

DAILY MARKET REVIEW

24 March, Friday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 23 March some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed finished in different directions with changes within 0.2% in the consolidation after a sharp decline the day before, on Thursday the major indices of the Asia-Pacific region traded in a small plus. The markets remain cautious prior to the vote on health care reform in the US Congress, which will be held on Thursday evening. If the plan is not approved or the vote is postponed, writes Reuters, the investors' faith in Trump's ability to promote bills and fulfill pre-election economic promises will suffer. May Brent futures traded at \$50.9 per barrel, \$0.5 higher than our closing level on 22 March. Oil prices, according to MarketWatch, were supported by expectations of increased demand for gasoline from American refineries, given the continuing decline in gasoline stocks over the past five weeks and the approaching car season in the US. In addition, investors are waiting for the extension of the OPEC+ agreement for the second half of the year, noting that the growth in production of American shale producers is still largely offset by a reduction in production in Saudi Arabia.

The attention of Russian investors for the second consecutive day is focused on issues of dividends of state-owned companies following the results of 2016. The MICEX Index started the trading session with a half-percentage growth, continuing to play back information on the demand of the Federal Property Management Agency for state-owned companies to direct 50% of net profit to dividends. However, already in the middle of the day, the MICEX Index lost about a percent under pressure from media reports about low chances of realizing this scenario. In particular, according to Interfax with reference to sources in the government's financial and economic unit, the rule on paying at least 50% of profits to shareholders, recorded in the message of the Federal Property Management Agency, is rather formal and unlikely to be realized. An additional negative factor for our market was the fall in oil prices to around \$50.3 per barrel. At the end of the trading session the MICEX Index managed to play back half of the daily losses after the positive start of trading in the US, where investors still count on the outcome of the Congressional vote on the abolition of Obamacare, which is favourable for the economic reforms of Donald Trump.

During the trading session the changes of the MICEXPWR Sector Index in general corresponded to the broad market. The main contribution to the final decline in the sector indicator was made by shares of FGC UES and RusHydro – the pressure on these securities, despite the publication of good IFRS financial statements for 2016, were made by Deputy Minister of Energy V. Kravchenko that the department considers the dividends for RusHydro and electric grid companies to be optimal in the amount of 25% of net profit.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy proposes to switch already from 18 July to mandatory implementation of smart metering technology and to prohibit electricity grid companies to install outdated meters

The state intends to oblige territorial grid organizations (TGO) to implement the smart metering technology - the system of intellectual metering of electricity as early as July 1, 2018, the bill was developed by the Ministry of Energy and approved by the government commission for legislative activity.

Read full text: <http://www.bigpowernews.ru/markets/document76028.phtml>

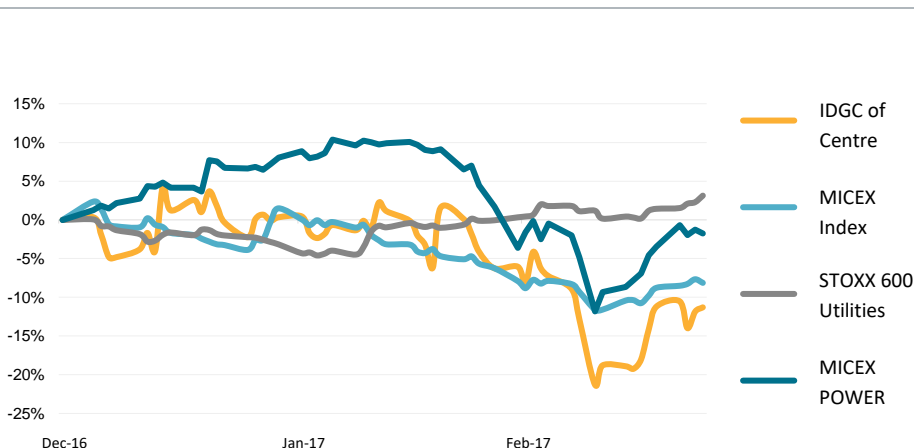
COMPANY NEWS

S&P improved the outlook on ratings of a number of the largest companies in Russia

The outlook on IDGC of Centre's rating has been improved to positive from stable.

Read full text: https://www.gazeta.ru/business/news/2017/03/21/n_9826073.shtml

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 051,04	-0,51%	-8,14%
S&P 500	2 345,96	-0,11%	4,79%
FTSE 100	7 340,71	0,22%	2,77%
DAX	12 039,68	1,14%	4,87%
DJStoxx 600	377,20	0,85%	4,37%
STOXX Utilities	285,44	0,83%	3,13%
Nikkei	19 085,31	0,23%	-0,15%
Sensex	29 332,16	0,56%	10,16%
CSI300	3 461,98	0,35%	4,59%
Bovespa	63 530,79	0,01%	5,49%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,08	-0,28%	2,51%
USD/RUB	57,64	0,71%	-4,98%
Euro/RUB	62,27	0,87%	-2,42%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 245,20	-0,29%	8,51%
Brent*, USD/bbl	50,56	-0,16%	-12,89%

* - May futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3965
Capitalisation**, billion RUB	16,74
Capitalisation**, million USD	290,43

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,54%	-1,77%
Shares of IDGC of Centre**	0,63%	-11,30%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,53%	-12,67%
FGC UES	-2,87%	-6,89%
IDGC of Volga	0,77%	5,36%
MOESK	-0,99%	11,92%
IDGC of Northern Caucasus	0,80%	-13,83%
IDGC of Centre and Volga Reg	-0,70%	6,01%
IDGC of North-West	2,73%	-11,09%
IDGC of Urals	0,65%	-5,17%
IDGC of Siberia	1,99%	-14,46%
IDGC of South	2,24%	-21,56%
Lenenergo, ordinary shares	-0,88%	-7,54%
TRK, ordinary shares	0,00%	-10,08%
Kubanenergo	-0,22%	5,75%

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