

DAILY MARKET REVIEW

28 March, Tuesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 27 March some negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 fell 0.1-0.3%, on Monday futures for US indices lost about a percent, the Japanese Nikkei225 fell 1.4%. The markets were pressured by growing concerns about the chances of implementing the presidential program to stimulate the US economy after failing to conduct the abolition of Obamacare through Congress. In this connection, experts say, the promise of Donald Trump now to focus the Republicans' efforts on the package of tax measures looks like an attempt to calm the markets. May Brent futures traded near the mark of \$50.5 per barrel, \$0.2 lower than the closing level on Friday 24 March. A negative factor for the market was the decision of the committee to monitor the agreement to reduce oil production by OPEC+ countries to postpone until April the adoption of recommendations on the prolongation of the agreement, and the increase in activity of shale oil producers in the US. Last week, Baker Hughes reported a 10-week increase in the number of operating oil rigs in the US, the total number of which has peaked since September 2015.

On Monday active sales resumed in the Russian market – at daily lows the MICEX Index lost more than 2% against the backdrop of the decline in Brent oil prices to \$50 and negative changes of western markets. European markets and futures for US indices fell a percent after the first defeat of Donald Trump with the promotion of key promises of the election program, despite the Republican majority in the Congress. At the end of the day the MICEX Index was able to cut the daily losses by a third after Brent quotations rose to \$50.8 per barrel and not so negative, as evidenced by the trend of futures, start of trading in the US.

During the trading session the MicexPWR Sector Index looked significantly worse than the market, mainly due to a decrease in shares of electric grid companies. These securities were pressured by Interfax's statement that the government plans to change the approach for determining dividend payments for Rosseti's subsidiaries, reducing net profit by a number of adjustments. As noted by BCS analysts, fixing dividends to cash flow, rather than to net profit, may negatively affect the amount of dividends of grid companies due to their modest cash flow.

ELECTRIC POWER INDUSTRY NEWS

A new dividend approach to be applied to "Rosseti" - "Interfax"

The federal executive authorities developed a draft government order on a new dividend approach for subsidiaries of PJSC Rosseti, Interfax was informed by a source in the power grid complex.

Read full text: <https://www.vedomosti.ru/business/news/2017/03/24/682670-podhod-rosseti>

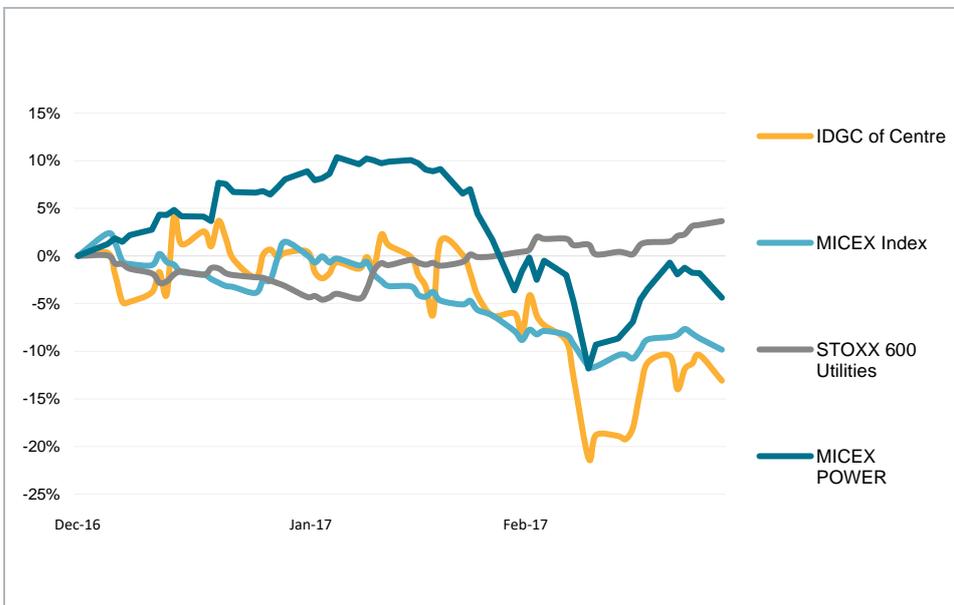
COMPANY NEWS

Kurskenergo reduces accounts receivable for electricity transmission services

IDGC of Centre – Kurskenergo division continues systematic work to recover accounts receivable for electricity transmission services. The power company is implementing a set of measures to repay debts, both in cooperation with the region's authorities, in the framework of the commission for monitoring settlements with electricity companies set up at the initiative of PJSC "Rosseti" and in the course of claims and lawsuits.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59491/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 013,16	-1,30%	-9,83%
S&P 500	2 341,59	-0,10%	4,59%
FTSE 100	7 293,50	-0,59%	2,11%
DAX	11 996,07	-0,57%	4,49%
DJStoxx 600	375,01	-0,40%	3,76%
STOXX Utilities	286,89	0,38%	3,66%
Nikkei	18 985,59	-1,44%	-0,67%
Sensex	29 237,15	-0,63%	9,80%
CSI300	3 478,04	-0,33%	5,07%
Bovespa	64 308,39	0,71%	6,78%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,09	0,61%	3,30%
USD/RUB	57,42	-0,17%	-5,33%
Euro/RUB	61,86	-0,37%	-3,05%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 254,86	0,91%	9,36%
Brent*, USD/bbl	50,75	-0,10%	-12,56%

* - May futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3885
Capitalisation**, billion RUB	16,40
Capitalisation**, million USD	285,62

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-2,62%	-4,38%
Shares of IDGC of Centre**	-3,00%	-13,09%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-5,00%	-17,52%
FGC UES	-5,99%	-11,91%
IDGC of Volga	-4,67%	2,14%
MOESK	-2,28%	9,69%
IDGC of Northern Caucasus	-2,92%	-17,01%
IDGC of Centre and Volga Reg	-3,61%	4,73%
IDGC of North-West	-3,00%	-11,82%
IDGC of Urals	-2,24%	-7,29%
IDGC of Siberia	-4,68%	-19,71%
IDGC of South	-1,99%	-24,81%
Lenenergo, ordinary shares	-4,46%	-8,63%
TRK, ordinary shares	-0,23%	-10,29%
Kubanenergo	0,22%	5,52%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC
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