



IDGC OF CENTRE

DAILY MARKET REVIEW

09 October, Thursday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 08 October some negative external background formed on the Russian market. On Tuesday the U.S. indices fell 1.5-1.6%, on Wednesday the reduction of the composite index of the Asia-Pacific region was 0.7%. Negative background for the markets was the deterioration of the IMF forecasts for the world economy in 2014-2015, which increased investors' concerns about the sustainability of the global economic recovery. An additional reason for the sales on Wednesday was weak statistics on business activity in the services sector in China in September – the PMI, calculated by HSBC and Markit, fell to 53.5 points from 54.1 points in August. November Brent traded near \$92 a barrel – a dollar below our closing on 07 October. Oil prices are under pressure from expectations of weakening global demand for oil, provoked by the new IMF forecasts.

In the Russian market active sales have continued for the second consecutive session, most of the day the MICEX Index had more than a percent minus. Negative background for our market is still worsening sentiment in global markets, the continuing fall in oil prices, and a weaker ruble. Tensions in the south-east of Ukraine have continued to put additional pressure on the Russian market: "... the ceasefire is increasingly fragile against the backdrop of daily reports of clashes, shelling and fighting," as stated, in particular, in the UN report released yesterday. Against this background, the European Union, traditionally accusing Russia of inspiring tensions in Ukraine, once again began talking about tightening sanctions. Trading in the Russian market closed on the daily lows – sales increased after some moderately negative start of trading in the United States.

During the entire trading session the MicexPWR Sector Index looked better than the dynamics of the MICEX Index – the most active sales were observed in the "blue chips" of the Russian market.

Analysts at Deutsche Bank in the revision of stock prices of distribution grid companies decreased the price of ordinary shares of Russian Grids, IDGC of Centre, IDGC of Centre and Volga Region, 25%, 20% and 13%, respectively. Nevertheless, the recommendation to "buy" was confirmed for all three papers. Projected valuation for MOESK was reduced by 2%, while the recommendation was upgraded from "Sell" to "Hold".

As part of the revision the experts took into account the deterioration of the distribution grid companies' forecasts for 2014 on the background of the removal of the "last mile", containment of rates and inadequate compensation for subsidized grid connections. In addition, analysts in their model reduced the long-term growth to 1% and increased the equity value of the companies. On Western exchanges the European DJStoxx Index fell 0.86%, and the U.S. S&P Index rose by 1.75%.

ELECTRIC POWER INDUSTRY NEWS

"Russian Grids" and GE discuss a strategic partnership for the modernization of electricity grids

Head of "Russian Grids" Oleg Budargin held a working meeting with GE executives – Mark Begor, President and CEO of GE Energy Management and Ron Pollett, President & CEO, GE in Russia & CIS.

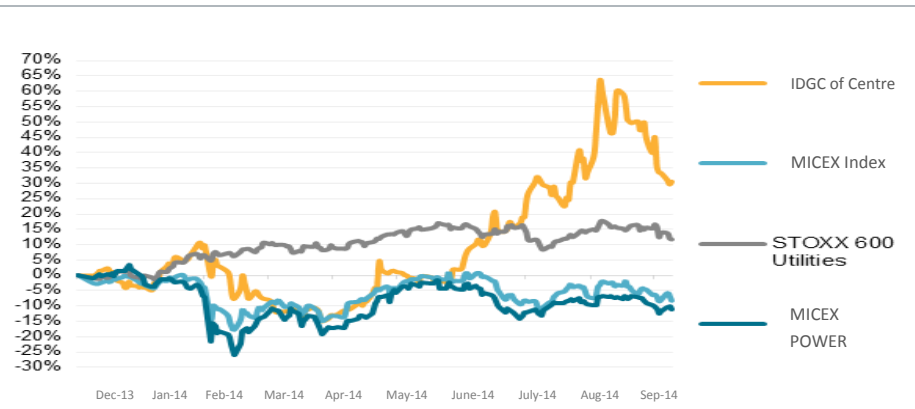
To read full text: <http://www.bigpowernews.ru/news/document59106.phtml>

COMPANY NEWS

"Tambovergo" completed a major overhaul of the 35/10 kV Substation "Sayukinskaya"

To read full text: <http://www.energyland.info/analytic-show-127708>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 379,76	-1,69%	-8,27%
S&P 500	1 968,89	1,75%	6,52%
FTSE 100	6 482,24	-0,21%	-3,95%
DAX	8 995,33	-1,00%	-5,83%
DJStoxx 600	328,00	-0,86%	-0,08%
STOXX Utilities	311,07	-0,35%	11,76%
Nikkei	15 595,98	-1,19%	-4,27%
Sensex	26 246,79	-0,10%	23,98%
CSI300	2 478,38	1,12%	6,37%
Bovespa	57 058,48	-0,66%	10,78%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,27	0,21%	-8,06%
USD/RUB	39,74	-0,60%	21,43%
Euro/RUB	50,20	0,25%	11,63%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 221,14	1,00%	1,62%
Brent*, USD/bbl	91,38	-0,79%	-14,45%

* - November futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2855
Capitalisation**, billion RUB	12,05
Capitalisation**, million USD	303,29

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-1,00%	-11,10%
Shares of IDGC of Centre**	0,71%	30,60%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-1,01%	-32,99%
FGC UES	-2,27%	-39,33%
IDGC of Volga	-1,06%	2,72%
MOESK	0,00%	-33,06%
IDGC of Northern Caucasus	-2,88%	-1,55%
IDGC of Centre and Volga Reg	0,00%	33,39%
IDGC of North-West	0,00%	-7,07%
IDGC of Urals	-0,87%	-10,15%
IDGC of Siberia	4,44%	33,33%
IDGC of South	1,65%	14,98%
Lenenergo	-1,89%	0,43%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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