

DAILY MARKET REVIEW

12 July, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 11 July some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with an increase of 0.3-0.6% on expectations of a strong corporate reporting season for the second quarter. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US stock indices lost 0.8-0.9% under pressure of news about the escalation of the US-China trade conflict. The media reported that the US president instructed to begin the procedure of imposing an additional 10% duty on goods from the PRC with a total value of \$200 billion. Now the US trade representative begins a 1.5-month procedure for public discussion of the list of Chinese goods that will be levied with new duties. In turn, the Ministry of Trade of the People's Republic of China, calling the step of the US authorities "completely unacceptable," said that China will be forced to take retaliatory measures. Earlier, media reminded, Donald Trump stated that in the end he is ready to introduce additional tariffs on almost all supplies from China, currently amounting to about \$500 billion a year if Beijing responds to new duties with similar measures in respect of American goods and will not go to concessions. September Brent futures traded near \$78.2 per barrel, \$0.5 lower than our closing on 10 July. A new round of the trade war, threatening to slow global economic growth, neutralized the positive data of the American Petroleum Institute about a significant drop in oil reserves in the country – by almost 7 million barrels.

On Wednesday the Russian market was dominated by sellers as part of the overall exit of global investors from risks – in the middle of the day the fall of the MOEX Russia Index reached 1.6%, the loss of the Stoxx Europe 600 Index and the index of emerging markets MSCI EM exceeded a percent. According to The Wall Street Journal, the PRC authorities, in response to the introduction of additional tariffs by the US, consider slowing down the approval process for mergers and acquisitions involving US companies, delay the issuance of licenses and permits to US companies, and toughen the verification of US goods on the border. According to economists, the introduction of new US duties and China's response can reduce China's economic growth by half a percentage point and give a serious blow to the US economy. In addition, analysts say, the increased tension in world trade forces companies to adhere to a more cautious approach to business development, which puts additional pressure on the stock market. At the end of the day, the MOEX Russia Index was able to somewhat reduce the rate of decline after the less negative, as evidenced by the daily trend of futures, opening of trading in the US.

During the trading session the MicexPWR Sector Index outperformed - sales were mainly concentrated in the first-tier securities.

ELECTRIC POWER INDUSTRY NEWS

In the electric power industry, everyone should be brought back to the market in 2023-2025

Chairman of the Management Board of the association "NP Market Council" explains why Russia failed to build a completely free electricity market.

Read full text: <https://www.vedomosti.ru/business/characters/2018/07/09/775025-vernut-obratno-rinok>

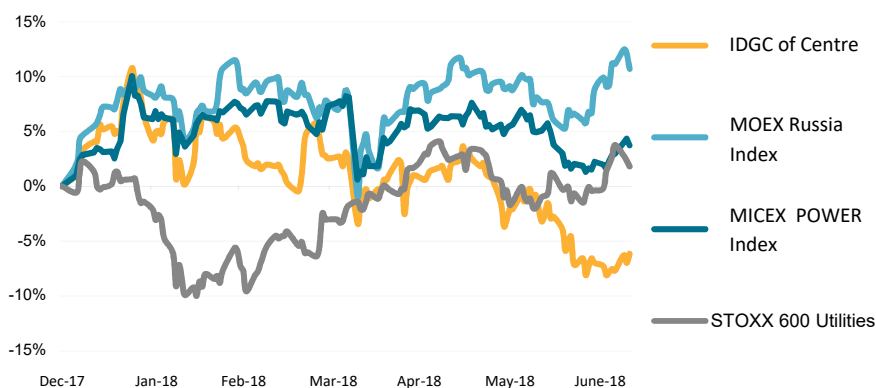
COMPANY NEWS

Since the beginning of summer, IDGC of Centre's specialists conducted about 200 classes on electrical safety, their participants were more than 6,000 schoolchildren of the Central Federal District

In the summer months IDGC of Centre continues to conduct large-scale systematic work in the regions of its activities (11 subjects of the Central Federal District) on prevention of children's electric injuries.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64732/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 336,15	-1,23%	10,73%
S&P 500	2 774,02	-0,71%	3,76%
FTSE 100	7 591,96	-1,30%	-1,25%
DAX	12 417,13	-1,53%	-3,87%
DJStoxx 600	381,40	-1,26%	-2,00%
Nikkei	21 932,21	-1,19%	-3,66%
Sensex	36 265,93	0,07%	6,49%
CSI300	3 407,53	-1,73%	-15,46%
Bovespa	74 398,55	-0,62%	-2,62%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,44	-0,62%	8,36%
EURO/RUB	73,35	-0,80%	6,63%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 241,96	-1,08%	-4,67%
Brent*, USD/bbl	73,40	-6,92%	13,34%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,3340	14,10	225,01	
IDGC of Centre & Volga Reg	0,2980	33,58	537,82	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,50%	1,81%
MICEX POWER Index	-0,61%	3,72%
IDGC of Centre**	0,91%	-6,18%
IDGC of Centre and Volga Region**	-1,32%	-1,23%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,18%	-4,90%
FGC UES	-1,13%	16,54%
IDGC of Volga	-1,71%	14,95%
MOESK	-1,45%	-24,25%
IDGC of Northern Caucasus	0,32%	-17,45%
IDGC of North-West	-1,13%	18,27%
IDGC of Urals	-0,80%	-10,98%
IDGC of Siberia	-2,31%	-7,86%
IDGC of South	-1,61%	2,17%
Lenenergo, ordinary shares	0,52%	20,63%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	2,81%	-20,79%

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

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