0,29%	0,46%
USD/RUB	58,06	-1,33%	-4,28%
Euro/RUB	61,77	-1,46%	-3,20%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 228,13	0,23%	7,03%
Brent*, USD/bbl	55,97	0,68%	-2,64%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4380
Capitalisation**, billion RUB	18,49
Capitalisation**, million USD	318,48

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,33%	9,72%
Shares of IDGC of Centre**	-1,90%	-2,01%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,11%	8,40%
FGC UES	-0,08%	26,53%
IDGC of Volga	-1,07%	7,59%
MOESK	0,00%	13,59%
IDGC of Northern Caucasus	0,42%	8,16%
IDGC of Centre and Volga Reg	0,19%	9,39%
IDGC of North-West	-2,22%	-4,00%
IDGC of Urals	-0,29%	2,74%
IDGC of Siberia	-0,64%	-6,93%
IDGC of South	-1,20%	-6,11%
Lenenergo, ordinary shares	-1,05%	2,45%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM