

DAILY MARKET REVIEW

18 June, Tuesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 17 June some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 lost 0.1-0.2%. The market was pressured by weak Chinese statistics and sales of shares in the technology sector. In China, in May, growth in industrial production and investment was worse than expected. At the same time, an increase in industrial production by 5% y/y was previously the lowest in 17 years. These data, according to investors, have become yet another proof that the trade dispute with the US is seriously weakening the economy of the PRC. Negative background for the high-tech sector was the weak reporting of one of the world's largest chip makers Broadcom, which reported on the adverse effects of the US-China trade conflict on its activities. The decline in the market was restrained by good US retail sales statistics – in May the growth was 0.5%, in April sales increased by 0.3%, whereas previously it was reported a decrease of 0.2%. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific declined by 0.3% with multidirectional changes of the main country indices. August Brent futures traded around \$62.0 per barrel, \$0.1 below our closing level on Friday, 14 June. Oil quotes remain under the influence of multidirectional factors. On the one hand, investors are concerned about the slowdown of the global economy and the decrease in demand for oil, as indicated by the May's surveys of OPEC and the IEA. On the other hand, the oil market is supported by expectations of the prolongation of the OPEC+ deal and the continuing tension in the Persian Gulf area.

On Monday, the MOEX Russia Index and the consolidated MSCI All Country World Index showed a near-zero trend. Expectations to mitigate the rhetoric of the Fed at the next meeting on 18-19 June were levelled by the unclear prospects for a US-PRC trade deal and weak statistics. The head of the US Commerce Department said that the American president and the chairman of the People's Republic of China during the meeting at the G20 summit in Osaka on 28-29 June will hardly be able to resolve the trade conflict between the two countries. In the US, the manufacturing activity index of New York by Empire Manufacturing in June for the first time in two years collapsed below zero, showing the maximum rate of decline in history.

During the trading session, the electric utilities sector index looked significantly better than the market. The main contribution to the MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of Inter RAO. From the news of the grid sector one can note the information of Kommersant that Rosseti insists on accelerated growth of tariffs for direct consumers of transmission grids and asks the government to increase them fourfold over three years. According to analysts of Sberbank, if the decision is made, the financial effect for FGC UES and Rosseti will be neutral, given that the increase in tariffs for FGC UES's consumers should be accompanied by a decrease in tariffs for transmission of electricity through FGC UES's grids for IDGCs.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy supported the initiative of Rosseti to increase FGC UES's tariffs

The Ministry of Energy of the Russian Federation as a whole supports the initiative of Rosseti's Group to increase the tariff for electricity transmission through transmission grids of FGC UES (included in Rosseti), to create equal conditions for doing business for both large entrepreneurs and small and medium-sized ones, a representative of the Ministry of Energy said to TASS.

Read full text: <http://www.bigpowernews.ru/markets/document88588.phtml>

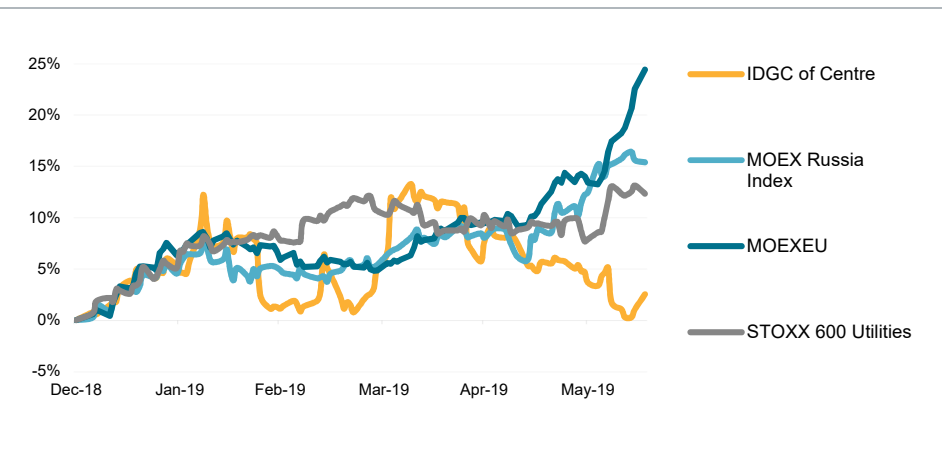
COMPANY NEWS

Tambovenergo's Youth Council on the Day of Russia organized an interactive site for citizens

Employees of Rosseti Centre - Tambovenergo division, members of the Youth Council, took part in the celebration of the Day of Russia and the City Day by organizing an interactive themed site "Energolandia" in a park in one of the central streets of the city of Tambov.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68654/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 734,31	-0,18%	15,40%
S&P 500	2 889,67	0,09%	15,27%
FTSE 100	7 357,31	0,16%	9,35%
DAX	12 085,82	-0,09%	14,46%
DJStoxx 600	378,46	-0,09%	12,09%
Nikkei	21 124,00	0,03%	5,54%
Sensex	38 960,79	-1,25%	8,02%
CSI300	3 654,82	0,00%	21,40%
Bovespa	97 623,25	-0,43%	11,08%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,43	-0,31%	-7,25%
EURO/RUB	72,70	-0,43%	-8,51%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 339,66	0,15%	4,46%
Brent*, USD/bbl	60,94	-1,73%	13,27%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2932	12,38	192,11
IDGC of Centre & Volga Reg	0,3083	34,74	539,24

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,70%	12,34%
MOEXEU Index	1,53%	24,45%
IDGC of Centre**	1,45%	2,52%
IDGC of Centre and Volga Region**	3,32%	16,34%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-3,32%	27,27%
FGC UES	-1,53%	12,75%
IDGC of Volga	-1,00%	1,38%
MOESK	1,17%	4,77%
IDGC of Northern Caucasus	3,02%	2,43%
IDGC of North-West	-0,61%	-11,53%
IDGC of Urals	-2,53%	0,33%
IDGC of Siberia	0,49%	61,66%
IDGC of South	0,55%	16,80%
Lenenergo, ordinary shares	-0,87%	7,94%
TRK, ordinary shares	0,00%	11,69%
Kubanenergo	0,00%	20,08%

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