

DAILY MARKET REVIEW

18 September, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 17 September some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500, adding about 0.5% on strong statistics on consumer confidence, closed trading near zero. The reason for the sale was media reports that Donald Trump already at the beginning of the week could announce the introduction of duties on Chinese goods for an additional \$200 billion, despite preparations for new trade negotiations with China. On Monday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.6%. Additional pressure on the markets in the Asian session was provided by media reports that Beijing may refuse to participate in trade negotiations with Washington, scheduled for late September, if the US introduces new duties, and is already considering potential retaliatory measures. November Brent futures traded near \$78.2 per barrel, \$0.6 below our closing level on Friday, 14 September. The decrease in oil quotations, in addition to the worsening of trade problems, was promoted by the message of the oilfield service company Baker Hughes about the increase in the number of operating oil production facilities in the USA.

The MOEX Russia Index spent most of the day in a small plus within half a percent – the Russian market was supported, including, by the resumption of rising oil prices on fears of a reduction in supplies from Iran and Venezuela. At the same time, the activity of buyers was limited to a decrease in investors' interest in risky assets against the backdrop of another aggravation of trade relations between the US and China – the main European indices lost on average about a third of a percent, the fall of the MSCI EM index exceeded a percent. Nevertheless, the MOEX Russia Index was able to close the trading near the daily highs, ignoring the negative moods on the world markets. The driver of the rise of the Russian market was Gazprom's shares due to strong export statistics and high gas prices in Europe and RusAl's shares on the statement of the US Treasury Department that contracts with RusAl are permissible provided that the volume of these operations will not differ from the historical one prior to the imposition of sanctions.

During the day the MicexPWR Sector Index outperformed significantly. The main contribution to the final MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Grid reserve found its premiere

The reform of electric grid tariffs, which was suspended in the last few years, developed unexpectedly under the new government. Dmitry Medvedev as a whole supported the course of the new specialized vice-premier Dmitry Kozak and approved the revision of unprofitable discounted grid connection for grid operators and the transfer to payment for unused capacity reserve. The most problematic issue - the differentiation of the tariff of Federal Grid Company (FGC) - has not yet been considered. But the discussion about grid tariffs has already been marked by a clash of positions of large industries and relevant ministries.

Read full text: <https://www.kommersant.ru/doc/3744632>

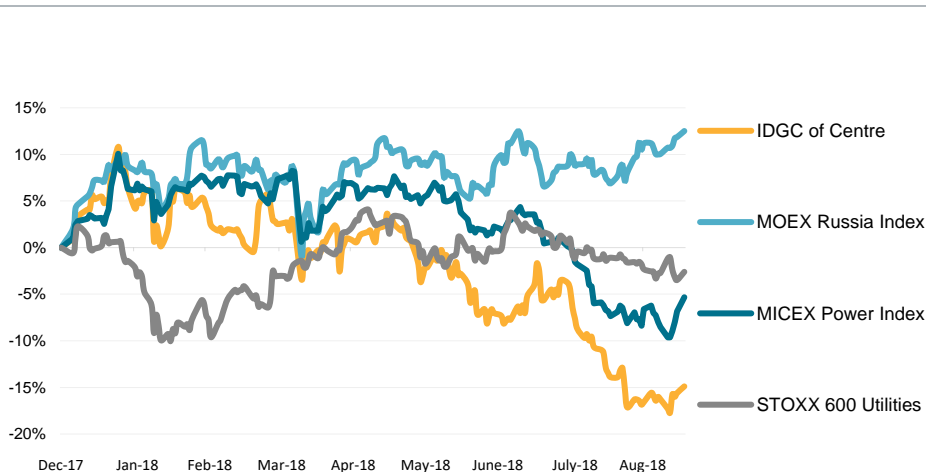
COMPANY NEWS

Kurskenergo took part in a large-scale emergency response training

IDGC of Centre - Kurskenergo division took part in a comprehensive training to eliminate threats of emergencies caused by a power failure in low temperature conditions. The training was held in the framework of joint exercises by the Ministry of Emergencies of Russia and the Ministry of Energy.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/65649/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2373,75	0,57%	12,51%
S&P 500	2897,9	-0,24%	8,39%
FTSE 100	7302,1	-0,03%	-5,02%
DAX	12096,41	-0,23%	-6,36%
DJStoxx 600	378,31	0,12%	-2,79%
Nikkei	23094,67	0,00%	1,45%
Sensex	37585,51	-1,33%	10,36%
CSI300	3204,92	-1,15%	-20,49%
Bovespa	76091,36	0,88%	-0,41%

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

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,2826	-0,52%	18,49%
EURO/RUB	79,9521	0,23%	16,23%

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

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1202,93	0,79%	-7,68%
Brent*, USD/bbl	78,09	0,00%	16,78%

* - November futures

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

Shares	Price**, ₺	Change	
		MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,303	12,79	187,34
IDGC of Centre & Volga Reg	0,289	32,57	476,98

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,90%	-2,60%
MICEX POWER Index	1,61%	-5,34%
IDGC of Centre**	0,83%	-14,89%
IDGC of Centre and Volga Region**	-0,86%	-4,21%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	2,35%	-14,46%
FGC UES	2,61%	2,96%
IDGC of Volga	-0,31%	-5,80%
MOESK	1,01%	-22,14%
IDGC of Northern Caucasus	-0,67%	-22,66%
IDGC of North-West	-2,99%	24,81%
IDGC of Urals	0,00%	-17,90%
IDGC of Siberia	-2,04%	-16,16%
IDGC of South	0,00%	16,39%
Lenenergo, ordinary shares	3,05%	30,31%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	1,88%	-30,87%

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