

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 24 July some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a rise of 0.7%, while the main country indices of the Asia-Pacific region demonstrated similar changes on Wednesday. The markets were supported by expectations of monetary easing by the Fed and the ECB, good corporate reporting, and also hopes for progress in the US trade negotiations with China. The beginning of the quarterly reporting season turned out to be quite strong – for the fifth part of the companies included in the S&P500 index, which had reported, revenues and profits in 61% and 81% of cases, respectively, turned out to be better than expected. According to media reports, the first round of trade negotiations since May will be held in Shanghai next week. Experts believe that although a significant rapprochement of the positions of the parties is not currently being discussed, the readiness to implement the agreements reached at the G20 summit and discuss the existing contradictions will be positively received by investors. September Brent futures traded around \$64.0 per barrel, \$0.8 above our closing level on 23 July. Positive background for the market was the message of the American Petroleum Institute about a sharp reduction in oil reserves in the US last week – by 11.0 million barrels.

Most of the trading session, the MOEX Russia Index spent in a small minus, losing on average within a third of a percent following the comparable changes of the European Stoxx Europe 600 Index and futures for the US indices. The markets were pressured by weak statistics on business activity in the Eurozone and the US in July. According to preliminary data by Markit, manufacturing activity in the Eurozone showed the strongest drop since April 2013, in the US the index dropped to 10-year lows. Markit cited geopolitical problems and heightening trade tensions as the main reasons for the slowdown in the industry, the Brexit problem being an additional negative factor for Europe. At the same time, the potential for the markets reduction during the day was limited by the growth of investors' confidence that the crisis in the industry will push the world central banks to take more active measures to stimulate the economy. In the afternoon, the activity of sellers in the Russian market increased, the MOEX Russia Index closed trading with a decline of 0.7%. The pressure on the market could have been made by the statement by former special counsel Robert Mueller in the US Congress, which reminded investors of the sanctions risks, in which he once again accused Russia of interfering in the 2016 presidential election.

During the day, the electric utilities sector index outperformed. The main contribution to the slight MOEXEU increase in antiphase with the MOEX Russia Index was made by shares of RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The State Duma approved in the 2nd reading a bill prohibiting the regions to set electric grid tariffs above the limit levels

The State Duma passed in the second reading a bill excluding the right of the regulatory body of a constituent entity of the Russian Federation to exceed the established ceiling levels of tariffs for electric power transmission services, reports TASS.

Read full text: <http://www.bigpowernews.ru/markets/document89103.phtml>

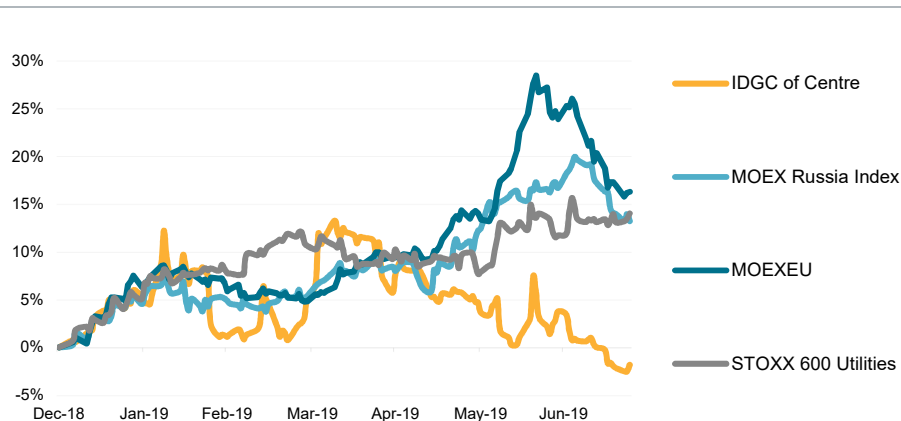
COMPANY NEWS

Tambovergo modernizes metering systems in accordance with the concept of digital transformation

The branch "Rosseti Centre Tambovergo" continues to work on the modernization of energy metering systems. In 2019, it is planned to modernize technical metering at 286 6-10 kV transformer substations in accordance with the concept of digital transformation of the electric grid complex. In addition, the fleet of metering devices will be upgraded at 16 35-110 kV substations.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69099/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|------------|---------|-------------|
| | | per day | fr 31.12.18 |
| MOEX Russia | 2 682,91 | -0,67% | 13,23% |
| S&P 500 | 3 019,56 | 0,47% | 20,45% |
| FTSE 100 | 7 501,46 | -0,73% | 11,49% |
| DAX | 12 522,89 | 0,26% | 18,60% |
| DJStoxx 600 | 391,73 | 0,05% | 16,02% |
| Nikkei | 21 709,57 | 0,41% | 8,47% |
| Sensex | 37 847,65 | -0,36% | 4,93% |
| CSI300 | 3 819,83 | 0,79% | 26,88% |
| Bovespa | 104 119,50 | 0,40% | 18,47% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.18 |
| USD/RUB | 63,13 | 0,24% | -9,13% |
| EURO/RUB | 70,64 | -0,03% | -11,11% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.18 |
| Gold, USD/oz | 1 425,86 | 0,57% | 11,18% |
| Brent*, USD/bbl | 63,18 | -1,02% | 17,43% |

* - September futures

Source: Bloomberg, Company calculations

| Shares | Price**, ₽ | MCap**, ₽ bln | MCap**, \$ mln |
|----------------------------|------------|------------------|-------------------|
| | | | |
| IDGC of Centre & Volga Reg | 0,2636 | 29,71 | 470,58 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.18 |
| STOXX 600 Utilities | 0,47% | 14,04% |
| MOEXEU | 0,09% | 16,31% |
| IDGC of Centre** | 0,72% | -1,82% |
| IDGC of Centre and Volga Region** | -0,19% | -0,53% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.18 |
| Rosseti, ordinary shares | -0,60% | 51,00% |
| FGC UES | -0,51% | 20,70% |
| IDGC of Volga | -0,11% | -3,88% |
| MOESK | 0,41% | 11,52% |
| IDGC of Northern Caucasus | -1,32% | 124,29% |
| IDGC of North-West | 2,51% | 17,84% |
| IDGC of Urals | -1,10% | -2,17% |
| IDGC of Siberia | -0,14% | 173,17% |
| IDGC of South | 0,08% | 19,38% |
| Lenenergo, ordinary shares | 0,36% | 6,81% |
| TRK, ordinary shares | -0,67% | -3,90% |
| Kubanenergo | -1,48% | 22,54% |

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