

DAILY MARKET REVIEW

21 September, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 20 September some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with an increase of 0.1-0.6%. The driver of the rise was shares of the financial sector, following the growth of yield of the US 10-year government bonds to the level of 3.08% – a maximum in seven years, and securities of commodity companies due to higher oil prices. Additional support for US markets was provided by good statistics: in the US the number of new buildings in August grew more than expected, the current account deficit in the second quarter fell to a minimum in three years. On Thursday the composite index of the Asia-Pacific region, MSCI Asia Pacific, added 0.2% with mixed changes of the main country indices. November Brent futures traded near \$79.7 per barrel, \$0.5 higher than our closing on 19 September. Positive background for oil quotes was data from the US Department of Energy, which recorded a drop in oil reserves for the fifth consecutive week.

On Thursday, the Russian market, as well as global markets in general, was dominated by buyers due to investors' demand for risky assets. In the middle of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM added more than half a percent. Major US indices started trading with a half-percentage rise, the S&P500 and DJIA updated their historical records. As Bloomberg noted, although many analysts fear that a full-scale trade war between the US and China will be a significant negative factor for the growth of the global economy, traders consistently turn a blind eye to this risk by switching to positive factors. In particular, yesterday the markets were supported by strong statistics from the US, where the number of applications for unemployment benefits updated its minimum in 49 years, the index of business activity in Philadelphia in September exceeded the forecast. At the end of the day, the MOEX Russia Index fell below the zero mark under the pressure of falling Brent quotes to \$78.5 per barrel after the US president once again called on OPEC to ensure a decline in oil prices.

During the day changes of the MicexPWR Sector Index in general corresponded to the market. The main contribution to the final MicexPWR increase in antiphase with the MOEX Russia Index was made by Unipro's shares. From the news of the electric grid sector, one can note Kommersant's information that Deputy Prime Minister Dmitry Kozak supported the proposal of the Ministry of Energy to differentiate the tariff of FGC UES, which, according to the newspaper, is similar to the mechanism of the "last mile" cancelled since the summer of 2017. In the opinion of Aton's analysts, the proposed mechanism will have little impact on the financial performance of FGC UES, but should, like the "last mile", somewhat compensate for the shortfall in income of IDGCs. In turn, BCS believes that tariffs for FGC UES can improve due to the transfer of cross-subsidization to the level of high voltage grids – previously this mechanism was applied to IDGCs.

ELECTRIC POWER INDUSTRY NEWS

Mr. Kozak after the adjustment approved the entire package of proposals of the Ministry of Energy for the tariff reform of electricity grids, including the differentiation of the tariff of FGC UES - says the newspaper

Deputy Prime Minister Dmitry Kozak at a meeting on 19 September supported the proposal of the Ministry of Energy to differentiate the tariff of Federal Grid Company (FGC UES, owns transmission grids, controlled by Rosseti), Kommersant reports referring to five sources familiar with the outcome of the discussion.

Read full text: <http://www.bigpowernews.ru/markets/document84594.phtml>

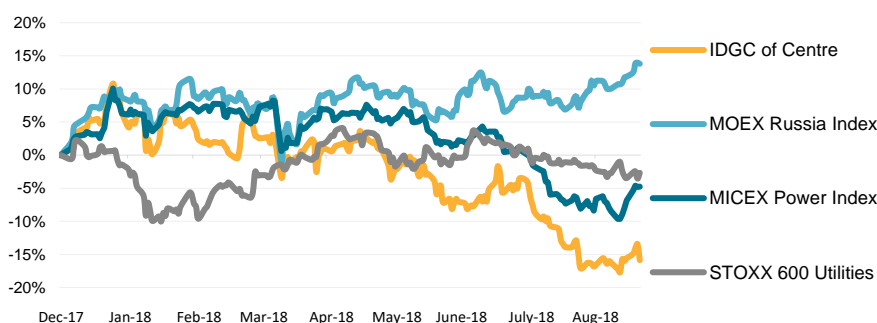
COMPANY NEWS

General Director of IDGC of Centre Igor Makovskiy had a working visit to the Tver branch of the company

The main purpose of the visit was to check the readiness of Tverenergo to conduct the Exercises of SDCs of PJSC Rosseti for organizing interaction and eliminating mass interruptions at power grid facilities in the Tver region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65687/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 400,89	-0,15%	13,80%
S&P 500	2 930,75	0,78%	9,62%
FTSE 100	7 367,32	0,49%	-4,17%
DAX	12 326,48	0,88%	-4,58%
DJStoxx 600	382,63	0,70%	-1,68%
Nikkei	23 674,93	0,01%	4,00%
Sensex	37 121,22	0,00%	9,00%
CSI300	3 310,13	-0,07%	-17,88%
Bovespa	78 116,01	-0,07%	2,24%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	67,01	-1,10%	16,28%
EURO/RUB	78,36	-1,03%	13,92%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 207,18	0,26%	-7,34%
Brent*, USD/bbl	78,70	-0,88%	22,93%

* - November futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	Change	
		MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2995	12,64	188,69
IDGC of Centre & Volga Reg	0,2870	32,34	482,68

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,91%	-2,68%
MICEX POWER Index	0,07%	-4,74%
IDGC of Centre**	-2,76%	-15,87%
IDGC of Centre and Volga Region**	-1,03%	-4,87%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,10%	-12,52%
FGC UES	0,67%	1,64%
IDGC of Volga	1,25%	-1,66%
MOESK	-0,99%	-22,02%
IDGC of Northern Caucasus	0,66%	-20,57%
IDGC of North-West	-0,15%	29,42%
IDGC of Urals	0,58%	-17,66%
IDGC of Siberia	-2,63%	-19,21%
IDGC of South	1,03%	31,44%
Lenenergo, ordinary shares	-0,47%	32,71%
TRK, ordinary shares	0,00%	-10,51%
Kubanenergo	1,12%	-31,12%

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