

DAILY MARKET REVIEW

3 September, Monday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 31 August some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 lost 0.4-0.5%, on Friday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, was 0.4% down. The markets were pressured by fears of the expansion of trade wars after new statements by Donald Trump. Firstly, according to media reports, the US president is considering the possibility of introducing new duties on the import of Chinese goods worth \$200 billion already next week after the deadline for accepting comments from members of the public regarding duties (6 September). Secondly, Donald Trump threatened the US withdrawal from the WTO, if the international organization "will not change for the better." Thirdly, the US president rejected the EU proposal for mutual zeroing of duties on car exports, saying that "this is not enough." October Brent futures traded near \$77.7 per barrel, \$0.2 higher than our closing on 30 August. Quotations are still supported by expectations of the introduction of US sanctions against Iran's oil sector and uncertainty about the amount of raw materials that will leave the market.

Most of the trading session the Russian market, as well as global exchanges as a whole, were dominated by sellers due to a decrease in interest in risky assets due to tightening of the US foreign trade rhetoric and problems of emerging markets. In the middle of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM lost more than half a percent. Weak statistics put additional pressure on European markets, led by the German DAX – retail sales in Germany in July fell more than forecasts, inflation in the Eurozone in August unexpectedly slowed to 2%. In turn, the negative background for emerging markets was the strengthening of the dollar in the foreign exchange market – the Indian rupee on Friday updated the record low, the Indonesian rupiah dropped to its lowest level in 20 years. At the end of the day, the MOEX Russia Index consolidated in positive territory thanks to improvement in the mood of global investors. The reason for the correction was the first strengthening of the Turkish lira in 5 sessions after the government raised the tax on dollar deposits and the strengthening of the Argentine peso thanks to the support from the IMF. The driver of the rise in our market was Sberbank's shares, which rebounded from the annual minimum, and Gazprom's shares on its management's message that the concern does not exclude an increase in dividends for 2018.

As a result of the trading session the MicexPWR Sector Index outperformed significantly this week, including thanks to the ruble strengthening. The main contribution to the MicexPWR advancing growth in comparison with the MOEX Russia Index was made by shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Authorities cannot agree on the size of the two-stage indexation of utility tariffs in 2019 - says the newspaper

The issue of indexation of utility tariffs due to the growth of VAT remains open. The "consolidated position" of the departments, worked out at a meeting with Deputy Prime Minister Vitaly Mutko on 23 August, admits both options discussed - both the growth of prices for housing services in the summer of 2019 by 2.4%, as required by the Ministry of Economy, and a more significant increase of 4%, as utilities want. The parties agree only on the need to increase tariffs in January by 1.7% - but this was unexpectedly objected by the publicly earlier not disagreeing FAS.

Read full text: <http://www.bigpowernews.ru/markets/document84377.phtml>

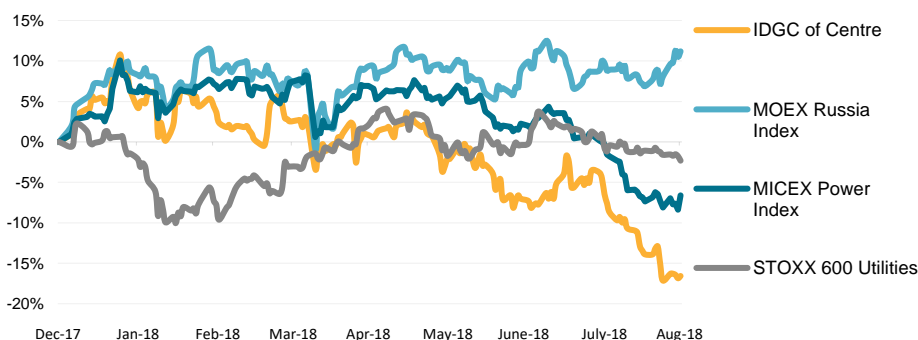
COMPANY NEWS

In the first half of 2018 Smolenskenergo's specialists recovered almost 50 million rubles in favour of the power company

IDGC of Centre - Smolenskenergo division continues systematic work to collect accounts receivable, including for services on electric power transmission.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65519/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2345,85	0,64%	11,19%
S&P 500	2897,37	-0,13%	8,37%
FTSE 100	7432,42	-1,11%	-3,32%
DAX	12364,06	-1,04%	-4,29%
DJStoxx 600	382,26	-0,80%	-1,78%
Nikkei	22865,15	-0,02%	0,44%
Sensex	38645,07	-0,12%	13,47%
CSI300	3334,5	-0,50%	-17,28%
Bovespa	76347,23	-0,07%	-0,07%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,0821	-0,09%	18,14%
EURO/RUB	79,6765	0,15%	15,83%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1200,01	0,00%	-7,91%
Brent*, USD/bbl	77,42	-0,45%	15,78%

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	MCap**, \$ mln	
		₽ bln	\$ mln
IDGC of Centre	0,297	12,54	184,17
IDGC of Centre & Volga Reg	0,2865	32,29	474,25

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,55%	-2,32%
MICEX POWER Index	1,95%	-6,59%
IDGC of Centre**	0,34%	-16,57%
IDGC of Centre and Volga Region**	0,53%	-5,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,59%	-17,48%
FGC UES	6,19%	0,59%
IDGC of Volga	1,04%	-5,70%
MOESK	0,14%	-22,47%
IDGC of Northern Caucasus	0,34%	-22,14%
IDGC of North-West	-4,36%	22,31%
IDGC of Urals	-1,17%	-19,09%
IDGC of Siberia	-0,57%	-24,45%
IDGC of South	-4,10%	5,52%
Lenenergo, ordinary shares	0,34%	23,44%
TRK, ordinary shares	-2,94%	-11,05%
Kubanenergo	1,44%	-28,06%

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