

DAILY MARKET REVIEW

23 November, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 22 November some neutral external background formed on the Russian market. The US indices DJIA and S&P500, which added about a percent on average at the highs of Wednesday, closed the trading session at the daily lows – the DJIA lost less than 0.1%, the S&P500 rose by 0.3%. On Thursday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, rose by 0.4%, with multidirectional changes of the main country indices. Potential recovery of global stock markets after active sales of the beginning of the week – the MSCI AC World Index lost 2.5% – was limited by investors' concerns about the prospects for the global economy. According to the OECD forecast, the global GDP growth of 3.7% this year may remain peak in the medium term. Experts called trade wars, tightening of the monetary policy by the Fed, curtailing incentives by other major global central banks as the main threats to the world economy. January Brent futures traded around \$63.2 per barrel, \$0.3 higher than our 21 November close. A constraining factor for more convincing correction of Brent quotes after updating the annual minimum on Tuesday was the statistics of the US Department of Energy, which recorded an increase in oil reserves by 4.9 million barrels and maintaining production at a record historical level of 11.7 million barrels per day.

The MOEX Russia Index and the index of emerging markets MSCI EM spent most of Thursday in a small plus within half a percent, despite negative changes of European markets. The return of global investors' interest in emerging markets assets was aided by information released on Wednesday by Bloomberg that the Fed is exploring the possibility of at least suspending its course of interest rate hikes next spring. In turn, the European Stoxx Europe 600 Index at the daily lows lost about a percent under the pressure of Italian problems. According to some Italian media on Thursday, Rome will not make concessions to the European Commission on the 2019 budget. On 21 November, remind the media, the European Commission accused Italy of a serious inconsistency of the budget with the EU rules, taking the first step towards fines against the country's government.

During the trading session the MicexPWR Sector Index outperformed. Inter RAO, IDGC of Center and Volga Region (with strong IFRS statements for 9M2018) and RusHydro made the main contribution to the overall MicexPWR outpacing growth in comparison with the MOEX Russia Index. Almost all of the main distribution grid subsidiaries of ROSSETI (with the exception of IDGC of Northern Caucasus) published IFRS statements for nine months. The total revenue of the companies increased by 9.5% y/y, to 617.2 billion rubles, net profit increased by 2.5%, to 35.6 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

How to put the state regulation of the power industry at the service of interests of the country

The system of the state regulation of electricity prices over the past decades has undergone significant changes, but has not become effective and transparent, participants of the round table held in the State Duma on 19 November stated. As noted at the event, temporary decisions made in the industry, as a rule, only lead to an increase or redistribution of costs. Moreover, within the government itself, disagreements between supporters of different approaches regarding the regulation of tariffs on the energy market are intensifying.

Read full text: http://www.ng.ru/ideas/2018-11-21/6_7444_energo.html

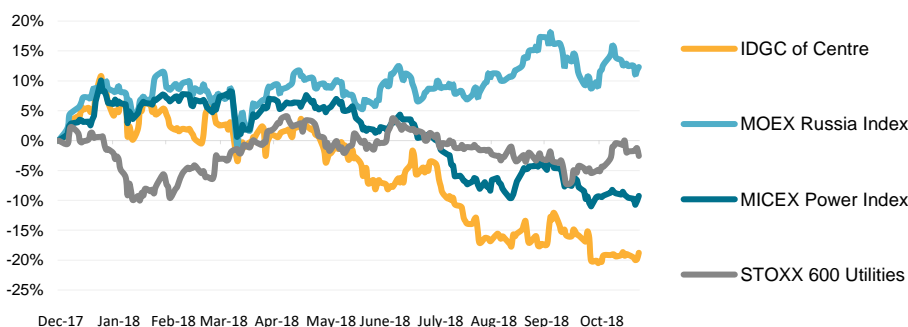
COMPANY NEWS

IDGC of Centre has published its performance results and management discussion and analysis (MD&A) for 9 months of 2018 under IFRS

IDGC of Centre has published its unaudited interim condensed consolidated financial statements for 9 months of 2018 in accordance with International Financial Reporting Standards (IFRS).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66550/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 369,53	0,49%	12,31%
S&P 500	2 649,93	0,00%	-0,89%
FTSE 100	6 960,32	-1,28%	-9,46%
DAX	11 138,49	-0,94%	-13,77%
DJStoxx 600	352,57	-0,70%	-9,41%
Nikkei	21 646,55	0,65%	-4,91%
Sensex	34 981,02	-0,62%	2,71%
CSI300	3 214,43	-0,37%	-20,25%
Bovespa	87 477,44	0,24%	14,50%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	65,95	0,55%	14,44%
EURO/RUB	75,15	-0,05%	9,25%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 228,64	0,21%	-5,69%
Brent*, USD/bbl	62,60	-1,39%	-6,39%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2892	12,21	185,14	
IDGC of Centre & Volga Reg	0,2749	30,98	469,77	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,32%	-2,57%
MICEX POWER Index	0,91%	-9,23%
IDGC of Centre**	1,33%	-18,76%
IDGC of Centre and Volga Region**	5,73%	-8,88%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,28%	-12,24%
FGC UES	0,34%	-5,70%
IDGC of Volga	2,70%	-1,95%
MOESK	-0,37%	-24,75%
IDGC of Northern Caucasus	0,72%	-27,08%
IDGC of North-West	-0,72%	5,96%
IDGC of Urals	0,59%	-18,66%
IDGC of Siberia	0,92%	-23,41%
IDGC of South	-1,06%	1,59%
Lenenergo, ordinary shares	0,52%	20,21%
TRK, ordinary shares	1,18%	-7,28%
Kubanenergo	-1,08%	-29,85%

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