

DAILY MARKET REVIEW

06 July, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 05 July some moderately negative external background formed on the Russian market. On Monday the US markets were closed in observance of Independence Day. On Tuesday the composite Asia-Pacific region index MSCI Asia Pacific and futures for US indices lost around 0.5%. The markets were pressured by information about the problems of the banking sector in Italy and the decline in commodity prices. Only the Chinese CSI300 traded in a small plus on data on the growth of business activity in services in June to a maximum of 11 months. As noted by the media, Brexit made the problems of Italian banks worse, whose shares are falling because of rising bad loans. According to The Wall Street Journal, the amount of "bad" debts on the banks' balance sheets is a total of about €360 billion, which is equivalent to about 25% of GDP. Already after Brexit the European Commission authorized Italy to provide local banks until the end of the year with additional liquidity in the amount of €150 billion. However, writes the WSJ, in addition to the lack of liquidity the Italian banks may face a shortage of capital. The acuteness of the problem is suggested by the media reports that the Italian Government, contrary to the EU recommendations, is considering the possibility of recapitalization of banks in the country by €40 billion from the budget. September futures for Brent traded at \$49.5 per barrel, or \$0.7 less than the closing level on 04 July. Oil prices are falling on media reports about the growth in OPEC production. In particular, according to Bloomberg, oil production in Nigeria in June rose by 90 thous. barrels per day, due to the restoration of infrastructure affected by the attacks by militants, Saudi Arabia has increased its oil production by 70 thous. barrels. In addition, the media reported that the competing oil companies in Libya have taken a final decision on the merger, the consequence of which, according to analysts, could be the doubling of oil production, up to 700 thous. barrels per day.

On Tuesday the Russian and European stock markets were under selling pressure, provoked by the problems of Italian banks and the drop in oil prices. In the afternoon the loss of the MICEX Index and the European Stoxx Europe 600 Index amounted to about 1% and 2%, respectively. The published statistics was ambiguous and did not have significant impact on the changes of trading – in the Eurozone data on business activity in June and retail sales in May were better than expected, in the US orders of industrial enterprises in May turned out to be worse than expected. At the end of the day the MICEX Index was able to reduce the loss to 0.6%, despite the drop in oil prices to around \$48 per barrel or more than a half-point reduction in major US indices at the beginning of the trading session.

During the trading session the MicexPWR Sector Index outperformed mainly due to growth of shares of Inter RAO, as well as a sharp increase in ordinary shares of Rosseti, which added in the last hour of trading more than 5% at high volumes in the absence of significant news.

ELECTRIC POWER INDUSTRY NEWS

MED submitted plans to create a new regulator in the electric power industry — the Reliability Board

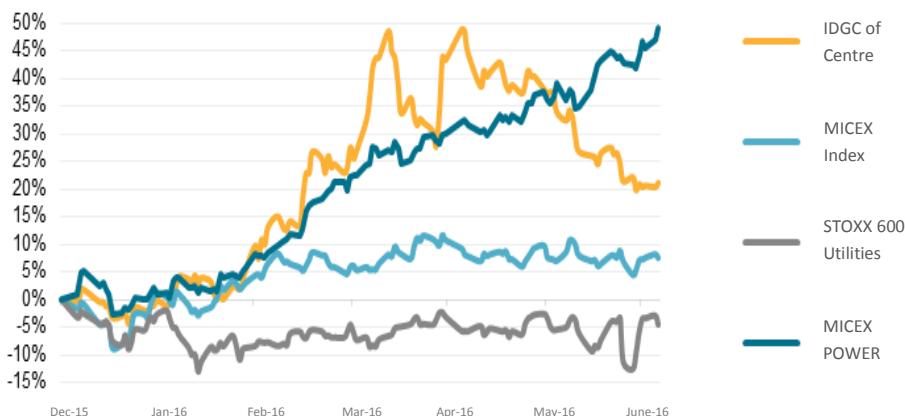
Read full text: <http://www.bigpowernews.ru/markets/document71387.phtml>

COMPANY NEWS

IDGC of Centre took part in a round table on the problems of non-payment in the housing sector, which was held in the Voronezh region

Read full text: <https://www.mrsk-1.ru/press-center/news/company/56316/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.15 |
| MICEX | 1 895,64 | -0,62% | 7,62% |
| S&P 500 | 2 088,55 | -0,68% | 2,18% |
| FTSE 100 | 6 545,37 | 0,35% | 4,85% |
| DAX | 9 532,61 | -1,82% | -11,27% |
| DJStoxx 600 | 324,17 | -1,70% | -11,38% |
| STOXX Utilities | 292,58 | -1,68% | -4,43% |
| Nikkei | 15 669,33 | -0,67% | -17,68% |
| Sensex | 27 166,87 | -0,41% | 4,02% |
| CSI300 | 3 207,38 | 0,08% | -14,03% |
| Bovespa | 51 842,27 | -1,38% | 19,59% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.15 |
| Euro/USD | 1,11 | -0,52% | -8,78% |
| USD/RUB | 63,68 | -0,52% | -12,62% |
| Euro/RUB | 70,86 | -0,28% | -11,09% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.15 |
| Gold, USD/oz | 1 356,45 | 0,42% | 27,83% |
| Brent*, USD/bbl | 47,96 | -4,27% | 12,82% |

* - September futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,2365 |
| Capitalisation**, billion RUB | 9,98 |
| Capitalisation**, million USD | 156,78 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.15 |
| MICEX-Power Index | 1,48% | 49,26% |
| Shares of IDGC of Centre** | 0,64% | 21,22% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.15 |
| Rosseti | 6,14% | 43,14% |
| FGC UES | -0,72% | 181,14% |
| IDGC of Volga | 1,93% | 49,10% |
| MOESK | -0,34% | 16,93% |
| IDGC of Northern Caucasus | -0,72% | 10,40% |
| IDGC of Centre and Volga Reg | 3,50% | 22,45% |
| IDGC of North-West | -0,22% | 62,04% |
| IDGC of Urals | -0,40% | 30,00% |
| IDGC of Siberia | 3,21% | 5,33% |
| IDGC of South | 2,16% | 21,15% |
| Lenenergo | 2,04% | 31,00% |

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC RX
MRKC.MM