

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 25 November some moderately positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 0.2-0.4%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.7%. The markets were supported by growing hopes for the US-China trade agreement after optimistic statements by the leaders of the countries: the PRC chairman confirmed China's desire to conclude a trade deal with the US, and Donald Trump, in turn, said that Washington and Beijing are "very close" to the deal. An additional positive factor for investors in the Asian session was the message of the Chinese authorities on the development of new measures to protect intellectual property, which was perceived by investors as a step towards Washington in one of the most controversial issues in the trade negotiations. January Brent futures were trading at around \$63.7 per barrel, at the level of our close on Friday, 22 November.

On Monday, the world stock markets kept cautious optimism, due to positive signals regarding the prospects of the US-China trade deal – the consolidated MSCI All Country World Index most of the day was trading in a small plus within a third of a percent. At the same time, the rise in markets was limited by Reuters information that, due to difficulties with the implementation of the first phase of the transaction, significant progress in subsequent stages is unlikely until the US presidential election in 2020. As for the first stage, experts believe that it will still be completed: Donald Trump needs to announce victory in the election campaign, and Beijing needs to move on to solving internal issues. At the same time, both parties are interested in reducing tensions in the financial markets. After the opening of the American market, the MSCI ACWI growth reached two-thirds of a percent, while the growth of our market was constrained by inexpressive changes of oil prices – Brent quotes tested the mark of \$63 per barrel.

During the day, the electric utilities sector index outperformed, mainly due to the growth of shares of electric grid companies. According to Interfax, a number of Rosseti's subsidiaries, including FGC UES, may consider paying interim dividends for 9M2019 – in fact, we are talking about the possible payment of dividends by those companies that Rosseti themselves do not help. Such a decision, Interfax writes, may be connected with the plans for dividend payment by Rosseti based on the results of 2019. "Public companies of the electric grid complex are carrying out work related to the dividend policy, which in our opinion looks logical given the increase in dividend payments in general by Russian state-owned companies. Consideration of the possibility of interim dividends for 9 months of 2019 by companies included in Rosseti may be a sign that they plan to increase payments to shareholders. The likely increase in dividend payments by the companies may subsequently lead to a revaluation of the value of their shares by the market," the Promsvyazbank review says. In turn, VTB Capital, noting that the dividends of Rosseti's subsidiaries are the basis for the holding's ability to pay its own dividends, recalled Kommersant's message according to which Rosseti plans to increase dividend payments to 75% of RAS net profit. In this case, according to bank analysts, Rosseti's shares can provide dividend yield of up to 8%.

ELECTRIC POWER INDUSTRY NEWS

The government to approve the grid reform while reducing fees for energy transmission, - the newspaper

The relevant ministries continue to argue about the proposals of the Ministry of Energy to increase the tariffs of Federal Grid Company and introduce a fee for the power grid reserve. The government generally approves the initiatives, but only if there is a guaranteed reduction in energy transmission fees. The Ministry of Energy believes that the proposed mechanisms already imply a reduction in tariffs, while Rosseti estimates its potential at 6% on average in the country. Big business disagrees, and analysts allow tariff reductions only in the long run.

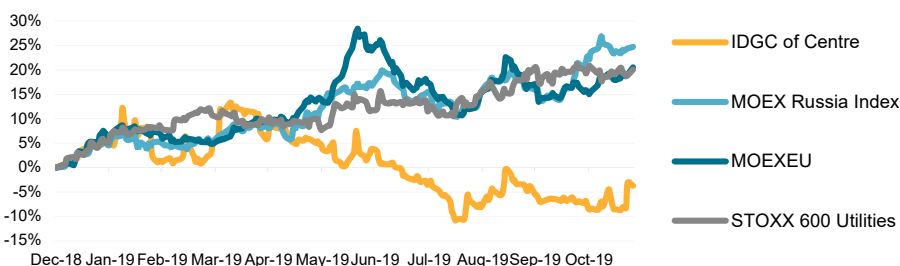
Read full text: <http://www.bigpowernews.ru/markets/document90809.phtml>

COMPANY NEWS

The company "Rosseti Centre" has published its performance results and management discussion and analysis (MD&A) to Interim Financial Statements for 9 months of 2019 under IFRS

Read full text: <https://www.mrsk-1.ru/press-center/news/company/70307/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 955,32	0,26%	24,73%
S&P 500	3 129,87	0,63%	24,85%
FTSE 100	7 397,48	0,96%	9,95%
Nikkei	23 292,81	0,78%	16,38%
Sensex	40 889,23	1,31%	13,37%
CSI300	3 878,21	0,73%	28,82%
Bovespa	108 381,5	-0,29%	23,32%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,7101	-0,21%	-8,29%
EURO/RUB	70,5207	-0,25%	-11,25%

Source: Bloomberg, Company calculations (19:00 MSK)

Liquidity	IDGC of Centre		IDGC of Centre & Volga Region	
	Value	Change	Value	Change
Number of transactions, pcs.	1 389		2 330	
Trading volume, ₺ mln	21,2		69,0	
Trading volume, mln pcs.	77,1		320,8	
Average trading volume over the last 30 days, mln pcs.	22,4		214,9	
% of the authorized capital	0,18%		0,28%	

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln		MCap**, \$ mln	
		Value	Change	Value	Change
IDGC of Centre	0,2752	11,62	182,36		
IDGC of Centre & Volga Reg	0,2147	24,20	379,79		

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,04%	20,11%
MOEXEU	1,26%	20,54%
IDGC of Centre**	-0,65%	-3,78%
IDGC of Centre & Volga Region**	2,24%	-18,98%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	2,17%	55,80%
FGC UES	2,57%	34,01%
IDGC of Volga	3,39%	-16,02%
MOESK	4,19%	79,02%
IDGC of Northern Caucasus	0,50%	129,86%
IDGC of North-West	4,07%	-3,15%
IDGC of Urals	3,95%	-5,96%
IDGC of Siberia	2,05%	94,15%
IDGC of South	0,92%	10,28%
Lenenergo, ordinary shares	0,00%	32,70%
TRK, ordinary shares	1,36%	21,10%
Kubanenergo	-1,28%	26,64%

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