

DAILY MARKET REVIEW

30 May, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 29 May some moderately negative external background formed on the Russian market. On Monday the US exchanges were closed in connection with the national holiday. The fall of the Brazilian Bovespa index by 4.5% was due to a 15% drop in shares of the national oil company Petrobras after the decision of the government of the country to reduce diesel prices for freight traffic. In general, the global markets are dominated by corrective moods due to the political crisis in Italy. On Monday the president of the country instructed economist Carlo Cottarelli to form a technical cabinet of ministers, but the right-wing and populist parties controlling the parliament have already made it clear that they will not approve him. As a result, it makes it probable that new elections will be held in the autumn, which, according to analysts, can de facto become a referendum on Italy's membership in the EU and the Eurozone. In these conditions, investors preferred to avoid risks with defensive assets – on Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US indices lost on average about a third of a percent. July Brent futures traded near \$75.4 per barrel, \$0.2 higher than the closing level on 28 May. Experts attribute a small increase in oil prices to the correction after a 6% drop in the last three trading days on fears of an increase in OPEC+ production.

On Tuesday global stock markets were dominated by sellers as part of a worldwide decline in investors' interest in equity markets due to European political problems. In the middle of the day the MOEX Russia Index and the emerging markets index MSCI EM lost about 1%, as well as futures for US indices, the European Stoxx Europe 600 Index fell 1.5%. The yield of 10-year US bonds due to the growth in demand for "quality" fell below 2.8%. In addition to Italy, market participants are concerned about the situation in Spain, where on Friday the parliament can express distrust to the Prime Minister and his government – last week a court decision was announced on the corruption case in the ruling People's Party, and the opposition Socialist Party demanded a vote on the issue of confidence. In general, the Italian and Spanish problems reminded investors of the already half-forgotten risks of the collapse of the European monetary union. At the end of the day the MOEX Russia Index managed to play back some of the losses, despite more than a percentage decline in US indices and the Brent price drop below \$75 per barrel.

During the trading session, the MicexPWR Index looked somewhat worse than the market, mainly due to active sales of shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" to raise dividends

According to Kommersant, Rosimuschestvo may slightly increase the size of Rosseti's dividends for the first quarter of 2018. According to the yet not approved government directive, the state holding can pay 2.46 billion rubles - it is slightly more than 11% of the quarterly profit under RAS. Earlier, top management planned to allocate about 2 billion rubles for shareholders.

Read full text:

<https://www.kommersant.ru/doc/3643228?query=%D1%80%D0%BE%D1%81%D1%81%D0%B5%D1%82%D0%B8>

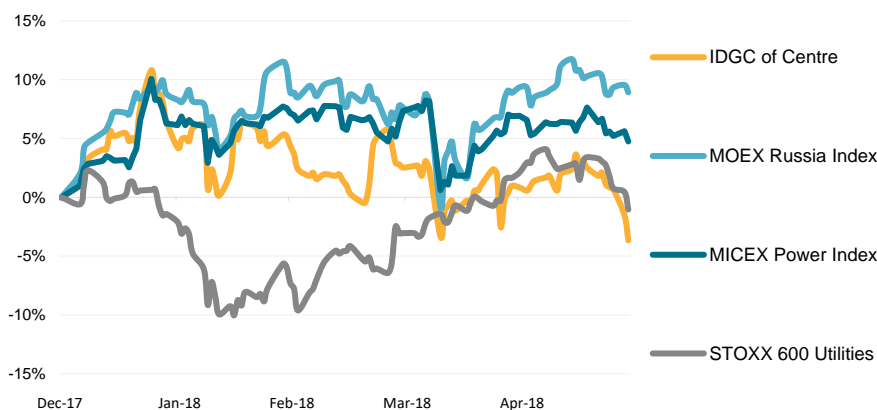
COMPANY NEWS

Over four months, Lipetskenergo received more than 17,000 customer calls

For the period from January to April 2018, customer service offices of IDGC of Centre - Lipetskenergo division received 17,779 calls. Of these, 81% (14,398) of the calls are from individuals, 19% (3,381) from legal entities.

Read full text: <http://www.energostrana.ru/news/powerindustry/26891.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 298,00	-0,57%	8,92%
S&P 500	2 689,86	-1,16%	0,61%
FTSE 100	7 632,64	-1,26%	-0,72%
DAX	12 666,51	-1,53%	-1,94%
DJStoxx 600	384,47	-1,37%	-1,21%
Nikkei	22 358,43	-0,55%	-1,79%
Sensex	34 949,24	-0,61%	2,62%
CSI300	3 804,01	-0,76%	-5,63%
Bovespa	76 071,98	0,95%	-0,43%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,27	0,98%	8,05%
EURO/RUB	72,83	0,99%	5,88%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 298,77	-0,02%	-0,31%
Brent*, USD/bbl	75,39	0,12%	15,13%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,3430	14,48	232,54
IDGC of Centre & Volga Reg	0,3420	38,54	618,95

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,47%	-1,03%
MICEX POWER Index	-0,83%	4,75%
IDGC of Centre**	-2,14%	-3,65%
IDGC of Centre and Volga Region**	-1,72%	13,36%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,53%	-3,21%
FGC UES	0,11%	11,60%
IDGC of Volga	-1,65%	21,63%
MOESK	-0,70%	-20,58%
IDGC of Northern Caucasus	-0,91%	-14,58%
IDGC of North-West	-4,25%	-0,38%
IDGC of Urals	-0,71%	0,72%
IDGC of Siberia	0,00%	-7,42%
IDGC of South	-0,47%	5,85%
Lenenergo, ordinary shares	-1,76%	16,04%
TRK, ordinary shares	0,00%	-12,94%
Kubanenergo	-4,41%	-19,77%

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