

DAILY MARKET REVIEW

16 October, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 13 October some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a small decrease in the range of 0.2%. Correction was led by shares of financial companies after the publication of third quarter financial statements by JPMorgan and Citigroup. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added within half a percent mainly due to the Japanese market growth – the Nikkei225 rose above 21,000 points for the first time since 1996 on good corporate reporting. Support for investors in the Asian session was also provided by statistics from China, where the increase in exports and imports in September met the expectations of analysts. December Brent futures traded near the mark of \$56.6 per barrel, slightly higher than our closing level on 12 October. Oil quotes consolidated at the annual highs on statistics from the US Department of Energy, which recorded a reduction in oil production and reserves in the country last week.

In the first half of the day the MICEX Index and the European Stoxx Europe 600 Index traded in a small plus within half a percent due to higher prices for oil and metals. In particular, the Brent quotes rose to \$57.5 per barrel on news about the increase in China's oil imports, growing tensions in the Middle East – according to media reports, the troops of Iraq and Kurdistan are being transferred to the oil-rich Kirkuk area, and the expectations of Donald Trump's statements on the nuclear deal with Iran. In the second half of the trading session the growth rates of Russian and European markets slowed against the background of the strengthening of regional currencies against the US dollar after the publication of data on weaker than expected inflation in the US in September, which provoked a fall in expectations of the Fed's rate hike in December. At the end of the day, investors were supported by regular records of the US market on strong statistics – retail sales rose in September at the maximum rate since 2015 thanks to recovery from natural disasters, the consumer confidence index in October jumped to a maximum in 13 years.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR outperformance in comparison with the MICEX Index was made by RusHydro's shares.

ELECTRIC POWER INDUSTRY NEWS

Discounted Capacity Supply Agreement from aging

A version of the Russian energy sector modernization, for the first time announced only a week ago, turned into a practically approved decision. At a conference of NP "Market Council" in Pyatigorsk on 13 October it was announced that the industry leadership opted for the mechanism of a two-stage competitive capacity auction, which, in fact, extends the already-run Capacity Supply Agreement system (power supply contracts) for the modernization. The Ministry of Economic Development and "Fortum" offered to admit to the competitive auction projects of grid companies as well, which provide for an increase in power due to grid solutions.

Read full text: <http://peretok.ru/articles/strategy/16726/>

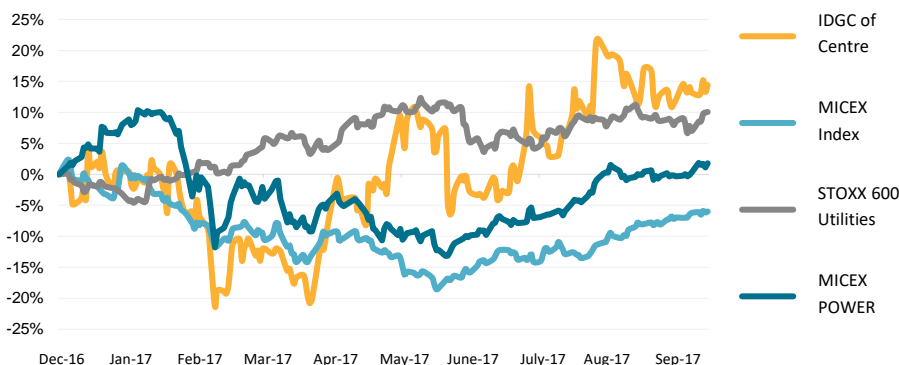
COMPANY NEWS

IDGC of Centre is ready to work in the autumn-winter period

IDGC of Centre received its certificate of readiness for operation through the autumn-winter maximum of loads in 2017/2018. The document certifying the successful completion of preparations for the autumn-winter period was presented to the company's CEO Oleg Isaev by Chair of the Commission of the Ministry of Energy of Russia, Deputy Director of the Department for Operational Control and Management in the Electric Power Industry of the Ministry of Energy of the Russian Federation Elena Medvedeva.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62114/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 098,77	0,18%	-6,00%
S&P 500	2 553,17	0,09%	14,04%
FTSE 100	7 535,44	-0,28%	5,50%
DAX	12 991,87	0,07%	13,16%
DJStoxx 600	391,42	0,29%	8,30%
STOXX Utilities	304,62	0,08%	10,06%
Nikkei	21 155,18	0,96%	10,68%
Sensex	32 432,69	0,78%	21,81%
CSI300	3 921,00	0,21%	18,46%
Bovespa	76 989,79	0,43%	27,83%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,18	-0,13%	12,39%
USD/RUB	57,69	-0,40%	-4,90%
Euro/RUB	68,45	-0,08%	7,26%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 303,82	0,78%	13,62%
Brent*, USD/bbl	57,17	1,64%	-2,66%

* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,5115
Capitalisation**, billion RUB	21,59
Capitalisation**, million USD	374,34

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,66%	1,78%
Shares of IDGC of Centre**	0,99%	14,43%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,14%	-8,22%
FGC UES	0,12%	-15,48%
IDGC of Volga	0,26%	110,54%
MOESK	-0,45%	-1,67%
IDGC of Northern Caucasus	-2,30%	-3,85%
IDGC of Centre and Volga Reg	1,44%	133,11%
IDGC of North-West	1,59%	16,00%
IDGC of Urals	-0,52%	17,33%
IDGC of Siberia	0,30%	59,62%
IDGC of South	-0,22%	-15,27%
Lenenergo, ordinary shares	-0,46%	-2,36%
TRK, ordinary shares	0,00%	-13,03%
Kubanenergo	1,30%	-10,34%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC
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