



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 15 February some positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with an increase of 1.0-1.3%. High volatility remains in the US markets. At the beginning of the day stock indices fell a percent on data for January's inflation, which turned out to be higher than expectations, which, in the opinion of investors, could prompt the Fed to more aggressive tightening of the monetary policy. However, these concerns were largely mitigated by another report – the drop in retail sales in January was the highest for the year, despite low unemployment and higher wages. Consumer spending accounts for two-thirds of GDP, writes The Wall Street Journal, and its low figure says that the US economy is not yet rushing at full steam, creating inflationary pressures. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added more than a percent. The exchanges of mainland China were closed for the New Year celebration on the lunar calendar and will resume work only next week. April Brent futures traded near \$65.1 per barrel, \$1.9 above the closing level on 14 February. Oil prices were supported by a return of investors' interest in risky assets and a fall in the dollar to annual lows. At the same time, the market ignored the statistics of the US Department of Energy, which fixed the growth of oil reserves for the third week in a row and increased production to the next record for weekly data.

On Thursday the Russian and world markets were dominated by buyers – in the middle of the day the MOEX Russia Index, the European Stoxx Europe 600 Index and futures for US markets added about a percent, the emerging markets index MSCI EM grew by 1.5%. Experts associate the return of investors' optimism with a confident rise in the global economy, the weakness of the dollar and the rise in commodity prices. The statistics published during the day were ambiguous and had no significant effect on the trends of the trades. In the US, the producer price growth in January and the Philadelphia manufacturing activity index in February were higher than expected, industrial production in January fell despite forecasts, data on applications for unemployment benefits were released at the level of expectations. At the end of the day the MOEX Russia Index and the European Stoxx Europe 600 Index lost most of the day's growth after the volatile start of trading in the US, where more than a half-percentage increase in indices was replaced by a slight decline. An additional negative factor for the Russian market was the fall in oil prices to around \$63.1 per barrel.

The MicexPWR Sector Index closed the trading session at the market level. Of the overall changes of the sector, almost a 4% fall in Rosseti's shares was different. According to Interfax, Rosseti's shares fell to levels of almost a month ago after statements of the head of the holding, firstly, that the debt load of the company will rise to a maximum of 2.5 in the debt/EBITDA ratio at the peak of borrowings under the digital grid implementation program, whose total cost is 1.3 trillion rubles, and, secondly, that Rosseti is preparing to receive DVEUK's grid assets worth 56 billion rubles with subsequent additional capitalization of FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Technological aspects of grid digitalization discussed at the "Territory of Rosseti" at the RIF

Experts at the Russian Investment Forum in Sochi discussed the technological aspects of the development of the digital grid at the site "Territory of Rosseti".

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=32595

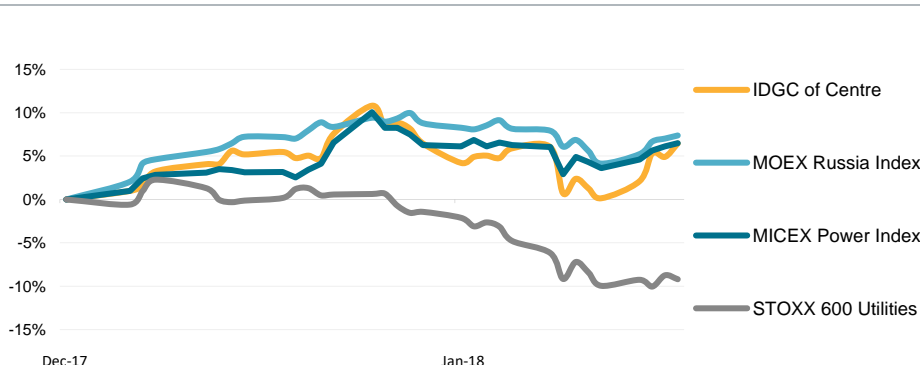
COMPANY NEWS

Belgorodenergo summed up the results of the investment program of 2017

As part of the investment program of IDGC of Centre - Belgorodenergo division in 2017, the volume of development of capital investments amounted to 2.7 billion rubles (excluding VAT), which is 8.6% more than the plan. 100 MVA of new capacities were commissioned, 1,169 km of 0.4-110 kV power lines were constructed and reconstructed. This is 36.3% higher than planned volumes.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/63159/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 265,45	0,33%	7,38%
S&P 500	2 731,20	1,21%	2,15%
FTSE 100	7 234,81	0,29%	-5,89%
DAX	12 346,17	0,06%	-4,42%
DJStoxx 600	376,51	0,53%	-3,26%
Nikkei	21 464,98	1,47%	-5,71%
Sensex	34 297,47	0,41%	0,71%
CSI300	3 966,96	0,00%	-1,59%
Bovespa	84 290,56	0,90%	10,32%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	57,59	-0,31%	-0,07%
EURO/RUB	71,23	0,09%	3,56%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 353,67	0,22%	3,90%
Brent*, USD/bbl	64,33	-0,05%	-3,18%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3790	16,00	277,84
IDGC of Centre & Volga Reg	0,3443	38,80	673,76

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,50%	-9,20%
MICEX POWER Index	0,34%	6,50%
IDGC of Centre**	1,47%	6,46%
IDGC of Centre and Volga Region**	0,67%	14,12%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-3,71%	4,28%
FGC UES	0,56%	9,84%
IDGC of Volga	0,85%	10,42%
MOESK	-0,61%	-9,12%
IDGC of Northern Caucasus	2,01%	-7,55%
IDGC of North-West	2,50%	2,50%
IDGC of Urals	-1,06%	11,69%
IDGC of Siberia	0,75%	17,03%
IDGC of South	-2,98%	-2,01%
Lenenergo, ordinary shares	3,48%	11,35%
TRK, ordinary shares	0,00%	-0,81%
Kubanenergo	-0,68%	-6,25%

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