



IDGC OF CENTRE

DAILY MARKET REVIEW

18 July, Friday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on the 17th of July some negative newsflow developed on the Russian market, which was mainly triggered by the tightening of U.S. sanctions against the Russian Federation in connection with the Ukrainian crisis. According to media reports, firstly, the Specially Designated Nationals List (SDN), being in which provides for, including, freezing of assets, was expanded with practically all major Russian defense enterprises. Secondly, VEB, Gazprombank, Rosneft and Novatek were included in the Sectoral Sanctions Identifications List (SSI) – the assets of these companies are not blocked, but they will not have access to medium-and long-term financing (over 90 days). In addition, the EU leaders, though having not decided on the introduction of equally tough measures against Russia at the last extraordinary summit, however, for the first time declared their readiness to extend the EU sanctions lists over Russian organizations – such a list should be drawn up before the end of July. In the meantime, the EU summit gave only instructions to the European Investment Bank and the European Bank for Reconstruction and Development to stop financial operations under public sector projects in Russia and made only the decision to revise the bilateral cooperation programs between the EU and Russia.

The Russian market began its trading session with a 3% drop in the MICEX Index. After a slight rebound the sales got resumed, and in the second half of the day the MICEX Index was at levels of the morning gap. The list of outsiders out of a number of "heavy" index securities was led by shares of Novatek and Rosneft – on the daily lows the drop was 9% and 6% respectively. European markets got under pressure from the new U.S. sanctions against Russia as well, the loss of which in the second half of the trading session exceeded half a percent. The Association of European Businesses (AEB) already spoke against the toughening U.S. sanctions, according to which, "the sanctions are largely aimed at partners of European companies, not American." "The Association believes that the spread of these <economic> sanctions may affect the business of European companies, and economic growth not only in Russia but also Ukraine and the EU," said AEB in the statement. At the end of the day the Russian market was able to play back some losses after sentiment got improved in the western exchanges after released good U.S. data on applications for unemployment benefits and the index of manufacturing activity in Philadelphia.

During the entire trading session the dynamics of the MicexPWR Sector Index was generally in line with the market changes. According to the results of the day the substantive contribution to the decline in the MicexPWR Index, about 45%, was made by shares of RusHydro and Inter RAO. On Western exchanges the European DJStoxx 600 Index was 0.94% down, and the U.S. S&P 500 Index lost 1.18%.

ELECTRIC POWER INDUSTRY NEWS

"Russian Grids" concluded more than 170,000 contracts for grid connection in the first half 2014

During the first half of the year the Group of Companies "Russian Grids" received 230,000 requests from customers for electric grid connection for a total of about 17 GW. Of these, 176,000 contracts were signed with a total capacity of more than 6 GW.

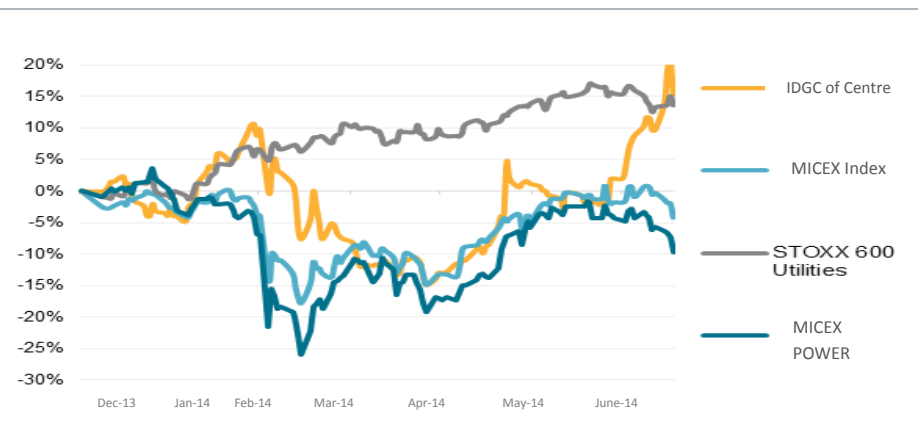
To read full text: http://www.rosseti.ru/press/news/?ELEMENT_ID=18629

COMPANY NEWS

Kursk power engineers successfully combat the theft of electricity

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89481

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 440,63	-2,31%	-4,22%
S&P 500	1 958,12	-1,18%	5,94%
FTSE 100	6 738,32	-0,68%	-0,16%
DAX	9 753,88	-1,07%	2,11%
DJStoxx 600	339,74	-0,94%	3,50%
STOXX Utilities	316,22	-1,26%	13,61%
Nikkei	15 370,26	-0,06%	-5,65%
Sensex	25 561,16	0,04%	20,74%
CSI300	2 157,07	-0,64%	-7,42%
Bovespa	55 637,51	-0,14%	8,02%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,35	-0,03%	-1,92%
USD/RUB	34,39	0,04%	5,06%
Euro/RUB	46,63	-0,34%	3,69%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 319,20	1,54%	9,78%
Brent*, USD/bbl	107,89	0,67%	0,02%

* - August futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2519
Capitalisation**, billion RUB	10,63
Capitalisation**, million USD	309,28

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-2,50%	-9,67%
Shares of IDGC of Centre**	-4,55%	15,23%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-2,89%	-35,14%
FGC UES	-1,72%	-37,80%
IDGC of Volga	-0,14%	-3,51%
MOESK	-4,22%	-25,50%
IDGC of Northern Caucasus	-1,66%	3,43%
IDGC of Centre and Volga Reg	-2,26%	63,78%
IDGC of North-West	0,26%	7,71%
IDGC of Urals	-1,04%	-7,48%
IDGC of Siberia	-0,35%	24,81%
IDGC of South	-1,89%	16,07%
Lenenergo	0,49%	14,35%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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