



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 20 October some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a small increase in the range of 0.1%. The market was supported by expectations of progress in the implementation of the tax reform in the US, levelling the negative political problems in Spain and statistics that recorded weakening of economic recovery in China. On Friday the main country indices of the Asia-Pacific region did not demonstrate a single trend, the congress of the Chinese Communist Party is still in the focus of attention of investors. In particular, an unpleasant surprise for market participants was the statement of the head of the People's Bank of China about risks that the increase in the debt burden carries. This, he said, could lead to an unexpected drop in asset prices after a long period of growth, which will cause debt pressure. December Brent futures traded near \$57.5 per barrel, at the level of our closing on 19 October. Oil prices stabilized after falling on Thursday on news of a reduction in geopolitical risks associated with the situation in Iraqi Kurdistan. At the same time, analysts of Goldman Sachs noted, it is now difficult to assess the potential consequences of tensions in the Middle East for the oil market.

The MICEX Index spent the trading session on Friday with low volatile changes near zero. Attempts to restore positions after the percentage drop the day before after the improvement in sentiment on the western markets looked unconvincing amid a fall in oil prices to around \$56.6 per barrel and more than a 10% collapse of Magnit's "heavy" shares after publication of weak quarterly statements. In turn, the positive mood of Western investors was mainly due to information about the approval by the US Senate of the draft budget of the country for the next fiscal year, which strengthened the hopes of investors to implement the tax reform of Donald Trump. This piece of news became a driver for strengthening the US dollar, increasing yields of government bonds of developed countries, growth of European markets and the next update of records by US stock indices. The main beneficiaries of the expectations of successful passage of the tax reform were the US financial companies - in particular, stocks of the SPDR Financial Select Sector ETF, tracking the industry, approached the maximum for 10 years. The MICEX Index closed trading near zero, despite the return of Brent quotations to the morning levels.

As a result of the trading session the MicexPWR Sector Index outperformed. The main contribution to the MicexPWR small rise in antiphase with the MICEX Index was made by shares of RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy is ready to extend the "last mile" mechanism, says the newspaper

For five years by 2017, the size of cross-subsidization in the grid complex has increased by almost 70% to 368 billion rubles, and in 2022, according to the Ministry of Energy, will amount to 417 billion rubles. And all this burden falls on small and medium-sized businesses, housing and utilities and budgetary enterprises, as large energy consumers go into their own generation or connect directly to grids of Federal Grid Company, whose tariff does not include cross-subsidization, Vedomosti reports citing the agency's materials.

Read full text: <http://www.bigpowernews.ru/markets/document80243.phtml>

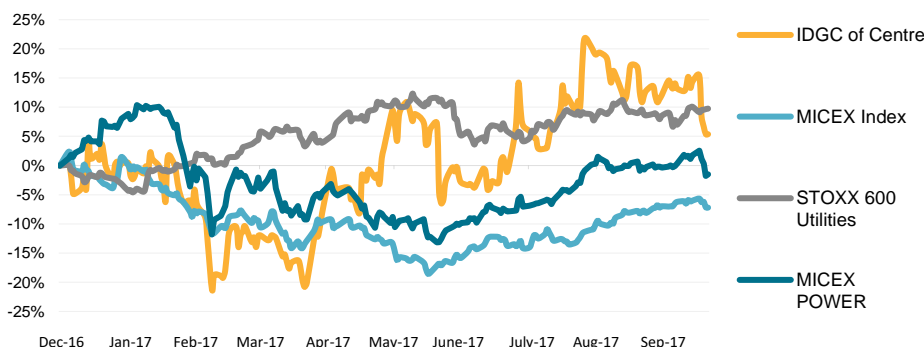
COMPANY NEWS

IDGC of Centre connected a number of large enterprises of the agro-industrial complex to grids in the Smolensk region

IDGC of Centre - Smolenskenergo division for 9 months of 2017 provided grid connection of five large facilities of the agro-industrial complex of the Smolensk region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62168/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.16 |
| MICEX | 2 071,83 | -0,04% | -7,21% |
| S&P 500 | 2 575,21 | 0,51% | 15,02% |
| FTSE 100 | 7 523,23 | 0,00% | 5,33% |
| DAX | 12 991,28 | 0,01% | 13,15% |
| DJStoxx 600 | 390,13 | 0,26% | 7,94% |
| STOXX Utilities | 303,78 | 0,07% | 9,76% |
| Nikkei | 21 457,64 | 0,04% | 12,26% |
| Sensex | 32 389,96 | 0,00% | 21,65% |
| CSI300 | 3 926,85 | -0,11% | 18,63% |
| Bovespa | 76 390,52 | 0,14% | 26,84% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.16 |
| Euro/USD | 1,18 | -0,43% | 12,05% |
| USD/RUB | 57,57 | 0,52% | -5,09% |
| Euro/RUB | 67,93 | 0,85% | 6,46% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.16 |
| Gold, USD/oz | 1 280,47 | -0,75% | 11,59% |
| Brent*, USD/bbl | 57,75 | 0,91% | -1,67% |

* - December futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,4710 |
| Capitalisation**, billion RUB | 19,88 |
| Capitalisation**, million USD | 345,40 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.16 |
| MICEX-Power Index | 0,26% | -1,52% |
| Shares of IDGC of Centre** | 0,00% | 5,37% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.16 |
| Rosseti, ordinary shares | 1,33% | -14,34% |
| FGC UES | -0,39% | -18,31% |
| IDGC of Volga | -0,60% | 91,61% |
| MOESK | -0,47% | -5,01% |
| IDGC of Northern Caucasus | -0,26% | -14,51% |
| IDGC of Centre and Volga Reg | 0,03% | 105,07% |
| IDGC of North-West | 1,58% | 5,27% |
| IDGC of Urals | 0,28% | 10,03% |
| IDGC of Siberia | 1,28% | 42,29% |
| IDGC of South | -0,24% | -22,14% |
| Lenenergo, ordinary shares | -0,38% | -5,36% |
| TRK, ordinary shares | 0,00% | -15,97% |
| Kubanenergo | 1,39% | -7,93% |

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