



IDGC OF CENTRE

DAILY MARKET REVIEW

22 August, Friday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on the 21th of August some moderately positive external background formed on the Russian market. On Wednesday the U.S. indices DJIA and S&P500 closed the trading session higher by 0.2-0.4%, having managed at the end of the day to overcome the negative trend that had emerged in the market after the publication of the minutes of the July's meeting of the Fed. Investors' concern was related to the possibility of an earlier than now expected interest rate increase by the U.S. Central Bank in connection with the fact, as noted in the paper, of approaching the objectives of the committee (the maximum employment and inflation rate of 2%) occurred faster than expected. At the same time, writes Bloomberg, analysts saw nothing "shocking" in the minutes, and the indices closed in positive territory in anticipation of the head of the Federal Reserve talking at the annual economic symposium in Jackson Hole. On Thursday the major stock indices of the Asia-Pacific region showed mixed trends, the composite MSCI Asia Pacific index was near zero. Statistics from China had pressure on the markets, where, according to preliminary data of HSBC, the index of manufacturing activity in August fell to the lowest in three months. October Brent crude futures traded near \$102 a barrel – at the level of our closing on the 20th of August. Negative Chinese statistics were offset with data of the U.S. Department of Energy that reported a maximum for more than a month reduction of oil reserves.

The Russian market continues to grow in the absence of negative news from Ukraine – in the second half of the trading session the pace of recovery of the MICEX Index reached 1.5%. Our market was supported with the preservation of optimism in European markets, where the growth of the major indices averaged about half a percent – investors expect the Fed's Chair in her speech would still support the current soft policy of the American Central Bank. Against this background released worse than expected data on business activity in the Eurozone in August and retail sales in the UK in July did not have a significant effect on the dynamics of trading. At the end of the day some strong statistics were published from the United States: in July sales in the secondary market rose to a maximum of 10 months, the growth rate of the index of leading economic indicators was the highest since March, and data on business activity in Philadelphia in August were better than expected. However, these data, considered in the light of the expectations of the Fed's rate decision-making, became the reason for the burst of volatility in the American market in early trading and profit-taking on the Russian market – the MICEX Index has lost a third of the day's growth.

By the end of trading session the MicexPWR Sector Index looked a little worse than the market mainly due to lower shares of E.ON Russia after the publication of statements for the 1 half-year.

August 20 Renaissance Capital resumed analytical coverage of electric grid companies. For the majority of papers the recommendation to "sell" was assigned. The exception was shares of IDGC of Centre (target price of 0.36 RUB) and IDGC of Centre and Volga Region – experts recommend to "buy" these securities, and shares of IDGC of South are set to the recommendation to "hold". In general, analysts of Renaissance Capital said, three main factors are required to recover the investment attractiveness of the electric grid companies: growth in electricity demand, transparency of the regulatory environment, and privatization of IDGCs. On Western exchanges the European DJStoxx 600 Index gained 0.66%, and the U.S. S&P Index was 0.29% up.

ELECTRIC POWER INDUSTRY NEWS

"Russian Grids" and "Rostech" approved a "road map" for import substitution of electrical equipment

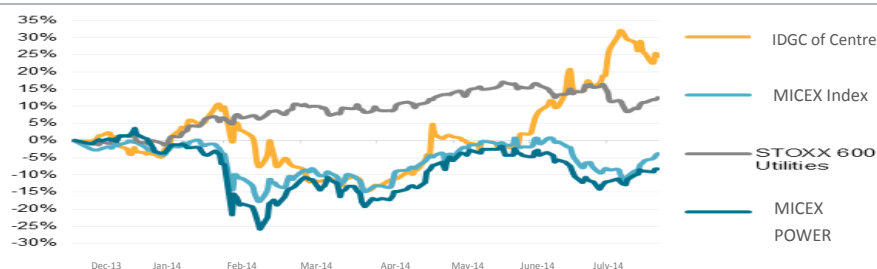
To read full text: <http://www.bigpowernews.ru/news/document58058.phtml>

COMPANY NEWS

"Russian Grids" and the authorities of the Bryansk and Kostroma regions signed an agreement on measures to support agribusiness and food industry

To read full text: http://www.mrsk-1.ru/ru/press/news/company/?id_4=89571

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 461,75	0,98%	-2,81%
S&P 500	1 992,37	0,29%	7,79%
FTSE 100	6 777,66	0,33%	0,42%
DAX	9 401,53	0,93%	-1,58%
DJStoxx 600	337,51	0,66%	2,82%
STOXX Utilities	315,26	0,63%	13,27%
Nikkei	15 586,20	0,85%	-4,33%
Sensex	26 360,11	0,17%	24,51%
CSI300	2 354,24	-0,50%	1,04%
Bovespa	58 992,11	0,19%	14,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,33	-0,08%	-3,70%
USD/RUB	36,22	0,32%	10,68%
Euro/RUB	48,19	-0,04%	7,17%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 276,78	-1,17%	6,25%
Brent*, USD/bbl	102,63	0,34%	-4,37%

* - October futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2850
Capitalisation**, billion RUB	12,03
Capitalisation**, million USD	332,16

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	0,63%	-7,76%
Shares of IDGC of Centre**	4,66%	30,38%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	0,19%	-32,56%
FGC UES	-0,74%	-38,70%
IDGC of Volga	4,21%	9,75%
MOESK	-0,67%	-27,08%
IDGC of Northern Caucasus	0,62%	5,18%
IDGC of Centre and Volga Reg	-1,83%	58,59%
IDGC of North-West	-1,23%	12,64%
IDGC of Urals	0,86%	-8,26%
IDGC of Siberia	-2,17%	27,66%
IDGC of South	0,74%	31,51%
Lenenergo	2,07%	18,97%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange
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