

DAILY MARKET REVIEW

27 March, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 24 March some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a small decline of 0.1% after the Republicans decided to postpone the vote in Congress on the health care bill until Friday. Failure to implement this reform, according to investors, may call into question Trump's ability to implement other initiatives, including planned tax cuts and increased investment in infrastructure. The composite index of the Asia-Pacific region MSCI Asia Pacific added more than 0.5% following almost a percent increase in the Japanese Nikkei225 on the weakening of the yen. The decrease in the local currency was facilitated by statements of the Bank of Japan that at the moment the regulator has no reason to refuse large-scale monetary stimulus measures, since inflation is still far from 2% of the target level of the central bank. May Brent futures traded near the mark of \$50.6 per barrel, slightly higher than the closing level on 23 March. The attention of the market participants is directed to the meeting of the OPEC+ countries, whose representatives will evaluate the results of the agreement on production reduction at the weekend. According to a Bloomberg survey, oil producers will have to extend the agreement for another six months, since, despite compliance with the production reduction schedule, US oil reserves have reached record volumes, and WTI quotes have fallen below \$50 per barrel.

On Friday, in anticipation of the outcome of the vote in Congress on the abolition of Obamacare, the MICEX Index and the European Stoxx Europe 600 Index traded mostly in a small minus on average within 0.5%. Strong statistics for the Eurozone, where, according to preliminary data, in March the composite business activity index rose to almost 6-year maximum, could not provide significant support to European investors. In turn, shares of exporters were under pressure in the Russian market against the background of the strengthening of the ruble after a cautious – by 0.25 percentage points – reduction in the Bank of Russia's key interest rate to 9.75% per annum. At the same time, analysts drew attention to the change in the rhetoric of the regulator, which admitted in its statement "the possibility of a gradual reduction of the key rate in the II-III quarters of this year". In the opinion of a number of experts, this could mean a transition of the Central Bank to a "policy of small steps", i.e. decreasing by 0.25 percentage points at each meeting, if there are no unpleasant surprises on the part of oil prices or the policy of the Fed.

As a result of the trading session the MicexPWR Sector Index outperformed mainly due to growth of shares of FGC UES and RusHydro. From the news of the power grid segment one can note the information of Interfax that the federal executive authorities have developed a draft government order on a new dividend approach for Rosseti's subsidiaries. In particular, it is about excluding the income and expenses from the revaluation of financial investments, the share of profit from technical connection, as well as the share of profit from the provision of electricity transmission services, directed to the implementation of the approved investment program, from the amount of net profit used for the calculation of dividends.

ELECTRIC POWER INDUSTRY NEWS

FAS presented to lawyers a new concept of tariff regulation

At a meeting of the Association of Lawyers of Russia last Thursday, 23 March, the FAS Russia introduced a new concept of tariff regulation, the press service of the ministry said.

Read full text: <http://www.bigpowernews.ru/markets/document76069.phtml>

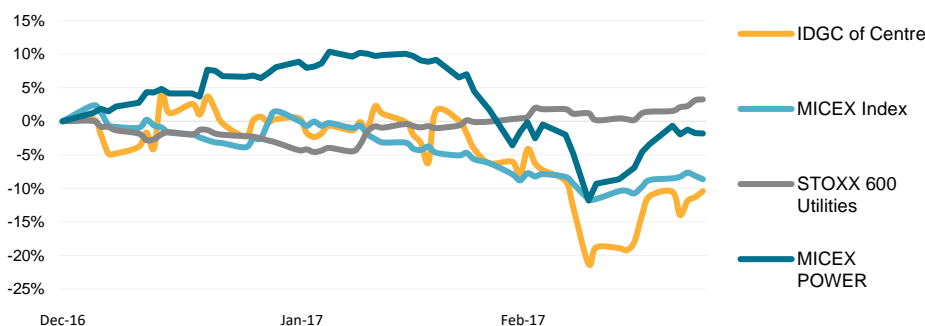
COMPANY NEWS

In the Year of Ecology Smolenskenergo to install 889 bird protection devices on overhead power lines

In 2017, announced by the decree of the President of the Russian Federation as the Year of Ecology, IDGC of Centre – Smolenskenergo division will pay special attention to ensuring the environmental safety of production activities.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59479/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.16 |
| MICEX | 2 039,77 | -0,55% | -8,64% |
| S&P 500 | 2 343,98 | -0,08% | 4,70% |
| FTSE 100 | 7 336,82 | -0,05% | 2,72% |
| DAX | 12 064,27 | 0,20% | 5,08% |
| DJStoxx 600 | 376,51 | -0,18% | 4,18% |
| STOXX Utilities | 285,79 | 0,12% | 3,26% |
| Nikkei | 19 262,53 | 0,93% | 0,78% |
| Sensex | 29 421,40 | 0,30% | 10,50% |
| CSI300 | 3 489,60 | 0,80% | 5,42% |
| Bovespa | 63 853,77 | 0,51% | 6,02% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.16 |
| Euro/USD | 1,08 | 0,16% | 2,67% |
| USD/RUB | 57,52 | -0,20% | -5,17% |
| Euro/RUB | 62,10 | -0,28% | -2,69% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.16 |
| Gold, USD/oz | 1 243,57 | -0,13% | 8,37% |
| Brent*, USD/bbl | 50,80 | 0,47% | -12,47% |

* - May futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,4005 |
| Capitalisation**, billion RUB | 16,91 |
| Capitalisation**, million USD | 293,94 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.16 |
| MICEX-Power Index | -0,03% | -1,80% |
| Shares of IDGC of Centre** | 1,01% | -10,40% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.16 |
| Rosseti, ordinary shares | -0,58% | -13,17% |
| FGC UES | 0,63% | -6,30% |
| IDGC of Volga | 1,69% | 7,14% |
| MOESK | 0,30% | 12,25% |
| IDGC of Northern Caucasus | -0,79% | -14,51% |
| IDGC of Centre and Volga Reg | 2,49% | 8,65% |
| IDGC of North-West | 2,25% | -9,09% |
| IDGC of Urals | 0,00% | -5,17% |
| IDGC of Siberia | -1,54% | -15,77% |
| IDGC of South | -2,19% | -23,28% |
| Lenenergo, ordinary shares | 3,44% | -4,36% |
| TRK, ordinary shares | 0,00% | -10,08% |
| Kubanenergo | -0,43% | 5,29% |

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