

DAILY MARKET REVIEW

19 September, Monday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 16 September some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 1%, on Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added about 0.5%. The markets were supported by weakening of concerns about an early increase of the Fed rate after publication of worse than expected US data on retail sales and industrial production in August, the index of manufacturing activity in New York in September. According to Bloomberg, traders now estimate the chances of a rate hike at the September meeting of the Fed only at 18%, the assessment of the likelihood of increasing the rate fell to less than 50% before the end of the year. November Brent futures traded near the mark of \$46.2 per barrel, or \$0.4 less than the closing level on 15 September. Oil prices are down, including in anticipation of increased supply from Libya and Nigeria, which have declared their intention to increase in the coming weeks supply on the world market, which decreased due to hostilities. According to experts, the two countries have the potential to increase the world's supply by 800 thous. barrels per day. The news confirmed the validity of the updated forecasts of the IEA and OPEC, according to which the excess supply in the oil market will be experienced longer than expected before.

Strong closing of the US market did not impress Russian and European investors – after neutral changes in the early trading session selling resumed on the markets. In the middle of the day the loss of the MICEX Index and the European Stoxx Europe 600 Index amounted to about 0.5% and 1%, respectively. The reaction of the Russian stock market and the ruble to the expected decline by almost all analysts CBR base rate by 0.5 percentage points to 10%, was neutral. At the same time, experts drew attention to the clear signal of the future direction of monetary policy for the coming months, which the Central Bank gave, saying that "to consolidate the trend towards a steady decline in inflation, the Bank of Russia estimates, it is necessary to maintain the achieved level of the key rate until the end of 2016 with the possibility of its reduction in I-II quarter of 2017." In the afternoon the market decline accelerated after the release of the US data, which recorded an increase in inflation in August above expectations, which in turn will again increase investors' expectations for a possible Fed rate increase this year.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR reduction was made by shares of FGC UES and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

System Operator announced preliminary results of competitive capacity auction for 2020

15 September "SO UES" completed the receipt of bids submitted by generating companies to participate in the competitive capacity auction for 2020.

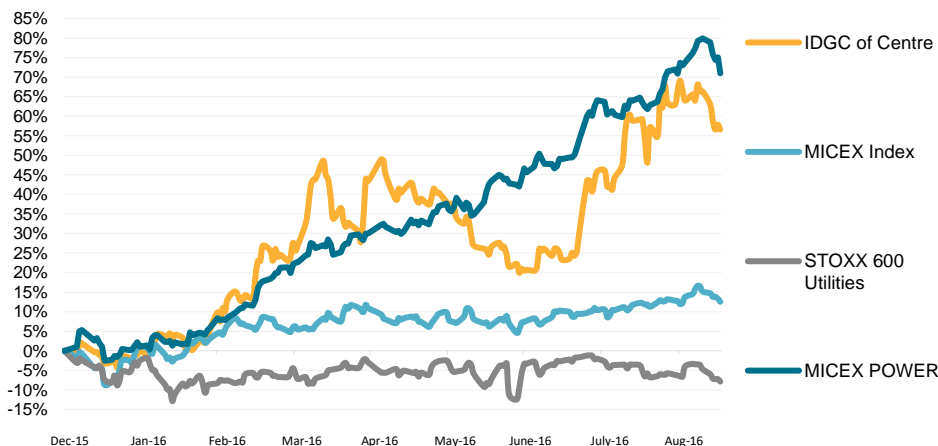
Read full text: <http://www.bigpowernews.ru/markets/document72620.phtml>

COMPANY NEWS

Bryanskenergo's employees told businessmen about the benefits of connection to the company's grid
IDGC of Centre – Bryanskenergo division held the "Day of the Entrepreneur", organized in the form of a round table. The event was attended by heads of small and medium-sized businesses, as well as representatives of the Department of Energy and Utilities of the Bryansk region.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56999/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.15 |
| MICEX | 1 981,96 | -0,73% | 12,52% |
| S&P 500 | 2 139,16 | -0,38% | 4,66% |
| FTSE 100 | 6 710,28 | -0,30% | 7,50% |
| DAX | 10 276,17 | -1,49% | -4,35% |
| DJStoxx 600 | 337,82 | -0,74% | -7,65% |
| STOXX Utilities | 281,97 | -0,71% | -7,89% |
| Nikkei | 16 519,29 | 0,70% | -13,21% |
| Sensex | 28 599,03 | 0,66% | 9,50% |
| CSI300 | 3 238,73 | 0,00% | -13,19% |
| Bovespa | 57 079,76 | -1,43% | 31,67% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.15 |
| Euro/USD | 1,12 | -0,77% | -8,24% |
| USD/RUB | 65,22 | 0,37% | -10,52% |
| Euro/RUB | 73,21 | 0,37% | -8,14% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.15 |
| Gold, USD/oz | 1 310,35 | -0,33% | 23,49% |
| Brent*, USD/bbl | 45,77 | -1,76% | 4,55% |

* - November futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,3055 |
| Capitalisation**, billion RUB | 12,90 |
| Capitalisation**, million USD | 197,76 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.15 |
| MICEX-Power Index | -2,33% | 71,00% |
| Shares of IDGC of Centre** | -0,81% | 56,59% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.15 |
| Rosseti | -5,63% | 86,24% |
| FGC UES | -5,15% | 172,26% |
| IDGC of Volga | -5,93% | 100,00% |
| MOESK | 3,00% | 37,33% |
| IDGC of Northern Caucasus | 0,00% | 37,60% |
| IDGC of Centre and Volga Reg | -0,65% | 46,18% |
| IDGC of North-West | -2,47% | 87,23% |
| IDGC of Urals | -2,01% | 54,21% |
| IDGC of Siberia | 1,50% | 25,00% |
| IDGC of South | 3,96% | 59,94% |
| Lenenergo | -1,68% | 117,03% |

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM