

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 19 August some positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 1.2-1.4%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures on the S&P500 added about a percent. Investors were supported by a reduction in fears of a recession in the US and expectations of stronger stimulus measures in the Eurozone and China. After the publication of good statistics in the US, including data on retail sales and permits for construction of new houses, the yields on the US government bonds departed from multi-year lows, the yield on 10-year securities again exceeded the yield on two-year bonds. The head of the Central Bank of Finland said that at the September meeting the ECB will adopt a package of measures to support the economy, which will exceed the expectations of investors. Media reported that the PRC authorities are developing mechanisms to minimize the negative impact of a trade war with the US. On Monday the Chinese market became the driver for raising Asian markets – the CSI300 grew by 2.2% after the People's Bank of China announced an important reform of the interest rate system aimed at lowering the borrowing rate for businesses. October Brent futures traded around \$59.5 per barrel, \$0.6 higher than our close on Friday, 16 August. Oil quotes rose on increasing geopolitical tensions in the Middle East after an attack by drones of Yemeni Houthi rebels at an oil field in Saudi Arabia.

On Monday, buyers dominated global stock exchanges on expectations of expansion of stimulus measures for the global economy. Following the emergence of information on upcoming new support programs in the Eurozone and China, German media reported that the country's authorities are ready to abandon the balanced budget and allow the possibility of a transition to a deficit budget in the event of a recession in Germany. In particular, the German Minister of Finance, drawing parallels with the past financial crisis, suggested that the country could allocate €50 billion to support the economy. An additional positive factor for the markets was the decrease in tension in trade relations between the US and China after the decision of the US Department of Commerce to extend the validity period of licenses for conducting business of American companies with Chinese Huawei by another 90 days. Against this background, in the afternoon, the rise of the MOEX Russia Index and the MSCI All Country World Index exceeded a percent. LUKOIL's shares (+4.8%) became the driver of the rise of the Russian market in anticipation of the launch of a new buyback stage after summing up the results of the public offer for the purchase of shares.

During the trading session, the electric utilities sector index underperformed – the activity of buyers was mainly concentrated in the first-tier shares. The main contribution to the final MOEXEU decline in antiphase with the MOEX Russia Index was made by shares of RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Cross subsidies to be taken into account in energy tariffs

The Federal Antimonopoly Service (FAS) is going to take into account the size of cross-subsidization when setting electricity tariffs according to new legislative rules – this issue, according to NG, was raised at a meeting of the FAS working group on tariff regulation in the electric power industry and housing and communal services last week. The agency said which by-laws are being developed in connection with the entry into force of amendments to the law "On the electric power industry". NG reviewed a copy of the FAS presentation.

Read full text: http://www.ng.ru/economics/2019-08-20/100_190820tax.html

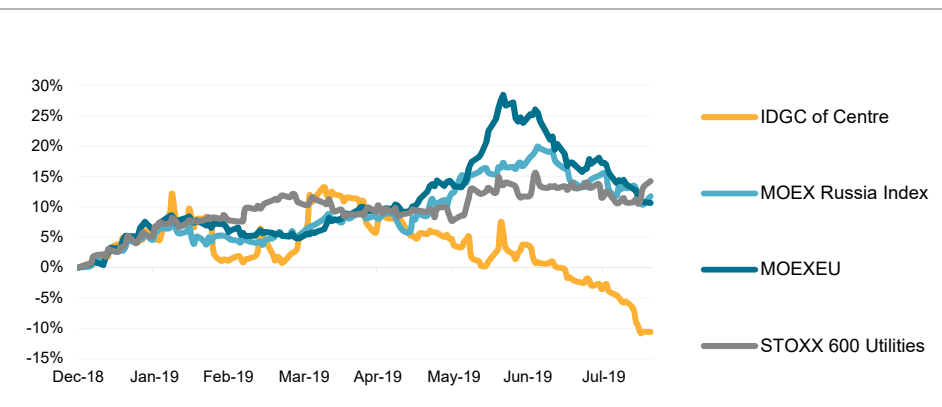
COMPANY NEWS

Rosseti Centre and Rosseti Centre and Volga Region in the first half of the year modernized more than 700 kilometres of power lines using high-strength SIW wires

Specialists of Rosseti Centre and Rosseti Centre and Volga Region continue to implement measures to replace non-insulated wires for self-supporting insulated wires (SIW) on 0.4-10 kV overhead power lines. Work is being carried out as part of a technical re-equipment and reconstruction program.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69344/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2648,09	1,26%	11,77%
S&P 500	2923,35	1,20%	16,61%
FTSE 100	7189,65	1,02%	6,86%
DAX	11715,37	1,32%	10,95%
DJStoxx 600	373,86	1,14%	10,72%
Nikkei	20563,16	0,71%	2,74%
Sensex	37402,49	0,14%	3,70%
CSI300	3791,09	2,17%	25,92%
Bovespa	100231,2	0,43%	14,05%

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

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,9961	0,16%	-5,00%
EURO/RUB	73,2227	-0,32%	-7,85%

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

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1502,38	-0,73%	17,15%
Brent*, USD/bbl	59,21	0,97%	10,06%

* - October futures

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

Shares	Price**, ₹	MCap**, ₹ bln		MCap**, \$ mln
		per day	fr 31.12.18	
IDGC of Centre	0,2556	10,79	163,51	
IDGC of Centre & Volga Reg	0,24	27,05	409,83	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,94%	14,26%
MOEXEU	-0,15%	10,66%
IDGC of Centre**	0,00%	-10,63%
IDGC of Centre and Volga Region**	0,08%	-9,43%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,70%	37,01%
FGC UES	-1,06%	13,02%
IDGC of Volga	0,61%	-7,24%
MOESK	0,62%	10,53%
IDGC of Northern Caucasus	-1,64%	122,86%
IDGC of North-West	3,93%	9,55%
IDGC of Urals	0,82%	-6,28%
IDGC of Siberia	-0,29%	130,93%
IDGC of South	0,43%	6,80%
Lenenergo, ordinary shares	0,00%	6,99%
TRK, ordinary shares	0,00%	-5,84%
Kubanenergo	1,53%	22,54%

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