

DAILY MARKET REVIEW

4 September, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 3 September some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed in different directions with changes in the range of 0.1%. The activity of traders was lowered on the eve of a long weekend – the US exchanges were closed on Monday in connection with the Labor Day celebration. On Monday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.7% on expectations of a possible US introduction of new duties on imports of Chinese goods worth \$200 billion as early as this week. In addition, the markets were pressured by weak statistics from the PRC – the PMI index in the processing industry, calculated by Caixin/Markit, in August fell to the lowest level since June 2017. November Brent futures traded near \$77.7 per barrel, slightly below our closing level on Friday, 31 August. A slight decrease in quotations was due, among other things, to the data of the oilfield service company Baker Hughes on the increase in the number of operating oil production facilities in the US.

The MOEX Russia Index spent Monday's trading session with low volatile changes flat near zero. On the one hand, the rise in Brent crude oil prices above \$78 a barrel, coupled with the weakening of the ruble, supported shares of Russian oil and gas companies. On the other hand, buyers' activity was limited to inexpressive changes of European markets and negative sentiment in emerging markets. The European Stoxx Europe 600 Index traded near zero including due to its own weak statistics – according to IHS Markit, the growth of business activity in the manufacturing sector of the Eurozone in August was minimal since November 2016. In turn, the index of emerging markets MSCI EM lost about a percent after the resumption of the fall of the Argentine peso and the Turkish lira. In general, the activity of traders in the world financial markets was low due to closed American exchanges – in particular, the trading volume of shares on Moscow Exchange was two times lower than the average for August.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of Rosseti and Gazprom's generation companies. The shares of Rosseti were supported by a 6% increase in shares of FGC UES on Friday (FGC UES accounts for about 55% of the total value of the shares of Rosseti in SDCs) and Kommersant's report on a reform of grid tariffs. In particular, according to the publication, at a meeting with the Prime Minister on 4 September, questions will be discussed on the abolition of preferential tariffs for connection to grids for small consumers, the introduction of fees for reserving grid capacity and the inclusion of cross-subsidization in tariffs of FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev to hold a meeting on the functioning of the power grid complex of the Russian Federation - officially (version 1)

Russian Prime Minister Dmitry Medvedev will hold a meeting on the functioning of the country's electric grid complex, the Cabinet's press office said.

Read full text: <http://www.bigpowernews.ru/news/document84408.phtml>

COMPANY NEWS

IDGC of Centre - managing organization of IDGC of Centre and Volga Region held a conference call and webcast dedicated to the consolidated performance results of IDGC of Centre and IDGC of Centre and Volga Region for 1H 2018

Based on the results of the publication of the unaudited consolidated interim condensed financial statements for 1H 2018 under IFRS, IDGC of Centre's management held a conference call with representatives of the investment community to webcast a presentation dedicated to the performance results of IDGC of Centre and IDGC of Centre and Volga Region for 6 months of 2018.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65533/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY

World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 346,08	0,01%	11,20%
S&P 500	2 901,52	0,00%	8,52%
FTSE 100	7 504,60	0,97%	-2,38%
DAX	12 346,41	-0,14%	-4,42%
DJStoxx 600	382,51	0,07%	-1,71%
Nikkei	22 707,38	-0,69%	-0,25%
Sensex	38 312,52	-0,86%	12,50%
CSI300	3 321,82	-0,38%	-17,59%
Bovespa	76 192,73	-0,63%	-0,27%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,04	-0,05%	18,07%
EURO/RUB	79,50	-0,23%	15,57%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 201,27	0,01%	-7,79%
Brent*, USD/bbl	78,15	0,66%	22,07%

* - November futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3005	12,69	186,44
IDGC of Centre & Volga Reg	0,2880	32,46	476,99

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,24%	-2,55%
MICEX POWER Index	0,39%	-6,23%
IDGC of Centre**	1,18%	-15,59%
IDGC of Centre and Volga Region**	0,52%	-4,54%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	2,92%	-15,07%
FGC UES	-1,93%	-1,36%
IDGC of Volga	1,19%	-4,58%
MOESK	0,72%	-21,91%
IDGC of Northern Caucasus	0,33%	-21,88%
IDGC of North-West	-0,79%	21,35%
IDGC of Urals	1,77%	-17,66%
IDGC of Siberia	2,31%	-22,71%
IDGC of South	1,11%	6,69%
Lenenergo, ordinary shares	0,51%	24,06%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	-3,90%	-30,87%

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

