



IDGC OF CENTRE

DAILY MARKET REVIEW

25 December, Thursday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 24 December some moderately positive external background formed on the Russian market. On Tuesday the U.S. indices DJIA and S&P500 closed the trading session higher by 0.2-0.4% with updating their historical highs. The composite index of the Asia-Pacific region added 0.9% mainly due to growing stocks of Japanese companies after the holiday on the stock exchanges in Japan on Wednesday. Investors' optimism was driven by strong data from the U.S.: in particular, the estimate of GDP growth in the III quarter was improved to 5% – the maximum rate of economic recovery since 2003, data on expenditure of the population in November and consumer confidence in December were better than expected. February Brent traded near \$61.3 per barrel – half a dollar above the level of our closing on 23 December. Oil quotes were supported with good statistics from the U.S. and information from Reuters that the Arab countries, included in the OPEC, expect that by the end of 2015, world oil prices would stabilize at around \$70-80 per barrel. In this case, notes Reuters, the Arab OPEC representatives do not foresee and even do not greet the return of oil prices to \$100 a barrel – to levels that stimulate oil production with high costs.

Despite some low-key external positive background, the MICEX Index began the trading session with a percent decline under pressure of news from rating agencies S&P and Moody's. Firstly, S&P placed the ratings of the Russian Federation to review with "negative" outlook, explaining its decision, including with "sharp decline" of the monetary policy flexibility. In a press release, S&P stresses that the agency expects to complete a review by mid-January. The downgrade of the Russian Federation by S&P at least one step would mean its transition into the "junk" category, which analysts say could trigger a wave of selling Russian assets. Secondly, Moody's followed by a decrease in non-sovereign ceiling rating of issuers of the Russian Federation to the country level placed on review with "negative" outlook ratings of 16 banks and 45 non-financial companies in Russia. In addition, Moody's noted that this action reflects the increased risk of a longer and deeper recession than originally anticipated – the agency's analysts expect GDP fall by 5.4%, in 2016 – by 3%. However, by mid-day the MICEX Index reduction, given the accumulated being oversold, was purchased, and the remainder of the trading session, the MICEX Index had flat dynamics around zero. Decline in the end of the day in oil the price to around \$59.5 per barrel after a report of the U.S. Department of Energy, which recorded a sharp increase in oil reserves, had no significant effect on the dynamics of the Russian market.

During the trading session the MicexPWR Sector Index looked worse than the market mainly due to profit-taking in shares of RusHydro, FGC UES and Russian Grids, which demonstrated the forward-looking in comparison with the market rate of recovery from the local minima on December 16th. On Western exchanges the European DJStoxx Index and the U.S. S&P Index closed near zero.

ELECTRIC POWER INDUSTRY NEWS

"Russian Grids" may terminate the contract with ERdF to manage TRK

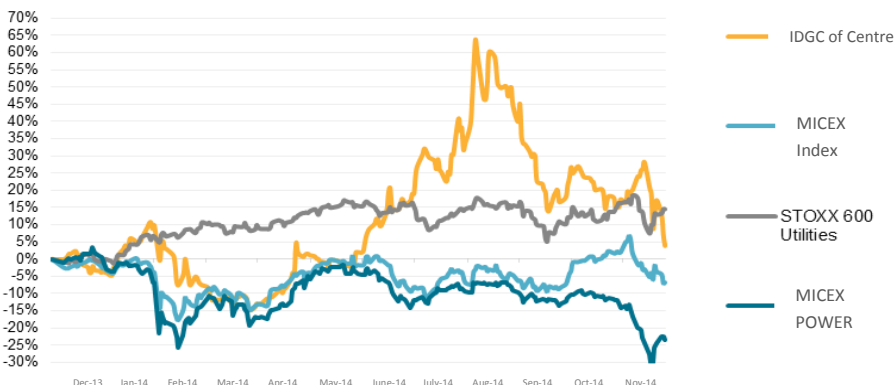
To read full text: <http://itar-tass.com/ekonomika/1668783>

COMPANY NEWS

IDGC of Centre - Lipetskenergo division invested more than 1.7 billion rubles in 2014 in its facilities

To read full text: http://abireg.ru/n_43497.html

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 401,50	0,24%	-6,82%
S&P 500	2 081,88	-0,01%	12,63%
FTSE 100	6 609,93	0,18%	-2,06%
DAX	9 922,11	0,00%	3,87%
DJStoxx 600	343,89	-0,05%	4,76%
STOXX Utilities	318,68	0,03%	14,50%
Nikkei	17 854,23	1,24%	9,59%
Sensex	27 208,61	-1,08%	28,52%
CSI300	3 230,39	-2,84%	38,64%
Bovespa	50 889,81	0,00%	-1,20%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,22	0,11%	-11,60%
USD/RUB	54,57	-3,41%	66,73%
Euro/RUB	66,75	-3,60%	48,44%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 173,80	-0,24%	-2,32%
Brent*, USD/bbl	60,24	-2,35%	-42,85%

* - February futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2270
Capitalisation**, billion RUB	9,58
Capitalisation**, million USD	175,62

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-1,12%	-23,40%
Shares of IDGC of Centre**	-2,99%	3,84%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-1,08%	-41,06%
FGC UES	-2,08%	-48,29%
IDGC of Volga	0,56%	18,53%
MOESK	2,56%	-13,63%
IDGC of Northern Caucasus	-4,07%	-23,58%
IDGC of Centre and Volga Reg	-4,32%	34,73%
IDGC of North-West	3,20%	-9,19%
IDGC of Urals	-0,49%	-5,13%
IDGC of Siberia	1,69%	27,66%
IDGC of South	3,70%	-4,29%
Lenenergo	2,70%	-17,89%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange

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