

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 24 October some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 rose by 0.2-0.3%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.4%. In the absence of significant news related to the US-China trade negotiations and the situation around Brexit, investors turned their attention to corporate reporting. According to Bloomberg, of the already reported 30% of companies from the S&P500 index, more than 80% exceeded expectations for net profit. At the same time, analysts believe that the current quarterly reporting season in the US may turn out to be better than pessimistic expectations. In particular, FactSet and Refinitive experts predicted a decrease in earnings per share of companies from the S&P500 index by an average of 3%. December Brent futures were trading around \$61.0 per barrel, \$0.7 higher than our close on 23 October. Support for oil quotes was provided by statistics from the US Department of Energy, which recorded the first decline in oil reserves in the first six weeks by 1.7 million barrels, as well as the continued reduction in gasoline and distillate reserves.

On Thursday, buyers dominated the Russian market – the MOEX Russia Index updated its all-time high mainly due to rising stock prices for oil and gas companies. The industry-specific oil and gas index, which reflects the changes of the value of companies whose weight in the MOEX Russia Index exceeds 50%, grew by 2.4% at the end of the day following the rise in Brent quotes above \$61.5 per barrel. Additional support for our market was provided by improving sentiment on European markets – the consolidated Stoxx Europe 600 Index during the day traded in a half percent plus on good reporting by a number of companies and statistics on business activity. According to preliminary data from IHS Markit, in October the Eurozone's consolidated PMI rose to 50.2 points, while in the main industrial locomotives of the region – France and Germany – a decrease in the decline in production activity was recorded. The results of the ECB meeting did not come as a surprise to investors and did not affect the changes of financial markets. The regulator, as predicted, kept key interest rates at the same level and confirmed the launch of a program of asset repurchases of €20 billion per month from 1 November. The head of the ECB traditionally noted serious downward risks for the Eurozone's economy, which justify the use of stimulus measures by the central bank, and also emphasized the need to soften budget policies by the Eurozone's countries.

During the day, the electric utilities sector index looked significantly worse than the market – the main activity of buyers was concentrated in shares of oil and gas companies. The main contribution to the small MOEXEU growth was made by shares of Rosseti, supported by good RAS statements for nine months – the company's net profit increased 5.2 times compared to the same period last year, to 100.4 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

For the first time, Russia in terms of "Connecting to the power supply system" rose to the 7th place in the World Bank Doing Business ranking

According to the data published today, for the first time in history, the Russian Federation took the 7th place in the ranking of the World Bank Group Doing Business in terms of the indicator "Connection to the power supply system".

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36354

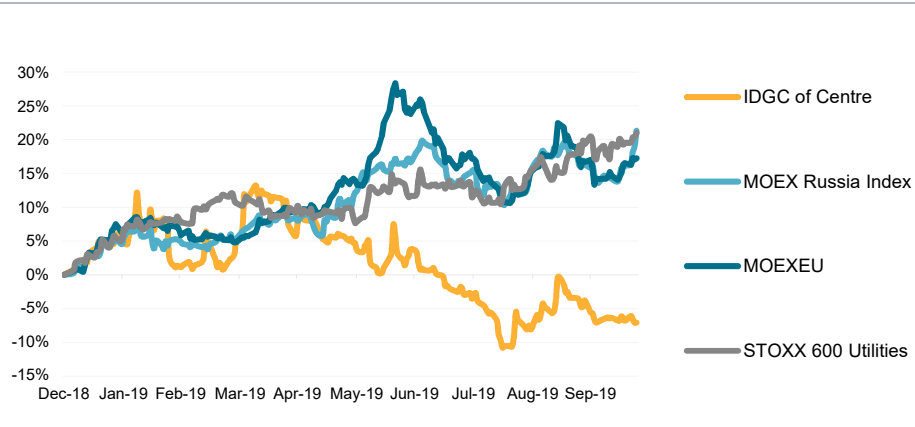
COMPANY NEWS

General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy checked the functioning of the electric grid complex of the Kostroma region

General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy made a working trip to the Kostroma region, during which he checked the functioning of the region's electric grid complex.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69960/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 877,05	1,97%	21,43%
S&P 500	3 010,29	0,19%	20,08%
FTSE 100	7 328,25	0,93%	8,92%
DAX	12 872,10	0,58%	21,91%
DJStoxx 600	397,37	0,59%	17,69%
Nikkei	22 750,60	0,55%	13,67%
Sensex	39 020,39	-0,10%	8,18%
CSI300	3 870,67	-0,01%	28,57%
Bovespa	106 986,10	-0,52%	21,73%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,80	0,26%	-8,16%
EURO/RUB	70,96	0,06%	-10,69%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 503,98	0,79%	17,27%
Brent*, USD/bbl	61,67	0,82%	14,63%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2656	11,21	175,75
IDGC of Centre & Volga Reg	0,2492	28,08	440,19

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,53%	21,13%
MOEXEU	0,16%	17,33%
IDGC of Centre**	0,00%	-7,13%
IDGC of Centre and Volga Region**	0,28%	-5,96%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,77%	52,30%
FGC UES	0,13%	24,09%
IDGC of Volga	0,27%	-4,59%
MOESK	-0,67%	34,02%
IDGC of Northern Caucasus	0,31%	127,71%
IDGC of North-West	0,48%	12,52%
IDGC of Urals	-0,46%	-5,53%
IDGC of Siberia	1,92%	111,80%
IDGC of South	1,04%	6,89%
Lenenergo, ordinary shares	0,43%	33,08%
TRK, ordinary shares	-2,07%	38,31%
Kubanenergo	-2,12%	22,75%

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