

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 29 January some moderately positive external background formed on the Russian market. The US indices DJIA and S&P500 closed Tuesday with an increase of 0.7-1.0%, on Wednesday the main country indices of the Asia-Pacific region added on average about 0.5% on some easing fears of an uncontrolled spread of the new coronavirus. According to the head of the WHO, the organization fully endorses the decisive measures taken by Beijing to curb the spread of infection, is confident in China's ability to control the epidemic, and does not recommend the countries of the world evacuating its citizens from China. In turn, the President of China expressed confidence that China will be able to cope with the outbreak of the coronavirus. In addition, the Chinese authorities said that "the peak of the spread of the coronavirus will come in 7-10 days, but the epidemic will not reach a wide scale." March Brent futures were trading at around \$60.1 per barrel, \$0.3 higher than our close on 28 January. The market was supported by statistics from the American Petroleum Institute, which recorded a decrease in the US oil reserves, and media reports that OPEC+ may consider a more significant reduction in production if the coronavirus epidemic leads to a sharp drop in oil demand.

On Wednesday, buyers dominated the global stock markets – in the afternoon, the growth rates of the MOEX Russia Index, the consolidated European Stoxx Europe 600 Index and the S&P500 futures averaged about half a percent. The optimism of global investors was fueled by expectations of the completion of the active phase of the epidemic in China. The Chinese Foreign Minister said that the measures taken by the Chinese government allow in general to control the situation with the spread of the coronavirus. In turn, Chinese virologists have confirmed that the epidemic will decline around 8 February, when the consequences of the authorities' actions to counteract the outbreak of the coronavirus begin to appear. Against this background, experts say, the attention of the market participants switched to positive macroeconomic news published during the day. The consumer confidence indices in the economies of Germany and France in January rose more than expected, the German government raised its forecast for the GDP growth for 2020, Apple, McDonald's and General Electric reported better than forecasts. At the end of the day, the pace of growth in the Russian and European markets slowed somewhat after a negative start of trading in the US under the pressure of statistics – in December, the drop in upcoming home sales was the highest since 2010.

During the trading session, the electric utilities sector index outperformed. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy proposes to "fairly" redistribute the volume of cross-subsidies among participants of the energy market

Russian Energy Minister Alexander Novak proposes to redistribute the volume of cross-subsidization in the electric power industry between the market participants amid the impossibility of liquidating it, said the head of the Ministry of Energy, speaking at an expanded meeting of the Federation Council Committee on Economic Policy.

Read full text: <http://www.bigpowernews.ru/markets/document91677.phtml>

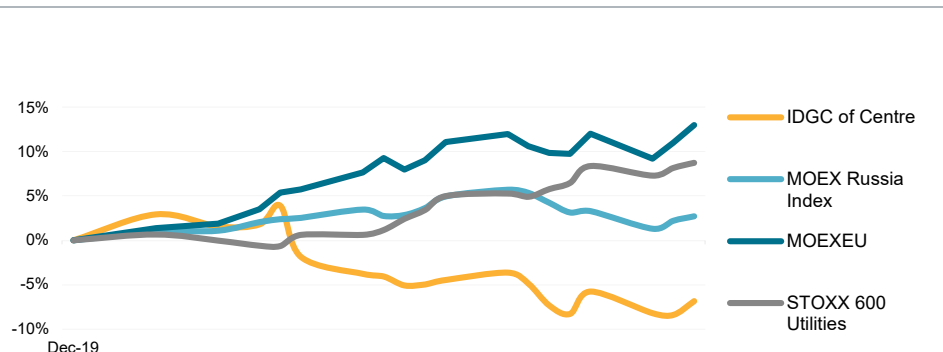
COMPANY NEWS

Rosseti Centre and Rosseti Centre and Volga Region in 2019 ensured the delivery of over 1,700 megawatts of power to consumers

Rosseti Centre (IDGC of Centre, PJSC) and Rosseti Centre and Volga Region (IDGC of Centre and Volga Region, PJSC) summed up the work on connection to electric grids in 2019. According to current data, in the reporting period, the companies entered into more than 84 thousand grid connection agreements, and more than 82 thousand contracts were executed. The total connected capacity under the executed contracts exceeded 1,700 MW, the total revenue from the grid connections amounted to 2.6 billion rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/71279/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|-----------|---------|-------------|
| | | per day | fr 31.12.19 |
| MOEX Russia | 3 128,8 | 0,50% | 2,72% |
| S&P 500 | 3 286,03 | 0,30% | 1,71% |
| FTSE 100 | 7 488,04 | 0,10% | -0,72% |
| Nikkei | 23 379,4 | 0,71% | -1,17% |
| Sensex | 41 198,66 | 0,57% | -0,13% |
| CSI300 | 4 003,9 | 0,00% | -2,26% |
| Bovespa | 116 082 | -0,34% | 0,38% |

Source: Company calculations (19:00 MSK)

| Currency rates | Value | Change | |
|----------------|---------|---------|-------------|
| | | per day | fr 31.12.19 |
| USD/RUB | 62,8299 | 0,79% | 1,49% |
| EURO/RUB | 69,226 | 0,65% | -0,17% |

Source: Company calculations (19:00 MSK)

| Liquidity | IDGC of Centre | | IDGC of Centre & Volga Region | |
|--|----------------|--------|-------------------------------|--------|
| | Value | Change | Value | Change |
| Number of transactions, pcs. | 1 289 | | 996 | |
| Trading volume, ₺ mln | 23,8 | | 21,5 | |
| Trading volume, mln pcs. | 80,9 | | 93,9 | |
| Average trading volume over the last 30 days, mln pcs. | 76,5 | | 304,2 | |
| % of the authorized capital | 0,19% | | 0,08% | |

Source: Company calculations

| Shares | Price**, ₺ | MCap**, ₺ bln | MCap**, \$ mln |
|----------------------------|------------|---------------|----------------|
| | | | |
| IDGC of Centre & Volga Reg | 0,2293 | 25,84 | 411,29 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|---------------------------------|---------|-------------|
| | per day | fr 31.12.19 |
| STOXX 600 Utilities | 0,31% | 8,77% |
| MOEXEU | 1,79% | 13,02% |
| IDGC of Centre** | 1,72% | -6,88% |
| IDGC of Centre & Volga Region** | 0,84% | -4,06% |

Source: Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.19 |
| Rosseti, ordinary shares | 0,16% | 18,72% |
| FGC UES | 3,48% | 11,88% |
| IDGC of Volga | 0,86% | -1,30% |
| MOESK | 6,76% | 4,07% |
| IDGC of Northern Caucasus | 0,96% | 5,13% |
| IDGC of North-West | 0,00% | -0,84% |
| IDGC of Urals | 0,00% | 3,03% |
| IDGC of Siberia | 0,19% | -15,21% |
| IDGC of South | 1,41% | -1,61% |
| Lenenergo, ordinary shares | 2,16% | 0,71% |
| TRK, ordinary shares | -2,05% | 0,23% |
| Kubanenergo | -0,41% | 15,57% |

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