



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 27 December some positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 jumped by 5% – the maximum increase in percentage terms since 2009. At the same time, the DJIA growth by 1,086 points was a record for the entire period of the indicator's existence. According to analysts, traders took advantage of the sharp December's correction to buy depreciating US stocks – the fall from the September's highs was almost 20%. The reason for optimism was a number of factors. Firstly, Donald Trump declared confidence in the heads of the Treasury and the Fed. Secondly, the presidential economic adviser assured the markets that the Fed head would undoubtedly keep his post. Thirdly, the media reported that the US and China may hold trade talks in Beijing on 7 January. Finally, according to a Mastercard report, the pace of increase in retail sales in the US was the best in six years, despite the fall in the stock market and the increase in political risks in the country. Following the US markets, the composite stock index in the Asia-Pacific region MSCI Asia Pacific added 1.9% on Thursday. February Brent futures traded around \$54.3 per barrel, \$2.2 above our 26 December close. Brent quotes added 7.9% on Wednesday on overall optimism in the financial markets.

The MOEX Russia Index began trading with almost a 1.5% gap, playing back the rally of global stock markets and oil quotes. However, the morning impulse did not continue and most of the day the MOEX Russia Index spent sideways in a percentage plus – the stability of the Brent price above \$53 per barrel was compensated for by a significant deterioration in sentiment in the western markets. In the middle of the trading session, the loss of the European Stoxx Europe 600 Index exceeded a percent, the pace of falling futures for US indices – 1.5%. According to some analysts, the sharp rise in US indices on Wednesday was more like a technical rebound in the oversold market, including due to the closure of short positions, than a real reversal due to changes in fundamental drivers. As a result, investors once again focused on old problems – the prospects of escalating trade wars, slowing global economic growth and corporate profits, tightening financial conditions. Negative background for the markets, in particular, were the message of Reuters that Donald Trump could prohibit US companies from buying equipment from Chinese giants Huawei and ZTE, and weak American statistics – the consumer confidence index fell to a minimum of five months in December. In addition, experts say, the unpredictable the suspension of the US government for its duration has a negative impact on investors' sentiment. At the end of the day, the growth rate of the MOEX Russia Index declined to 0.8% after the start of trading in the US by more than a 2% drop in the main indices.

During the trading session the MicexPWR Sector Index underperformed – the first-tier securities have been in demand of investors for the second day in a row. The main contribution to the final MicexPWR decline in antiphase with the MOEX Russia Index was made by shares of FGC UES and Unipro.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy expects growth in electricity consumption in Russia in 2018 by 1.5% - to 1.076 trillion kWh

The Ministry of Energy of the Russian Federation predicts the growth of electricity consumption in Russia in 2018 by 1.5%, to 1.076 trillion kWh, Minister of Energy Alexander Novak told reporters.

Read full text: <http://www.bigpowernews.ru/markets/document86197.phtml>

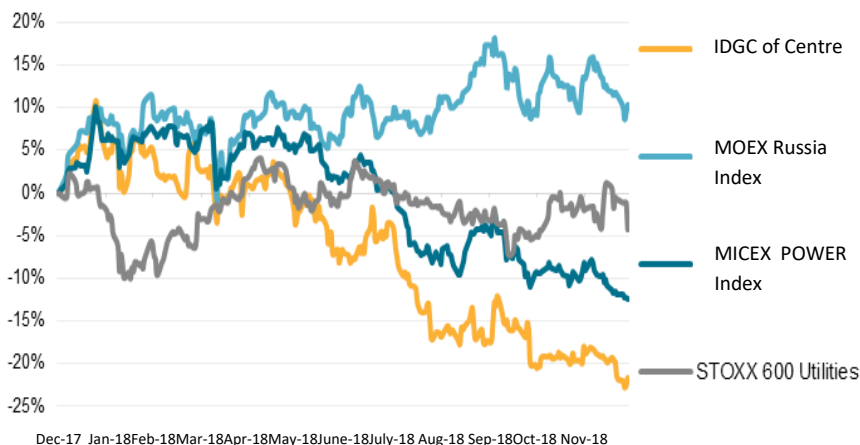
COMPANY NEWS

IDGC of Centre summed up the work on interaction with shareholders and investors in 2018

IDGC of Centre summed up the work on interaction with shareholders and investors in 2018. Over the past year, considerable efforts were made to improve the dividend policy and strengthen confidence in the Company.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66925/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 327,81	0,82%	10,34%
S&P 500	2 488,83	0,86%	-6,91%
FTSE 100	6 584,68	-1,52%	-14,35%
DAX	10 381,51	-2,37%	-19,63%
DJStoxx 600	329,58	-1,69%	-15,31%
Nikkei	20 166,19	0,00%	-11,42%
Sensex	35 807,28	0,44%	5,14%
CSI300	2 990,51	-0,38%	-25,81%
Bovespa	85 697,15	0,00%	12,17%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,89	0,21%	19,53%
EURO/RUB	78,52	0,12%	14,16%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 275,71	0,68%	-2,08%
Brent*, USD/bbl	52,16	-4,24%	-22,00%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2790	11,78		170,99
IDGC of Centre & Volga Reg	0,2629	29,63		430,10

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-3,18%	-4,26%
MICEX POWER Index	-0,25%	-12,47%
IDGC of Centre**	1,16%	-21,63%
IDGC of Centre and Volga Region**	0,27%	-12,86%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,88%	-5,64%
FGC UES	-1,80%	-9,98%
IDGC of Volga	0,62%	-5,50%
MOESK	-0,38%	-27,53%
IDGC of Northern Caucasus	-0,43%	-28,44%
IDGC of North-West	3,79%	0,00%
IDGC of Urals	1,31%	-11,22%
IDGC of Siberia	0,00%	-12,40%
IDGC of South	-0,92%	-9,70%
Lenenergo, ordinary shares	0,38%	11,25%
TRK, ordinary shares	0,00%	-16,98%
Kubanenergo	0,41%	-38,27%

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