

DAILY MARKET REVIEW

30 May, Thursday

2019



ROSSETI



IDGC of CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 29 May some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decline of 0.8-0.9%, on Wednesday the main country indices in the Asia-Pacific region and futures for the S&P500 lost more than 0.5% on average. The markets were pressured by reports from China's state media that Beijing is considering the possibility of limiting the export of rare earth metals to the US as a counter-step in the trade war with Washington. The share of China, experts remind, in 2018 was 78% of world production and 40% of world reserves of rare earth metals, while a number of key high-tech sectors of the American economy – electronics, electric cars and the defense industry – depend 80% on Chinese imports of these metals. July Brent futures traded around \$69.4 per barrel, \$0.4 below our 28 May close. Brent quotes were falling on fears of a slowdown in the global economy as a result of the escalation of the US-China trade conflict.

On Wednesday, global stock markets were down on China's threats to limit the supply of rare earth metals to the US – a strategic resource for the American hi-tech industry. In the afternoon, losses of the consolidated MSCI All Country World Index reached a percent. At the same time, the MOEX Russia Index added about a percent – the overhang of the offer disappeared in the first-tier stocks after the rebalancing of the base for calculating the MSCI EM Index on Tuesday. According to the results of the review, the weight of Russia was reduced by 0.2 p.p., which provoked outflow of funds from passive funds from shares of the Russian Federation, according to analysts, up to \$300 million. Against this background, the MOEX Russia Index fell 0.9% on Tuesday in anti-phase with changes of European markets, trading volumes amounted to almost 100 billion rubles, the maximum since April 2018. Additional support to the Russian market was provided by the statement of the head of the American Chamber of Commerce in Russia that serious sanctions against state banks, state debt or Nord Stream-2 are possible only with a new strong aggravation of relations between the US and Russia, for example, in the case of Russian interference in the next presidential election. At the end of the day, the growth of the Russian market accelerated, the MOEX Russia Index updated the historical record, despite the 2% drop in Brent quotes and the strengthening of the negative trends of the western markets.

During the trading session, the electric utilities sector index underperformed – buyers' demand was mainly in the first-tier stocks negatively affected on Tuesday. The main contribution to the final MOEXEU growth was made by shares of ROSSETI, in which the company's statement about the possibility of paying additional dividends this year is still played back.

ELECTRIC POWER INDUSTRY NEWS

Mr. Putin signed a law to raise the fine for repeated illegal connection to the grid

Russian President Vladimir Putin signed a law increasing the size of administrative fines for repeated unauthorized connection to electric and heat networks up to 300 thousand rubles, the relevant document was published on the official portal of legal information.

Read full text: <http://www.bigpowernews.ru/markets/document88341.phtml>

COMPANY NEWS

Belgorodenergo fulfilled over a thousand contracts for connection to grids in the first quarter

In the first quarter, IDGC of Centre - Belgorodenergo division executed over a thousand contracts for connection to grids with a total capacity of about 19 MW. Among the large connected facilities there is the Rovensky plant for production of cheese and other dairy products.

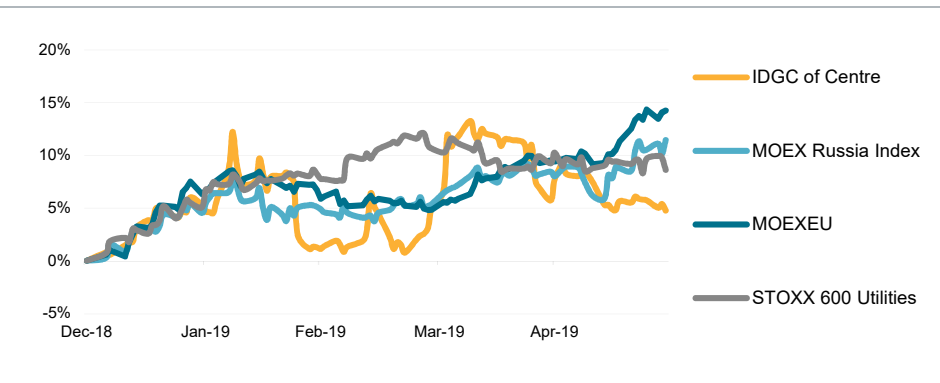
Read full text: <http://www.energyland.info/news-show-tek-electro-186560>

Tambovergo promotes housing programs in the region

Specialists of IDGC of Centre - Tambovergo division completed the connection to the Company's grid of the new micro-district "Sloboda" in the northern part of the city of Tambov.

Read full text: <https://energostrana.ru/news/powerindustry/tambovergo-sodejstvuet-realizaczii-zhilishnyh-programm-v-regione.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|----------|---------|-------------|
| | | per day | fr 31.12.18 |
| MOEX Russia | 2641,15 | 1,20% | 11,47% |
| S&P 500 | 2767,05 | -1,26% | 10,38% |
| FTSE 100 | 7185,3 | -1,15% | 6,79% |
| DAX | 11837,81 | -1,57% | 12,11% |
| DJStoxx 600 | 370,51 | -1,43% | 9,73% |
| Nikkei | 21003,37 | -1,21% | 4,94% |
| Sensex | 39502,05 | -0,62% | 9,52% |
| CSI300 | 3663,91 | -0,23% | 21,70% |
| Bovespa | 96669,56 | 0,29% | 9,99% |

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

| Currency rates | Value | Change | |
|----------------|---------|---------|-------------|
| | | per day | fr 31.12.18 |
| USD/RUB | 64,5394 | 0,12% | -7,10% |
| EURO/RUB | 72,168 | -0,03% | -9,18% |

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

| Raw | Value | Change | |
|-----------------|---------|---------|-------------|
| | | per day | fr 31.12.18 |
| Gold, USD/oz | 1282,84 | 0,27% | 0,03% |
| Brent*, USD/bbl | 68,77 | -1,91% | 27,83% |

* - July futures

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

| Shares | Price**, ₺ | MCap**, ₺ bln | MCap**, \$ mln |
|----------------------------|------------|---------------|----------------|
| | | | |
| IDGC of Centre & Volga Reg | 0,2845 | 32,06 | 496,79 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.18 |
| STOXX 600 Utilities | -1,07% | 8,63% |
| MOEXEU Index | 0,17% | 14,29% |
| IDGC of Centre** | -0,60% | 4,76% |
| IDGC of Centre and Volga Region** | -0,18% | 7,36% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.18 |
| Rosseti, ordinary shares | 3,05% | 65,13% |
| FGC UES | -0,57% | 17,74% |
| IDGC of Volga | 0,38% | 8,27% |
| MOESK | -0,49% | 8,64% |
| IDGC of Northern Caucasus | 0,00% | 84,00% |
| IDGC of North-West | 1,26% | 8,65% |
| IDGC of Urals | -0,89% | -3,36% |
| IDGC of Siberia | -3,26% | 175,02% |
| IDGC of South | 0,69% | 33,43% |
| Lenenergo, ordinary shares | -0,18% | 7,56% |
| TRK, ordinary shares | 0,00% | -0,65% |
| Kubanenergo | -1,41% | 29,10% |

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