

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 27 January some negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 fell 0.6-0.9%. On Monday most Asian markets were closed due to the holidays, but the trading floors showed a pronounced negative trend: the Japanese Nikkei225 fell 2%, ETF quotes, repeating the structure of the Chinese CSI300, decreased by 5% at the trades in Tokyo. The focus of the markets remains the situation with the rapid expansion of the geography of the spread of the new coronavirus from China – by the end of last week it had already been detected in 13 countries, including three outside Asia. In total, according to media reports, more than 2,700 people were infected, the number of deaths reached 80 (all in China). The PRC Chairman admitted that the authorities faced a difficult situation, as the spread of the new coronavirus is accelerating, and the head of the World Health Organization said that he was personally going to China to assess the situation. A number of experts believe that Beijing's enhanced measures to protect the population, affecting about 1 billion people, may be ineffective. Chinese doctors said that, unlike the SARS virus, a new strain can also be infected during an asymptomatic incubation period of 1-2 weeks, while the epicentre of the disease – the city of Wuhan – before the introduction of quarantine measures, according to the mayor of this city, about 5 million residents managed to leave. March Brent futures were trading around \$59.3 per barrel, \$1.6 below our close on Friday, 24 January. Oil prices, ignoring reports of a decline in production in Libya by almost 1 million barrels per day, fell as part of the global risk-off.

On Monday, sellers dominated the global stock markets – at the daily lows, losses of the MOEX Russia Index and the composite European Stoxx Europe 600 Index exceeded 2%. The market was pressured by fears of the rapid and uncontrolled spread of the new virus, as well as its possible consequences for the global economy. According to various estimates, China's GDP may lose 0.5-1 percentage points in 2020, if the scale of the current epidemic is comparable to the scale of SARS in 2002-2003. There are threats of a more dramatic development of the situation – in particular, the head of the Russian Academy of Sciences said that if the number of cases continues to grow exponentially, while maintaining the current pace in a month "the disease can develop into a global epidemic."

Over the course of the day, the electric utilities sector index underperformed - an accelerated decline compared to the MOEX Russia Index was demonstrated by all the most capitalized and liquid securities of the sector. From the news of grid companies, Kommersant's information can be noted that, when approving the idea of tariff differentiation, FGC Rosseti expects it to grow by an average of 3.3 times in three years.

ELECTRIC POWER INDUSTRY NEWS

The government approved the differentiation of the FGC tariff, - the newspaper

Starting from 2021, the new mechanism will increase the tariff for the transmission of energy through trunk grids, increasing the payment for industry, but at the same time, the payment of small and medium-sized businesses for receiving energy through distribution grids will decrease. In the future, the entire energy system will lose from the innovation, experts say, since it is increasingly based not on market pricing, but on premiums, surcharges and subsidies.

Read full text: <http://www.bigpowernews.ru/markets/document91649.phtml>

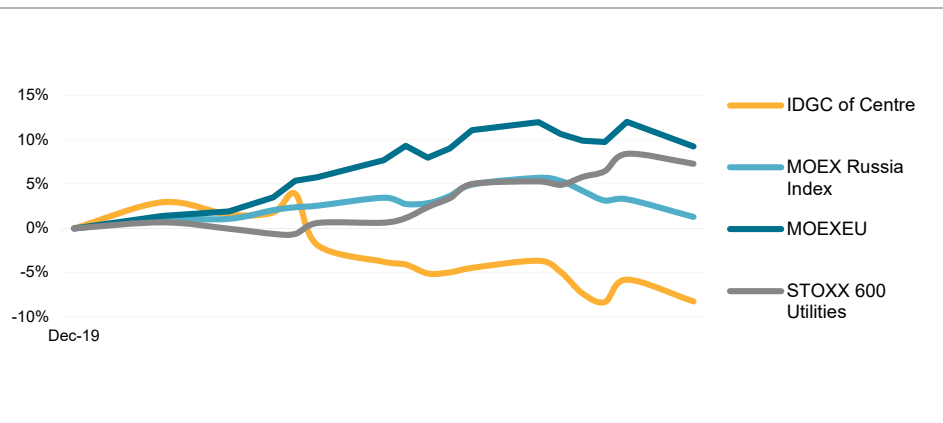
COMPANY NEWS

According to the results of 2019, Rosseti Centre and Rosseti Centre and Volga Region increased revenues from electricity transmission services by almost 5 billion rubles

Rosseti Centre and Rosseti Centre and Volga Region summed up the results of production activities in 2019. In a number of key indicators, the companies exceeded the results of 2018. The volume of boiler net supply of electricity for the two Companies amounted to 93.3 billion kWh. Revenue from electricity transmission services, taking into account the scope of services rendered in the territory where the companies perform the functions of the supplier of last resort, is 185.5 billion rubles, its growth compared with 2018 amounted to 4.9 billion rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/71252/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|-----------|---------|-------------|
| | | per day | fr 31.12.19 |
| MOEX Russia | 3 085,16 | -1,94% | 1,29% |
| S&P 500 | 3 242,85 | -1,60% | 0,37% |
| FTSE 100 | 7 401,21 | -2,44% | -1,87% |
| Nikkei | 23 343,51 | -2,03% | -1,32% |
| Sensex | 41 155,12 | -1,10% | -0,24% |
| CSI300 | 4 003,9 | 0,00% | -2,26% |
| Bovespa | 115 043,8 | -2,82% | -0,52% |

Source: Company calculations (19:00 MSK)

| Currency rates | Value | Change | |
|----------------|---------|---------|-------------|
| | | per day | fr 31.12.19 |
| USD/RUB | 61,8031 | -0,24% | -0,17% |
| EURO/RUB | 68,2924 | -0,57% | -1,51% |

Source: Company calculations (19:00 MSK)

| Liquidity | IDGC of | |
|--|---------|-----------------------|
| | Centre | Centre & Volga Region |
| Number of transactions, pcs. | 1 382 | 1 571 |
| Trading volume, ₺ mln | 18,9 | 30,8 |
| Trading volume, mln pcs. | 65,1 | 135,0 |
| Average trading volume over the last 30 days, mln pcs. | 75,6 | 307,5 |
| % of the authorized capital | 0,15% | 0,12% |

Source: Company calculations

| Shares | Price**, ₺ | MCap**, ₺ bln | MCap**, \$ mln |
|----------------------------|------------|---------------|----------------|
| | | | |
| IDGC of Centre & Volga Reg | 0,2275 | 25,64 | 414,85 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|---------------------------------|---------|-------------|
| | per day | fr 31.12.19 |
| STOXX 600 Utilities | -1,11% | 7,31% |
| MOEXEU | -2,52% | 9,22% |
| IDGC of Centre** | -2,61% | -8,26% |
| IDGC of Centre & Volga Region** | -1,90% | -4,81% |

Source: Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.19 |
| Rosseti, ordinary shares | -2,60% | 16,13% |
| FGC UES | -2,95% | 5,54% |
| IDGC of Volga | -0,98% | -2,76% |
| MOESK | -0,52% | -3,57% |
| IDGC of Northern Caucasus | 1,08% | 6,00% |
| IDGC of North-West | -2,97% | -2,06% |
| IDGC of Urals | -1,74% | 2,67% |
| IDGC of Siberia | 0,77% | -15,05% |
| IDGC of South | -3,58% | -4,28% |
| Lenenergo, ordinary shares | -0,99% | -0,85% |
| TRK, ordinary shares | -0,69% | 0,47% |
| Kubanenergo | -2,69% | 13,84% |

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