



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 December some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500, updating their historic highs, rose by 0.6-0.7% in the expectation that at the December meeting the Fed would maintain a cautious approach to the exit strategy implementation. On Wednesday the main country stock indices of the Asia-Pacific region were trading without a single trend. Good statistics from Japan, where the Tankan index, the indicator of confidence of large processing industry companies in October-December rose for the first time in six quarters, was not able to provide significant support to the Asian markets. February Brent futures traded near the mark of \$55.2 per barrel, or \$0.3 less than our closing level on 13 December. Oil prices declined after the publication of the American Petroleum Institute data, which recorded an increase in US oil inventories last week by 4.7 million barrels. At the same time, the activity of sellers in the oil market was limited by a statement of the oil minister of Saudi Arabia that OPEC States and other oil-producing countries are ready to provide a "high level of compliance with the agreements" to reduce oil production. In this case, the minister said it would take several months for the oil market to restore equilibrium. On Wednesday the Russian market had active profit taking after rising for five consecutive trading sessions, on the daily lows the fall of the MICEX Index reached 1.5%. European markets looked significantly better – the reducing of the Stoxx Europe 600 Index during the day was not more than 0.5%. In general, all investors' attention is focused on the results of the Fed meeting on Wednesday – no one have doubts in raising the key rate by 0.25 percentage points to 0.5-0.75%, the markets are waiting for signals and forecasts for a further Fed rate path. Several economists believe that this meeting will not add clarity to this issue – the Fed will try to avoid commenting on the current political developments and possible policy of the new US president. At the same time, the media remind that during his election campaign Donald Trump repeatedly accused the Fed's leadership of the political bias and too slow normalization of monetary policy that threatens the formation of "bubbles" in financial markets. At the end of the day, the MICEX Index could reduce the loss to 0.8% following the rise in Brent oil quotations above \$55.5 per barrel after a report from the US Department of Energy on reduction of oil reserves last week by 2.6 million barrels.

At the end of the trading session the MicexPWR Sector Index outperformed – sales in the Russian market mainly affected the first-tier shares. The main contribution to the small final MicexPWR growth was made by shares of Mosenergo and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy prepared changes into laws and regulations aimed at expanding opportunities of Market Council on monitoring the price situation on energy markets

15 December is the completion date of the independent anti-corruption expertise of a draft of the Government Resolution "On Amendments to Certain Acts of the Russian Federation Government in the provision by subjects of the wholesale and retail markets of electric energy (power) of information about values that affect price changes in the wholesale and retail markets".

Read full text: <http://www.bigpowernews.ru/markets/document74475.phtml>

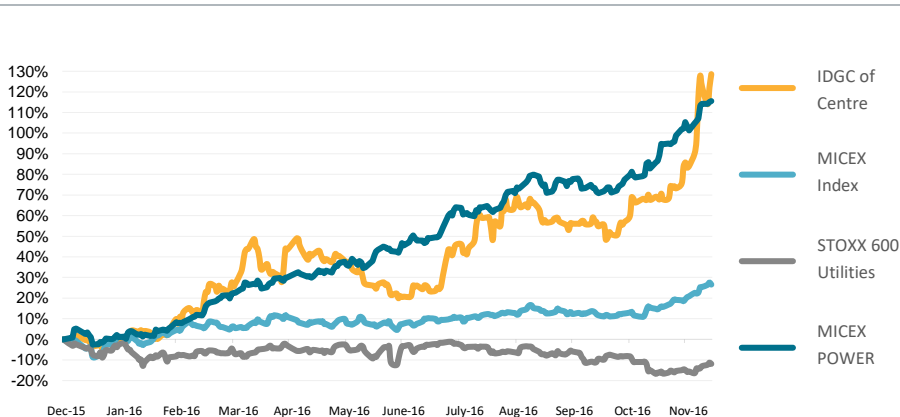
COMPANY NEWS

IDGC of Centre increased the volume of revenue from sale of value-added services

IDGC of Centre summed up the work performance for value-added services for 10 months in 2016. During the reporting period the volume of proceeds from the sale of value-added services amounted to 740 million rubles, which exceeded targets by 24%.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/58317/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	2 229,05	-0,80%	26,55%
S&P 500	2 253,28	-0,81%	10,24%
FTSE 100	6 949,19	-0,28%	11,32%
DAX	11 244,84	-0,35%	4,67%
DJStoxx 600	355,72	-0,50%	-2,76%
STOXX Utilities	269,64	-0,70%	-11,92%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	26 602,84	-0,36%	1,86%
CSI300	3 378,95	-0,77%	-9,44%
Bovespa	58 212,12	-1,80%	34,28%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,07	0,29%	-12,36%
USD/RUB	61,07	-0,83%	-16,21%
Euro/RUB	64,98	-0,15%	-18,47%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 142,95	-1,35%	7,71%
Brent*, USD/bbl	53,90	-3,27%	18,44%

* - February futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4460
Capitalisation**, billion RUB	18,83
Capitalisation**, million USD	308,33

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,20%	115,54%
Shares of IDGC of Centre**	2,88%	128,60%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti, ordinary shares	2,15%	189,93%
FGC UES	-0,87%	244,28%
IDGC of Volga	-1,22%	192,29%
MOESK	-0,62%	27,33%
IDGC of Northern Caucasus	15,19%	82,00%
IDGC of Centre and Volga Reg	-0,07%	138,54%
IDGC of North-West	3,67%	95,99%
IDGC of Urals	-1,42%	82,11%
IDGC of Siberia	6,82%	86,07%
IDGC of South	2,49%	71,47%
Lenenergo, ordinary shares	-2,30%	141,05%

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