

DAILY MARKET REVIEW

7 April, Friday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 06 April some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed lower by 0.2-0.3%. More than half a percentage growth in the indices, due to optimistic data on employment in the private sector of the US, was replaced at the end of the day by a percentage drop on the Fed's signals of earlier than expected by the market beginning of the reduction in the balance of the regulator. The minutes of the March meeting showed that most of the governors of the Fed consider it prudent to start reducing the volume of assets on the balance sheet of the Central Bank, which is \$4.5 trillion, until the end of this year. The reduction is most likely to occur due to the refusal to reinvest the proceeds of securities, and the Fed is inclined to a sharp one-off refusal to reinvest the interest, and not to its gradual reduction. Analysts say that the potential simultaneous reduction in liquidity and tightening of the Federal Reserve's monetary policy may put pressure on all risky assets. Following the US stock exchanges, the composite index of the Asia-Pacific region MSCI Asia Pacific lost about a percent on Thursday. An additional negative factor for the markets in the Asian session was weak statistics from the PRC, where business activity in the service sector, according to Markit/Caixin, fell to a minimum in six months due to slower growth in new orders and increased price pressure. June Brent futures traded near the mark of \$54.3 per barrel, slightly lower than the closing level on 05 April. Oil prices remain under pressure from the US Department of Energy statistics, which fixed the growth in oil reserves to the next record and increased oil production to its maximum since January 2016.

In the first half of the trading session the MICEX Index and the European Stoxx Europe 600 Index were in a small minus on average at half a percentage point, playing back the percentage decline of the US market before the close of trading on Wednesday. In the second half of the day investors' sentiment improved after the publication of strong US statistics – the number of applications for unemployment benefits fell at a record pace in two years. In addition, the Russian market was supported by the growth of Brent quotations to around \$55 per barrel.

During the trading session the MicexPWR Sector Index looked somewhat better than the market. The main contribution to the small final MicexPWR growth was made by shares of Irkutskenergo. At the same time, the rise of the sector index was restrained by the fall in shares of FGC UES under the pressure of statements by Deputy Head of Rosseti O. Shatokhina, from which investors concluded that the dividends of grid companies for 2016 could be paid according to a new formula – 25% of RAS net profit, adjusted with investments that are realized at the expense of this profit, a fee for grid connection and revaluation of financial investments. Against this backdrop, strong IFRS financials for 2016 could not provide significant support to ordinary shares of Rosseti: the company's net profit increased by 20.5% yoy, to 98.34 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" discusses the deduction of a number of investments from the dividend base

"Rosseti" is discussing the deduction of a number of investments from the dividend base and is considering the development of a new formula for calculating dividends, said Deputy General Director for Economy Oksana Shatokhina at the conference call on the results of IFRS for 2016.

Read full text: <http://www.bigpowernews.ru/news/document76268.phtml>

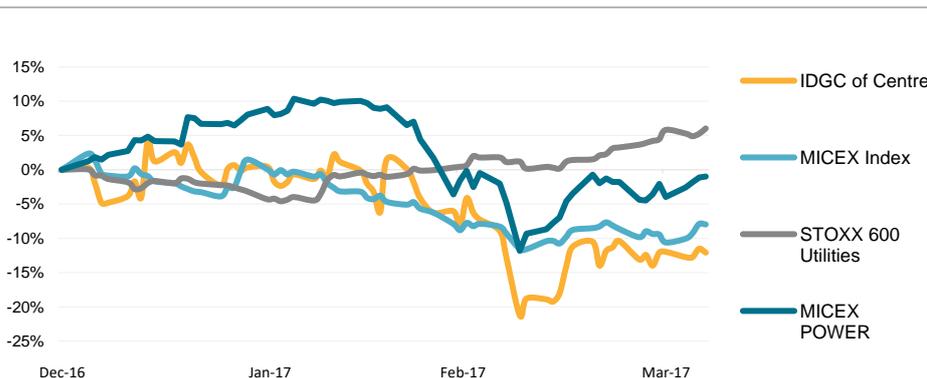
COMPANY NEWS

Kurskenergo reduces grid losses

IDGC of Centre – Kurskenergo division conducts planned work to reduce losses in electric grids. Since the beginning of the year, the company has transmitted more than 1.01 billion kWh of electricity, while losses in the distribution 10/0.4 kV grid have decreased by 1.75 million kWh from the supply to the grid compared to the same period last year.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59602/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 054,69	-0,08%	-7,97%
S&P 500	2 357,49	0,19%	5,30%
FTSE 100	7 303,20	-0,39%	2,25%
DAX	12 230,89	0,11%	6,53%
DJStoxx 600	380,77	0,18%	5,35%
STOXX Utilities	293,46	0,73%	6,03%
Nikkei	18 597,06	-1,40%	-2,71%
Sensex	29 927,34	-0,16%	12,40%
CSI300	3 514,05	0,29%	6,16%
Bovespa	64 222,72	-0,85%	6,63%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,07	0,03%	1,26%
USD/RUB	55,89	-1,17%	-7,85%
Euro/RUB	59,69	-0,91%	-6,45%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 251,70	-0,32%	9,08%
Brent*, USD/bbl	54,89	0,97%	-6,07%

* - June futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,9300
Capitalisation**, billion RUB	16,59
Capitalisation**, million USD	296,84

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,13%	-0,99%
Shares of IDGC of Centre**	-0,63%	-12,08%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,35%	-13,10%
FGC UES	-1,88%	-8,76%
IDGC of Volga	1,24%	9,02%
MOESK	0,40%	11,14%
IDGC of Northern Caucasus	-1,57%	-14,51%
IDGC of Centre and Volga Reg	0,12%	8,85%
IDGC of North-West	0,00%	-14,55%
IDGC of Urals	0,67%	-8,21%
IDGC of Siberia	0,89%	-19,12%
IDGC of South	0,00%	-24,62%
Lenenergo, ordinary shares	0,59%	-7,18%
TRK, ordinary shares	5,61%	-5,04%
Kubanenergo	-1,51%	5,17%

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

<http://mrsk-1.com/en/investors/>

IR Division

+7 (495) 747 92 92, ext. 33-34

ir@mrsk-1.ru

Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM