

DAILY MARKET REVIEW

31 May, Friday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 30 May some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell 0.7-0.9% under pressure from fears of a new round of trade sanctions – this time because of China's threats to limit the supply of rare earth metals to the US. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.1% on the continuing risks of an escalation of the US-China trade conflict. In particular, Bloomberg said that China – the largest buyer of soybeans in the world – may suspend purchases of this product in the US. July Brent futures traded around \$69.9 per barrel, \$1.2 above our 29 May close. Positive background for the market was the message of the American Petroleum Institute about a sharp drop in oil reserves in the US last week – by 5.3 million barrels.

The MOEX Russia Index spent most of the trading session on average in a half-percentage plus, following the comparable changes of the index of emerging market MSCI EM, the European Stoxx Europe 600 Index and the S&P500 futures. In the absence of a specific new negative factor on the US-Chinese trade opposition, the world markets were recovering after two days of active sales. Nevertheless, analysts say, the prospects for the resumption of talks between Washington and Beijing are becoming less and less obvious, given the constant tightening of the rhetoric of both parties. In particular, on Thursday, Deputy Foreign Minister of the People's Republic of China, stating that the US deliberately incited a trade war, described these actions as economic terrorism, economic chauvinism and economic harassment. In the afternoon, investors were supported by statistics from the US, where the revised GDP growth in the first quarter was higher than expected. Gazprom was the driving force behind the rise of the Russian market, once again refreshing the record for the MOEX Russia Index, continuing the rally on good reporting, surpassing analysts' forecasts, and management's statements about the company's readiness to switch to dividend payments in the amount of 50% of net profit in 2-3 years. Against this background, the MOEX Russia Index closed trading near daily highs, ignoring a 3% drop in Brent quotes after a report of the US Department of Energy on oil production growth to a record of 12.3 million barrels per day and a decrease in oil reserves by a modest 0.2 million barrels, while according to the API, the drop was more than 5 million barrels.

During the trading session, the electric utilities sector index underperformed – the main contribution to the final MOEXEU decline compared to the MOEX Russia Index was made by Inter RAO's shares, which lost 3.2% after the ex-dividend date.

ELECTRIC POWER INDUSTRY NEWS

An agreement was signed on the formation of a common electricity market of the EAEU

Members of the Supreme Eurasian Economic Council (SEEC) held today, 29 May, in Nur-Sultan (Kazakhstan) signed an international agreement on the formation of a common electricity market of the Eurasian Economic Union (EAEU), the Eurasian Economic Commission (EEC) said.

Read full text: <http://www.bigpowernews.ru/markets/document88349.phtml>

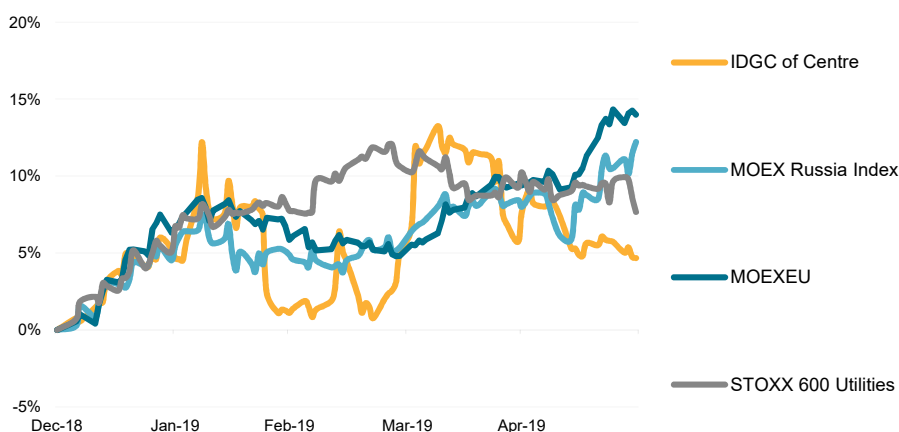
COMPANY NEWS

IDGC of Centre held the Annual General Meeting of Shareholders

On 30 May 2019, the Annual General Meeting of Shareholders of IDGC of Centre, PJSC following the results of 2018 was held in Moscow, at which the Company's annual report, accounting (financial) statements were approved, the Board of Directors was elected, and the profit was distributed.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68490/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 659,52	0,70%	12,25%
S&P 500	2 788,86	0,21%	11,25%
FTSE 100	7 218,16	0,46%	7,28%
DAX	11 902,08	0,54%	12,72%
DJStoxx 600	372,07	0,42%	10,19%
Nikkei	20 942,53	-0,29%	4,64%
Sensex	39 831,97	0,84%	10,43%
CSI300	3 641,18	-0,62%	20,94%
Bovespa	97 457,36	0,92%	10,89%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,91	0,57%	-6,57%
EURO/RUB	72,41	0,34%	-8,87%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 288,65	0,69%	0,48%
Brent*, USD/bbl	66,87	-3,71%	24,29%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2994	12,64	194,74
IDGC of Centre & Volga Reg	0,2836	31,96	492,40

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,87%	7,69%
MOEXEU Index	-0,24%	14,02%
IDGC of Centre**	-0,07%	4,69%
IDGC of Centre and Volga Region**	-0,32%	7,02%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,34%	65,69%
FGC UES	0,88%	18,78%
IDGC of Volga	0,71%	9,03%
MOESK	1,67%	10,45%
IDGC of Northern Caucasus	2,48%	88,57%
IDGC of North-West	1,49%	10,27%
IDGC of Urals	0,11%	-3,25%
IDGC of Siberia	3,58%	184,88%
IDGC of South	0,21%	33,70%
Lenenergo, ordinary shares	2,46%	10,21%
TRK, ordinary shares	-0,33%	-0,97%
Kubanenergo	-0,16%	28,89%

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