

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 12 February some moderately positive external background formed on the Russian market. Major US indices ended Tuesday with mixed changes – the S&P500 and Nasdaq grew by 0.1-0.2%, updating their historical highs, the DJIA closed at a conditional minus. The market was supported by expectations of the peak of the Chinese coronavirus epidemic in February, while the rise in the indices was held back by the sale of shares in high-tech companies, which were pressured by media reports that the Federal Trade Commission could initiate a new antitrust investigation against major IT companies. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.5% on growing investors' confidence that the impact of coronavirus on the economy will be mostly short-term. Chinese authorities said that the rate of increase in the number of people infected with the virus halved over the week – to the lowest level since late January. In addition, President of China expressed confidence in the ability of China not only to cope with the outbreak of the disease, but also to achieve all previously set economic goals and objectives. April Brent futures were trading around \$55.1 per barrel, \$0.5 higher than our close on 11 February. Oil prices rose on the news of a slowdown in the spread of coronavirus in China and expectations of Russia's decision regarding the recommendation of the OPEC+ technical committee to further reduce oil production.

Most of the trading session on Wednesday, the MOEX Russia Index, the consolidated European Stoxx Europe 600 Index and the S&P500 futures added an average of about half a percent on expectations that the global economy will be able to cope with the consequences of the Wuhan virus epidemic with minimal losses. In addition, investors believe that in this situation, world central banks will not rush to tighten their monetary policies, and, moreover, they may use additional measures to stimulate the economy. Against this background, the markets ignored weak European statistics – in December industrial production in the Eurozone fell 2.1% in monthly terms, at the fastest rate since February 2016. Additional support to the Russian market in the second half of the trading session was provided by the growth of Brent quotes to around \$56 per barrel. For the second day in a row, Gazprom's shares have acted as the driver for raising the MOEX Russia Index on news of the company's readiness to abandon adjustments that lower the dividend base.

During the day, the electric utilities sector index outperformed. The main contribution to the final MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of Gazprom's generation companies, which continued the rally on news on the payment of dividends in the amount of 50% of IFRS profit for 2019. According to analysts, shares of OGC-2 and TGK-1 with the current double-digit dividend yield are becoming the most attractive dividend stories on the Russian market.

ELECTRIC POWER INDUSTRY NEWS

Rosseti again asked to allow it to consolidate electricity grids of the Far East

With such a request, the head of the company, Pavel Levinskiy, referred to President Vladimir Putin. Now these assets are owned by RusHydro. According to Rosseti, the consolidation of the electricity grids of the Far East on the basis of the monopoly will increase efficiency and reduce tariffs for consumers in the region.

Read full text: <http://www.bigpowernews.ru/news/document91873.phtml>

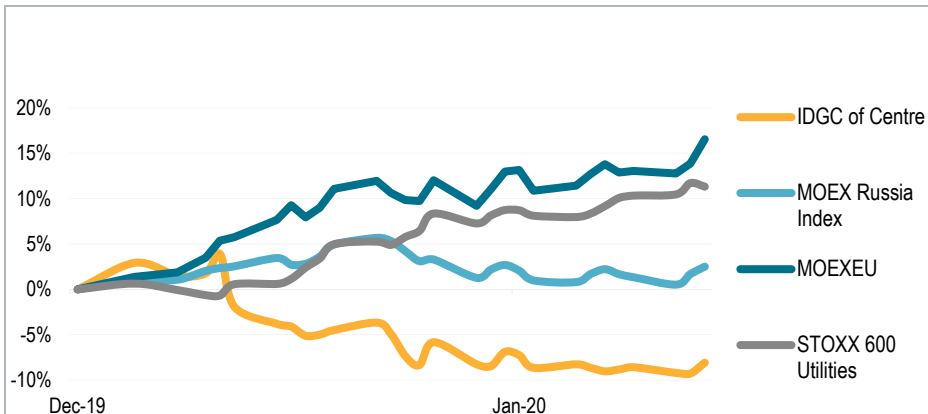
COMPANY NEWS

In 2019 Smolenskenergo provided 98.2 MW of capacity to new customers

At the end of 2019, the branch "Rosseti Centre Smolenskenergo" executed 3,017 contracts for connection to electric grids of individuals and legal entities with a total capacity of 98.2 MW. The vast majority of grid connections (2,365 contracts) are customer connections with a maximum power of up to 15 kW inclusive (preferential categories of applicants).

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/71400/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.19
MOEX Russia	3122,27	0,80%	2,51%
S&P 500	3371,8	0,42%	4,36%
FTSE 100	7528,41	0,39%	-0,19%
Nikkei	23861,21	0,74%	0,86%
Sensex	41565,9	0,85%	0,76%
CSI300	3984,43	0,81%	-2,74%
Bovespa	115897,5	0,46%	0,22%

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

Currency rates	Value	Change	
		per day	fr 31.12.19
USD/RUB	63,949	0,28%	3,30%
EURO/RUB	69,7684	-0,08%	0,62%

Source: Central Bank of Russia, Company calculations

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
Number of transactions, pcs.	948	1223
Trading volume, ₺ mln	10,2	41,7
Trading volume, mln pcs.	35,1	182,5
Average trading volume over the last 30 days, mln pcs.	79,7	252,4
% of the authorized capital	0,08%	0,16%

Source: MOEX, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2914	12,30	192,38
IDGC of Centre & Volga Reg	0,2281	25,71	401,98

Source: MOEX, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.19
STOXX 600 Utilities	-0,42%	11,36%
MOEXEU	2,35%	16,58%
IDGC of Centre**	1,32%	-8,08%
IDGC of Centre & Volga Region**	-0,26%	-4,56%

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

Grid companies	Change**	
	per day	fr 31.12.19
Rosseti, ordinary shares	3,16%	21,03%
FGC UES	1,27%	12,45%
IDGC of Volga	0,06%	2,31%
MOESK	0,21%	2,01%
IDGC of Northern Caucasus	0,38%	5,33%
IDGC of North-West	0,00%	-0,09%
IDGC of Urals	0,12%	2,30%
IDGC of Siberia	0,40%	-19,09%
IDGC of South	0,50%	-2,02%
Lenenergo, ordinary shares	0,42%	0,99%
TRK, ordinary shares	1,17%	0,93%
Kubanenergo	0,00%	17,92%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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Bloomberg

Reuters

MRKC
MRKC.RM
MRKC.MM