



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 12 July some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell 0.7-0.9% due to the escalation of the trade confrontation between the US and China after the threats of Donald Trump to impose duties on Chinese imports worth \$200 billion if the parties do not agree until 30 August. The driver of the decline was shares of commodity companies following the sale of commodities in the market. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.2%, futures for US stock indices grew by 0.4% on media reports that the representatives of Washington and Beijing are open for the resumption of negotiations that may be crowned with a bilateral agreement and to put an end to trade disputes. September Brent futures traded near \$74.6 per barrel, \$1.8 lower than our closing level on 11 July. On Wednesday oil prices collapsed by \$5.5 – the highest value since August 2011, when financial markets collapsed after the US AAA rating was downgraded by the S&P agency. In general, the commodity prices were pressure by threats to unleash a full-scale trade war, slow global growth and reduced consumption of raw materials by the world's largest economies, primarily the PRC – on Wednesday the Bloomberg Commodities index lost 3%. An additional negative factor for oil quotes was the report on the resumption of oil supplies from Libya, which can return to the market 700-800 thousand barrels per day.

On Thursday the Russian market was under pressure from the negative changes of oil prices – in the second half of the day the drop of the MOEX Russia Index exceeded a percent after the Brent price fell below \$73.5 per barrel. At the end of the trading session, the MOEX Russia Index was able to reduce the losses to 0.6% due to the reversal of oil from daily lows and moderately positive sentiment on the western markets, where investors were playing back information about the possible resumption of trade negotiations between the US and China and good statistics. In the Eurozone industrial production in May grew stronger than forecast, in the US consumer prices in June rose at a maximum rate since 2012, the number of applications for unemployment benefits fell more than expected.

During the trading session the MicexPWR Sector Index outperformed – the main sales are still concentrated in the first-tier securities.

ELECTRIC POWER INDUSTRY NEWS

It is necessary to legitimize dividends in the tariff

After the digitalization of electricity grids at a cost of not less than 1.3 trillion rubles at the end of 2017 was declared a priority task of the state, it became clear that Rosseti would have to dramatically increase its investment program. About how it will be necessary to increase the debt burden and reduce dividends, can the turn to the digit pay off, and whether it is necessary for digitalization to sell Rostec a blocking stake in Rosseti, Kommersant has been told by Pavel Livinskiy, Director General of the power grid holding company.

Read full text: <https://www.kommersant.ru/doc/3683044>

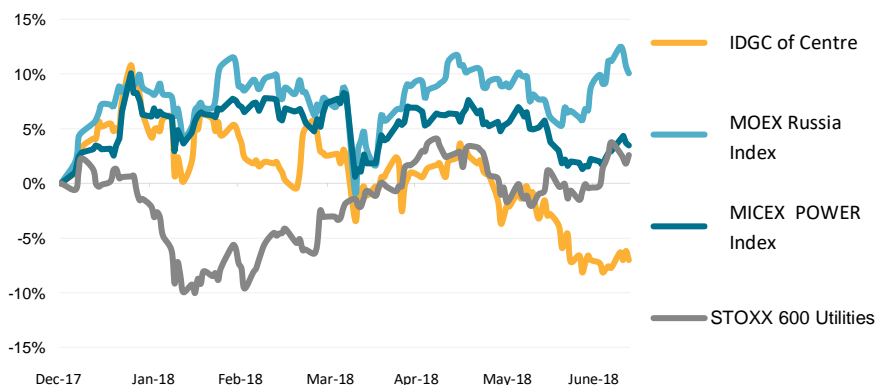
COMPANY NEWS

IDGC of Centre from the beginning of the year reduced losses in grids by more than 90 million kilowatt-hours

IDGC of Centre summed up the work on reducing losses in electrical grids for five months of 2018. As a result of this period, their level as a whole for the Company was 11.15%, which is 0.27% lower than the Business Plan and 0.43% lower than the 2017 results, brought to comparable conditions with 2018. Savings relative to the Business Plan amounted to 46.5 million kWh, compared to 2017, losses in the company's grids decreased by 90.8 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64742/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 322,06	-0,60%	10,06%
S&P 500	2 798,29	0,87%	4,66%
FTSE 100	7 651,33	0,78%	-0,47%
DAX	12 492,97	0,61%	-3,29%
DJStoxx 600	384,37	0,78%	-1,24%
Nikkei	22 187,96	1,17%	-2,53%
Sensex	36 548,41	0,78%	7,32%
CSI300	3 481,06	2,16%	-13,64%
Bovespa	75 856,22	1,96%	-0,71%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,10	-0,55%	7,75%
EURO/RUB	72,85	-0,68%	5,90%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 247,39	0,44%	-4,25%
Brent*, USD/bbl	74,45	1,43%	14,96%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln
IDGC of Centre	0,3310	13,97	225,03
IDGC of Centre & Volga Reg	0,2990	33,70	542,64

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,77%	2,59%
MICEX POWER Index	-0,26%	3,45%
IDGC of Centre**	-0,90%	-7,02%
IDGC of Centre and Volga Region**	0,34%	-0,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,60%	-6,42%
FGC UES	-0,95%	15,43%
IDGC of Volga	-0,81%	14,03%
MOESK	0,00%	-24,25%
IDGC of Northern Caucasus	-0,32%	-17,71%
IDGC of North-West	1,46%	20,00%
IDGC of Urals	0,00%	-10,98%
IDGC of Siberia	0,47%	-7,42%
IDGC of South	0,00%	2,17%
Lenenergo, ordinary shares	0,17%	20,83%
TRK, ordinary shares	2,81%	-11,32%
Kubanenergo	0,64%	-20,28%

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