

DAILY MARKET REVIEW

25 December, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 22 December some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 increased by 0.2%, on Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific showed similar changes. Securities of energy companies outperformed after rising oil prices and shares of the financial sector on expectations of the signing by the US president of the draft law on tax reform in early January. In addition, the markets were supported by the decision of the US Congress to extend government funding until January 19 and good statistics – despite the revision of the estimate of the US GDP growth in the third quarter from 3.3% to 3.2%, the rate of increase is record since early 2015. February Brent futures traded near \$64.8 per barrel, \$0.2 higher than the closing level on 21 December. Oil prices are kept near the two-year highs mainly due to a reduction in oil supplies from the North Sea deposits due to repair work on the Forties oil pipeline.

The MOEX Russia Index spent most of the trading session in positive territory on average about half a percent within the correction after the sale of the last five days. The restoration of demand for Russian shares was also facilitated by information on the possible resolution of the corporate conflict between Rosneft and AFK Sistema, according to media reports, after the meeting of the Russian president with the heads of the large companies, AFK Sistema sent a draft settlement agreement to Rosneft. At the same time, investors' activity was hampered by the decline in oil prices and pessimistic sentiment in Europe – the Stoxx Europe 600 Index traded in a small minus after the victory of supporters of Catalonia's independence in the early parliamentary elections in this troubled region of Spain. Published statistics was ambiguous and on the eve of the Christmas holidays did not impress investors. In the US in November, the growth of population spending accelerated and surpassed forecasts, sales of new buildings increased at a record pace to a maximum in 10 years, while the consumer confidence index in December fell to a minimum in three months.

As a result of the trading session the MicexPWR Sector Index underperformed mainly due to a decrease in shares of Gazprom's generation companies. From the current news of grid companies, one can note Vedomosti's report that Rosseti's board of directors approved a new dividend policy. According to the company's materials, Vedomosti writes, the energy holding company will give its shareholders the larger of two values – 50% of net profit under IFRS or RAS, adjusted for a number of articles.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" put into operation the first in Russia digital substation

On the Power Engineers' Day, a solemn ceremony of launching the first in Russia digital substation of the 110 kV voltage class was held, the transformer capacity of which is 50 MVA.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=32284

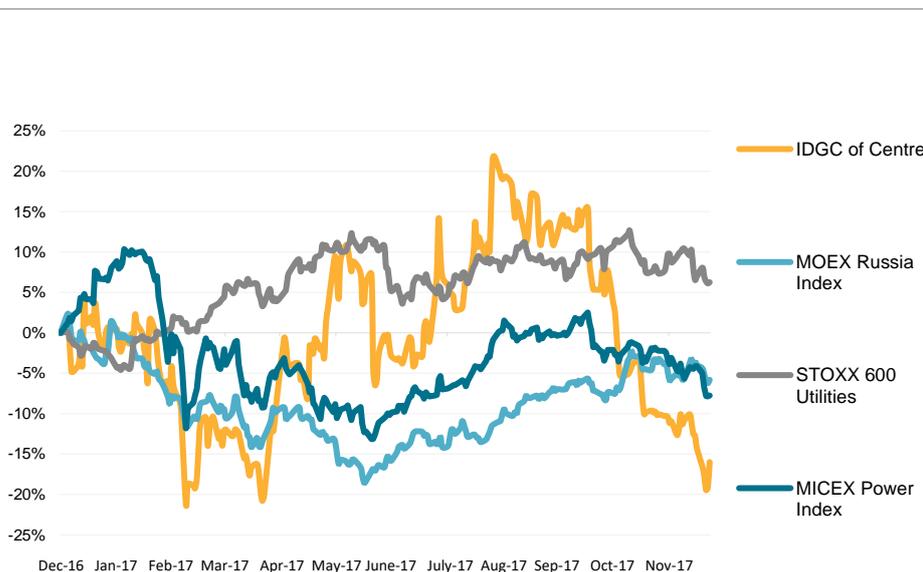
COMPANY NEWS

IDGC of Centre's Board of Directors approved the Business Plan for 2018: EBITDA - 19.3 billion rubles

Forecast revenues for grid connection services in 2018 are expected in the amount of 1,6 bln RUB, which is 23,1% higher than the expected revenues following the results of 2017.

Read full text: <http://www.energyland.info/analytic-show-166732>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 102,94	0,46%	-5,81%
S&P 500	2 683,34	-0,05%	19,85%
FTSE 100	7 592,66	-0,15%	6,30%
DAX	13 072,79	-0,28%	13,86%
DJStoxx 600	390,28	-0,10%	7,99%
Nikkei	22 902,76	0,16%	19,82%
Sensex	33 940,30	0,55%	27,47%
CSI300	4 054,60	-0,33%	22,49%
Bovespa	75 186,53	0,07%	24,84%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	58,56	-0,27%	-3,46%
EURO/RUB	69,52	0,03%	8,95%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 274,16	0,60%	11,04%
Brent*, USD/bbl	65,25	0,54%	11,33%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3755	15,85	270,71
IDGC of Centre & Volga Reg	0,3089	34,81	594,48

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	0,14%	6,27%
MICEX POWER Index	0,13%	-7,77%
IDGC of Centre**	3,87%	-16,00%
IDGC of Centre and Volga Region**	1,50%	105,41%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,31%	-28,32%
FGC UES	2,02%	-18,04%
IDGC of Volga	0,59%	81,61%
MOESK	0,57%	-2,56%
IDGC of Northern Caucasus	3,12%	-17,69%
IDGC of North-West	1,73%	-3,82%
IDGC of Urals	0,49%	25,84%
IDGC of Siberia	0,00%	33,21%
IDGC of South	6,46%	16,41%
Lenenergo, ordinary shares	-1,52%	-11,63%
TRK, ordinary shares	-1,64%	-24,37%
Kubanenergo	-2,37%	-19,43%

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