

DAILY MARKET REVIEW

26 July, Tuesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 25 July some moderately positive external background formed on the Russian market. Last Friday the US indices DJIA and S&P500 closed with the growth of 0.3% and 0.5%, respectively, while the S&P500 updated the historical maximum. The markets were supported by good corporate reporting of companies for the second quarter – on the basis of the publication of the results of a quarter of the companies included in the S & P500 index, in 80% of the cases the data on earnings were better than analysts' forecasts, 60% – on revenue. On Monday the composite Asia-Pacific region index MSCI Asia Pacific added about 0.1%. The Japanese market was an outsider, which closed in negative zone on the background of data on foreign trade – in June exports fell for the ninth consecutive month, imports decreased at the end of the eighteenth month in a row. September Brent traded near the mark of \$45.6 per barrel, at the close on Friday 22 July. The oil quotations, which are at their lowest levels in two months, were pressured by concerns about excess of inventories in the market and lower demand for raw materials from refineries. Data from Baker Hughes on increase for the fourth week in a row of the number of working oil drilling in the US were also a negative factor for oil prices.

On Monday optimism prevailed on the Russian and European markets. Investors were supported, including, by statistics – business confidence index for the German economy, which is calculated by IFO the Institute, fell less than forecast in July. In the afternoon the index growth rate declined under the pressure of continued fall in the Brent price, which for the first time since May fell below \$45 per barrel.

During the trading session the MicexPWR Sector Index looked significantly better than the market – on the day the MicexPWR, breaking the round mark of 1,500 points, rose to the levels in March 2013. The main contribution to the sector indicator growth was made by shares of Rosseti and FGC UES. In general, almost all grid companies demonstrated outperformance. The sector was supported by positive expectations for dividend prospects, taking into account the government's intention to maintain a 50% payout of dividends of state owned companies, strengthened after the publication of strong results of Rosseti and IDGC of Centre under RAS in the I half. Against this background, stock prices of all grid companies increased, ordinary shares of Rosseti added 13.8% following the results of trades, preferred – 20.2%, having updated yearly highs and risen to the level in November 2013 and October 2012, respectively.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" reported an increase in profit by 41 times

Net profit of "Rosseti" following the results of the first half-year of 2016 was a record for the company with 140 billion rubles. It was provided by dividends of "daughters" and revaluation of their shares.

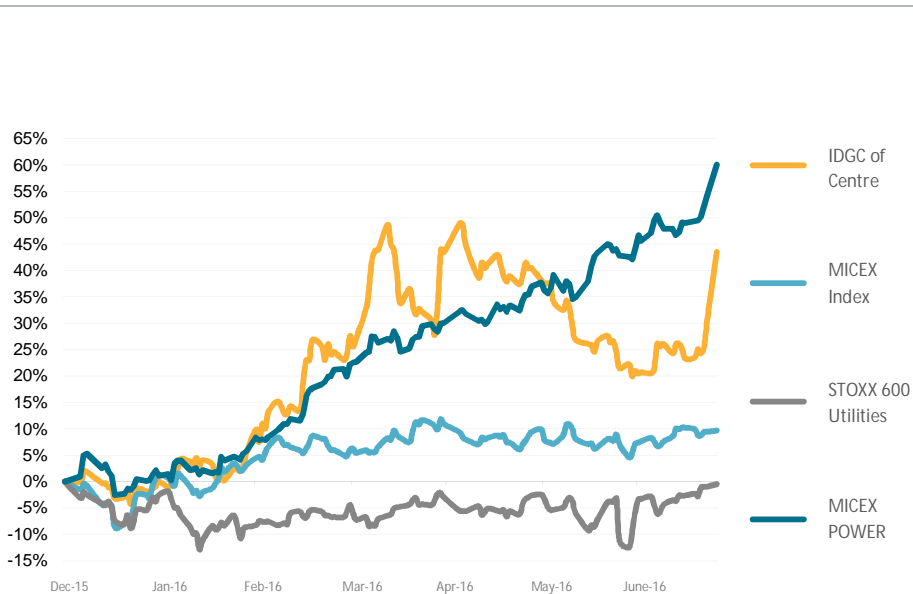
Read full text: <http://www.rbc.ru/business/25/07/2016/5795ee3e9a794766a04b5c09>

COMPANY NEWS

IDGC of Centre has published financial statements for 1H 2016 under RAS, net profit is 0.9 bln RUB

Read full text: <https://www.mrsk-1.ru/press-center/news/company/56512/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 931,78	0,25%	9,68%
S&P 500	2 163,33	-0,54%	5,84%
FTSE 100	6 710,13	-0,30%	7,49%
DAX	10 198,24	0,50%	-5,07%
DJStoxx 600	340,93	0,18%	-6,80%
STOXX Utilities	302,41	0,46%	-0,48%
Nikkei	16 620,29	-0,04%	-12,68%
Sensex	28 095,34	1,05%	7,57%
CSI300	3 230,89	0,18%	-13,40%
Bovespa	56 660,82	-0,43%	30,71%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,10	0,00%	1,06%
USD/RUB	64,63	1,40%	-11,33%
Euro/RUB	71,25	1,35%	-10,60%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 322,73	0,00%	24,62%
Brent*, USD/bbl	45,69	0,00%	22,56%

* - September futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares of IDGC of Centre	Value
Last transaction, RUB	0,28
Capitalisation**, billion RUB	11,82
Capitalisation**, million USD	182,91

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	3,74%	60,04%
Shares of IDGC of Centre**	9,80%	43,52%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	13,79%	84,50%
FGC UES	4,61%	171,21%
IDGC of Volga	9,02%	105,14%
MOESK	4,57%	28,27%
IDGC of Northern Caucasus	8,28%	36,00%
IDGC of Centre and Volga Reg	9,31%	49,52%
IDGC of North-West	7,69%	78,83%
IDGC of Urals	15,83%	69,47%
IDGC of Siberia	9,43%	18,85%
IDGC of South	8,02%	46,79%
Lenenergo	7,19%	46,51%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
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MRKC
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