

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 4 July some moderately positive external background formed on the Russian market. All three major US indices – DJIA, S&P500 and Nasdaq Composite – updated their historical highs on Wednesday, rising by 0.7-0.8%. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.4%. The main driver of the market growth is still expectations of monetary easing by the main global central banks. Regarding the Fed on Wednesday these expectations were reinforced by Donald Trump's statement about the intention to nominate new candidates to the Fed's board of directors who support his position on the need for active rate cuts and statistics indicating a possible weakening of the US economy. In June the business activity index in the services sector fell to a minimum since July 2017, the ADP data indicated a less significant than expected increase in the number of jobs in the private sector. September Brent futures traded around \$63.2 per barrel, \$0.1 above our closing level on 3 July. The market was supported by the report of the oilfield service company Baker Hughes about the reduction in the number of operating oil drilling rigs in the US and data from the US Department of Energy that recorded a decline, although slightly less than expected, in oil and gasoline stocks last week.

Most of the Thursday's trading session, the MOEX Russia Index added within half a percent following a comparable increase in the index of emerging markets MSCI EM. At the same time, in the Western markets the sideways changes of stock indices near the zero mark prevailed while the activity of traders decreased due to closed US trading floors in connection with the celebration of Independence Day. In addition, analysts say, investors have taken a wait before today's publication of statistics on the US labour market, which may have a significant impact on the Fed's monetary policy decisions at the July's meeting. At present, as shown by the data of the Chicago Stock Exchange, traders are 100% sure that the Federal Reserve will reduce its key rate in July. But experts believe that if the report of the US Department of Labor turns out to be unexpectedly strong, this could be a disappointment for markets whose prices already reflect at least one reduction in the Fed's key rate in the next few months.

During the day, the electric utilities sector index underperformed. The main contribution to the MOEXEU decline in antiphase with the MOEX Russia Index was made by shares of FGC UES and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy proposed to develop the infrastructure of Rosseti at the expense of consumers

The Russian Ministry of Energy has offered to impose expenses on the development of grid infrastructure on the large business that needs capacities in excess of 150 kW. The Ministry considers that the corresponding amount can be included in the tariff at which such consumers pay for grid connection.

Read full text: <https://polit.ru/news/2019/07/05/energy/>

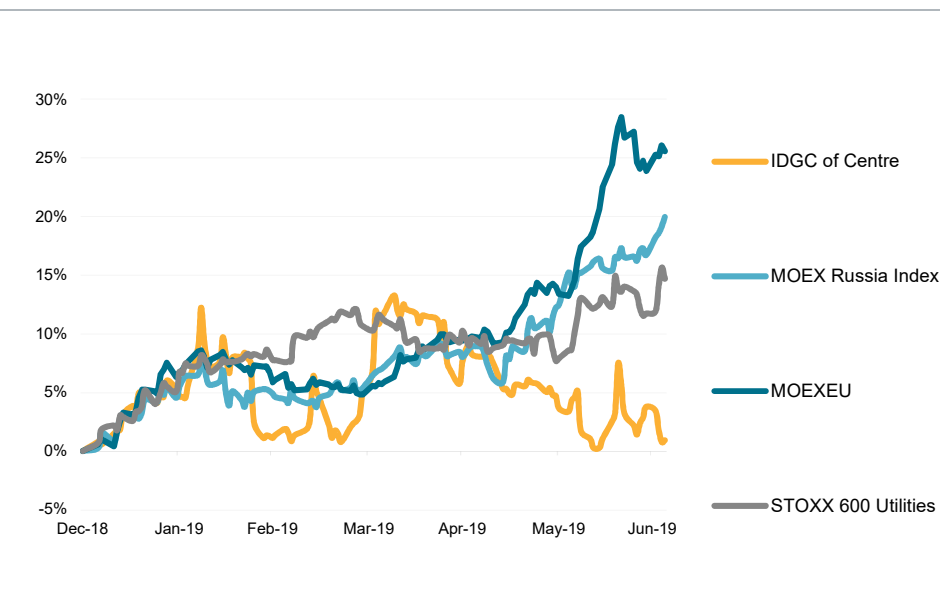
COMPANY NEWS

Igor Makovskiy: Outperformance of the repair program to ensure the high-quality operation of the power grid complex in 20 regions of Rosseti Centre and Rosseti Centre and Volga Region

Rosseti Centre - the managing organization of Rosseti Centre and Volga Region summed up the implementation of the repair program for five months. The company performs a number of key document activities ahead of schedule.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68926/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2842,78	0,67%	19,98%
S&P 500	2995,82	0,00%	19,51%
FTSE 100	7603,58	-0,08%	13,01%
DAX	12629,9	0,11%	19,61%
DJStoxx 600	392,94	0,09%	16,37%
Nikkei	21702,45	0,30%	8,43%
Sensex	39908,06	0,17%	10,65%
CSI300	3873,1	-0,52%	28,65%
Bovespa	103816,5	1,74%	18,12%

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

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,4951	0,42%	-8,60%
EURO/RUB	71,6034	0,27%	-9,89%

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

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1415,86	-0,20%	10,40%
Brent*, USD/bbl	63,6	-0,34%	18,22%

* - September futures

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

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2886	12,18	191,89
IDGC of Centre & Volga Reg	0,2556	28,81	453,67

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,83%	14,70%
MOEXEU Index	-0,40%	25,59%
IDGC of Centre**	0,14%	0,91%
IDGC of Centre and Volga Region**	-3,51%	-3,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,35%	80,53%
FGC UES	-1,67%	38,35%
IDGC of Volga	-0,16%	-3,21%
MOESK	1,24%	11,21%
IDGC of Northern Caucasus	-4,47%	175,00%
IDGC of North-West	0,16%	12,88%
IDGC of Urals	0,22%	-3,25%
IDGC of Siberia	-2,24%	176,39%
IDGC of South	0,44%	24,70%
Lenenergo, ordinary shares	0,87%	9,07%
TRK, ordinary shares	0,00%	-5,52%
Kubanenergo	-1,41%	28,89%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
www.mrsk-1.ru/en/investors/

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
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