

DAILY MARKET REVIEW

27 February, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 26 February some positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 1.4-1.6%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific added more than half a percent. The markets were supported by a semi-annual report from the Fed, from which investors concluded that the US Central Bank does not plan to accelerate the rate of increase in the base interest rate in 2018. In particular, the report pointed to the continued doubts of the governors of the Federal Reserve in the rapid increase in the rate of inflation in the US. This contributed to an increase in the cost of US government bonds, whose sharp increase in yields became one of the main reasons for the recent decline in the market. An additional positive factor for investors in the Asian session were statements by the head of the Central Bank of Japan that the regulator does not plan to revise the current stimulating monetary policy and continues targeting inflation at the level of 2%. April Brent futures traded near \$67.4 per barrel, \$2.1 higher than the closing level on Thursday, 22 February. The growth of oil quotations was due to statements of the Saudi Energy Minister that the volume of oil production in the country in January-March will be much lower than the quota foreseen for it within the framework of the OPEC+ deal. In addition, experts say, oil prices are supported by the suspension of work on the Libyan field El-Fil with its capacity of 70 thousand barrels per day.

On Monday the Russian market was dominated by buyers – on the daily highs the rise of the MOEX Russia Index, which updated the historical record, exceeded 1.5% thanks to optimism on the western markets and news about the upgrade of Russia's rating to the investment level by the S&P agency. Analysts say that the return of the country to the investment category will improve the attitude of investors towards Russian risk and may bring additional cash flows, the total amount of which is estimated at several billion dollars. The European Stoxx Europe 600 Index, the emerging markets index MSCI EM and futures for US indices in the middle of the day added about half a percent after the fears of a more rigorous approach by the Fed to implementing the exit strategy and the continuing recovery in the value of US government bonds. In the second half of the trading session the growth rate of the MOEX Russia Index decreased to 0.7%, including due to the drop in Brent oil to \$66.8 per barrel due to the continuing fears of overproduction of fuel in the US – according to Baker Hughes, oil drilling wells, exploited in the US, increased last week to a maximum since April 2015.

As a result of the trading session the MicexPWR Sector Index looked slightly better than the market mainly due to shares of RusHydro and Rosseti. From the general trends of shares of grid companies, the difference was with Lenenergo's preferred shares that increased by 6.5% on strong RAS financials for 2017 – net profit increased by 66% to 12.6 billion rubles. Shares of IDGC of Centre closed trading better than the market and the MicexPWR Sector Index on good RAS financials for 2017 – the company's revenue increased by 5.7%, to 91.06 billion rubles, net profit by 9%, to 2.03 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

FAS fears a new increase in electricity prices for industrial consumers in the modernization of TPPs

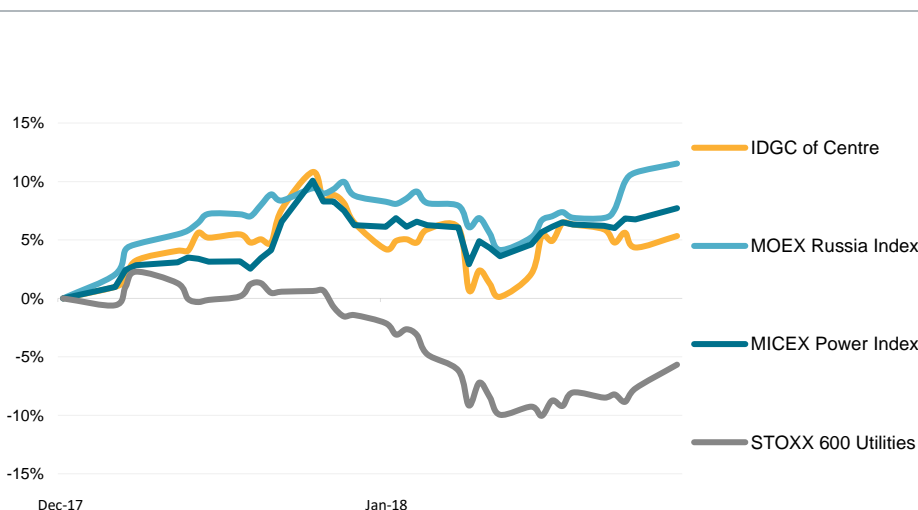
Read full text: <http://www.bigpowernews.ru/markets/document81856.phtml>

COMPANY NEWS

In 2017 IDGC of Centre transferred more than 14 billion rubles to budgets of various levels

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63254/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 353,16	0,70%	11,54%
S&P 500	2 779,60	2,80%	3,96%
FTSE 100	7 289,58	0,51%	-5,18%
DAX	12 527,04	0,52%	-3,02%
DJStoxx 600	383,06	0,72%	-1,57%
Nikkei	22 153,63	1,92%	-2,69%
Sensex	34 445,75	1,85%	1,14%
CSI300	4 118,42	1,62%	2,17%
Bovespa	87 652,64	1,11%	14,73%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,76	0,19%	-1,51%
EURO/RUB	69,63	-0,25%	1,23%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 333,68	0,12%	2,37%
Brent*, USD/bbl	67,50	1,67%	1,60%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3471	39,12	689,16

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	2,21%	-5,67%
MICEX POWER Index	0,91%	7,73%
IDGC of Centre**	0,94%	5,34%
IDGC of Centre and Volga Region**	1,49%	15,05%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	3,42%	6,41%
FGC UES	0,23%	8,42%
IDGC of Volga	0,08%	15,05%
MOESK	0,12%	-10,01%
IDGC of Northern Caucasus	0,27%	-4,43%
IDGC of North-West	0,20%	-2,12%
IDGC of Urals	1,68%	15,51%
IDGC of Siberia	-3,31%	14,85%
IDGC of South	-1,52%	-2,34%
Lenenergo, ordinary shares	0,56%	11,88%
TRK, ordinary shares	1,37%	-0,27%
Kubanenergo	3,75%	-4,72%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC:RM

MRKC:MM