

DAILY MARKET REVIEW

20 March, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 17 March some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.1-0.2%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific retreated from the maximum for almost two years. As noted in Reuters, after the rapid growth the day before investors rethink the outcome of the meeting of the US Central Bank – a new course of monetary policy of the Fed marks major changes for world markets that for decades had access to cheap money. On Friday the leader of the decline was the Chinese CSI300, which lost a percent due to tightening of lending conditions in the money market after the Central Bank raised short-term rates after the Fed. May Brent futures traded near the mark of \$51.7 per barrel, slightly below our closing level on 16 March. Traders continue to worry about the inefficient effectiveness of the OPEC+ agreement to combat the oversupply of the supply on the market – in this regard, another negative signal was the increase in oil supplies to Asia, which, according to media reports, rose 3% since the deal was announced in December. At the same time, the prices were supported by the statement of Saudi Arabia about the readiness to extend the agreement on limiting production, if the oil reserves exceed the average level for five years.

The neutral start of trading on the Russian market was replaced by more than a percent increase in the MICEX Index in the middle of the day. As experts believe, the outcome of the Fed meeting reduced uncertainty about the policy of the US Central Bank for the near future, which increased the appetite of investors to risk and led to the growth of high-yield assets in emerging markets. In addition, analysts note, the stability of the ruble, supported on Thursday by the Russian President's statement that it is not worth rushing to lower the key interest rate, makes domestic assets more attractive, reducing exchange rate risks for foreign investors. An additional growth factor for the Russian market, according to experts, is the approach of the dividend season – many Russian shares offer a good dividend yield in comparison with foreign counterparts. At the same time, the activity of buyers in our market was limited by the uncertain changes of the western markets, due, including, to ambiguous US statistics. In the US, data on industrial production in February and the consumer confidence index in March were slightly worse than expected, which remains at the 13-year high, and the sub-index of the current financial situation reached record levels for 16 years.

During the trading session the changes of the MicexPWR Sector Index in general corresponded to the MICEX Index. The main contribution to the final growth of the sector indicator was made by shares of Rosseti and Inter RAO. The growth of IDGC of Volga's shares at 8.4% after the publication of strong IFRS financial statements for 2016 – the company's net profit grew 2.2 times compared to 2015, to 2.8 billion rubles, differed from the general trend of electric grid companies.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy of the Russian Federation expects the growth of electricity generation in 2017 by 2.14% - up to 1.095 trillion kWh

Read full text: <http://www.bigpowernews.ru/markets/document75922.phtml>

COMPANY NEWS

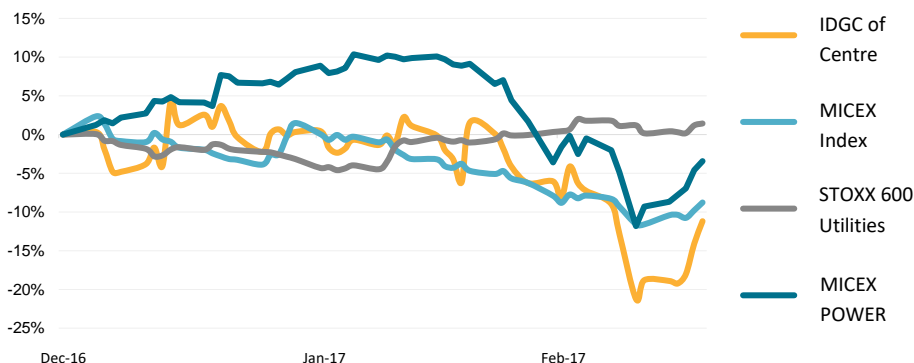
Belexpocentre has a visiting customer service centre of Belgorodenergo

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59198/>

Modern technologies of 3D-visualization demonstrated to students-power engineers

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59197/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 036,96	1,12%	-8,77%
S&P 500	2 378,25	-0,13%	6,23%
FTSE 100	7 424,96	0,12%	3,95%
DAX	12 095,24	0,10%	5,35%
DJStoxx 600	378,32	0,16%	4,68%
STOXX Utilities	280,74	0,25%	1,43%
Nikkei	19 521,59	-0,35%	2,13%
Sensex	29 648,99	0,21%	11,35%
CSI300	3 445,81	-1,03%	4,10%
Bovespa	64 209,94	-2,39%	6,61%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,07	0,21%	2,10%
USD/RUB	58,24	-1,47%	-3,98%
Euro/RUB	62,49	-0,56%	-2,07%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 229,26	0,22%	7,13%
Brent*, USD/bbl	51,76	0,04%	-10,82%

* - May futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3970
Capitalisation**, billion RUB	16,76
Capitalisation**, million USD	287,77

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	1,19%	-3,44%
Shares of IDGC of Centre**	3,39%	-11,19%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	3,39%	-11,19%
FGC UES	4,38%	-16,96%
IDGC of Volga	0,32%	-6,23%
MOESK	8,40%	3,66%
IDGC of Northern Caucasus	0,77%	16,93%
IDGC of Centre and Volga Reg	-1,55%	-13,83%
IDGC of North-West	1,21%	7,09%
IDGC of Urals	2,44%	-16,00%
IDGC of Siberia	0,64%	-3,95%
IDGC of South	1,42%	-23,18%
Lenenergo, ordinary shares	1,22%	-20,99%
TRK, ordinary shares	1,73%	-9,26%
Kubanenergo	0,00%	-12,82%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM