

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 22 October some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 rose by 0.2% and 0.7%, respectively, the rise of the DJIA limited the continued decline in Boeing's shares. On Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added 0.3%. The markets were supported by growth of hopes for the successful completion of the first stage of the US-PRC trade deal. Donald Trump stated that "the agreement with China is progressing very successfully," the US Trade Representative Robert Lighthizer clarified that he expects to sign the first phase of the agreement at the summit in mid-November. In turn, the deputy foreign minister of China announced the achievement of "certain progress" in trade negotiations. December Brent futures were trading around \$58.8 per barrel, \$0.1 higher than our close on 21 October.

On Tuesday, buyers dominated the Russian market, despite inexpressive changes of global stock indicators. In the second half of the trading session, the growth of the MOEX Russia Index was about a percent. Gazprom's shares became the driver of the market's rise, closing the day with a 3% increase in quotes against some positive news background. Firstly, the media reported on a constructive meeting of representatives of the Russian Federation, the EU and Ukraine on the transit of Russian gas to Europe through Ukraine after 2019. Secondly, the head of the Ministry of Energy of the Russian Federation said that gas supplied via the Turkish stream could come to Bulgaria in January 2020, to Serbia during the first half of 2020. The consolidated MSCI All Country World Index during the day was trading sideways near zero – investors are waiting for the results of the vote in the British Parliament on the deal with the European Union. According to the British media, the country's Prime Minister said on Tuesday that he would withdraw the Brexit bill if the parliament does not pass it in the next three days and would push for a general election. At the end of the trading session, the growth of the MOEX Russia Index approached 1.5% following the increase in Brent oil quotes to \$60 per barrel on media reports that OPEC+ countries will consider the possibility of a stronger reduction in oil production in December due to fears of a weak increase in demand in 2020.

During the day, the electric utilities sector index underperformed, the activity of buyers was concentrated in the first-tier stocks.

ELECTRIC POWER INDUSTRY NEWS

The Federation Council proposed to use part of the funds of the NWF to "cross-subsidies"

Yury Fedorov, Deputy Chairman of the Economic Policy Committee of the Federation Council, proposed to use part of the NWF funds to reduce cross-subsidization in the electricity industry.

Read full text: <http://www.bigpowernews.ru/markets/document90365.phtml>

From 2020 Rosseti to become a participant in tax monitoring

The Federal Tax Service supported Rosseti's initiative to transfer it from 1 January 2020 to a tax monitoring system. This indicates a high confidence in the company from the regulatory authority. This form of tax control will minimize tax risks and reduce the time for tax audits to a minimum.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36341

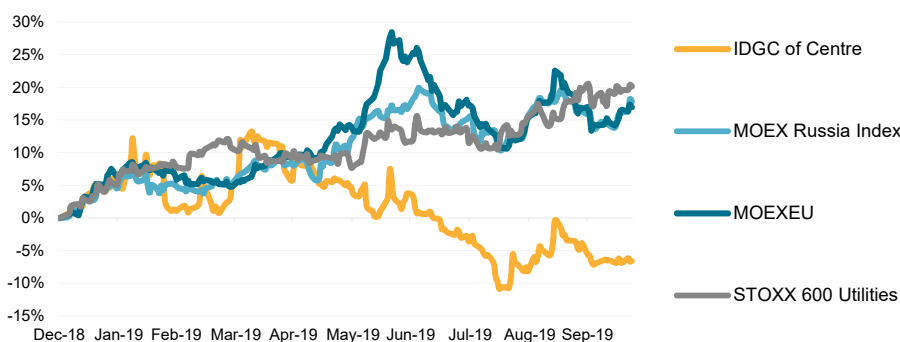
COMPANY NEWS

Yarenergo creates a digital Distribution Zone

Within the framework of the project "Digital Distribution Zone", the branch "Rosseti Centre Yarenergo" will reconstruct the distribution grid using reclosers, controlled disconnectors, short circuit indicators, as well as set up communication channels and other elements for increasing the observability of electric grids in Tutaevsky district of the Yaroslavl region.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69941/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 802,23	1,49%	18,27%
S&P 500	2 995,99	-0,36%	19,51%
FTSE 100	7 212,49	0,68%	7,20%
DAX	12 754,69	0,05%	20,79%
DJStoxx 600	394,59	0,09%	16,86%
Nikkei	22 548,90	0,00%	12,66%
Sensex	38 963,84	-0,85%	8,03%
CSI300	3 895,88	0,39%	29,40%
Bovespa	107 381,10	1,28%	22,18%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,76	-0,30%	-8,22%
EURO/RUB	71,17	0,06%	-10,43%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 487,68	0,21%	16,00%
Brent*, USD/bbl	59,7	1,26%	10,97%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2670	11,27	176,79	
IDGC of Centre & Volga Reg	0,2503	28,21	442,41	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,63%	20,43%
MOEXEU	0,91%	17,41%
IDGC of Centre**	-0,52%	-6,64%
IDGC of Centre and Volga Region**	0,52%	-5,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,90%	54,96%
FGC UES	0,37%	25,18%
IDGC of Volga	0,00%	-4,49%
MOESK	0,34%	35,00%
IDGC of Northern Caucasus	1,12%	132,57%
IDGC of North-West	1,56%	11,35%
IDGC of Urals	0,57%	-4,55%
IDGC of Siberia	-1,43%	107,90%
IDGC of South	0,26%	4,87%
Lenenergo, ordinary shares	-0,71%	32,70%
TRK, ordinary shares	0,67%	46,10%
Kubanenergo	-1,48%	22,95%

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