



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 01 March some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed lower by 0.1-0.3% in anticipation of Donald Trump's major speech to Congress. Most of the major country indices of the Asia-Pacific region traded in the positive area after the publication of turned out better than expected statistics from China on business activity in the processing industry in February. The US President speech did not have a material impact on the market – investors did not hear the expected details of the US economic stimulus plan. The growth of the Japanese Nikkei 225 index by 1.4% was due to the strengthening of the dollar against the backdrop of "hawkish" statements by the heads of the Federal Reserve Bank of New York and San Francisco, which helped increase the probability of the Fed rate hike in excess of 80% in March, while a week ago the chances of implementing such a scenario were estimated at 35%. May Brent futures traded at \$56.5 per barrel, or \$0.7 higher than the closing level on 28 February. Oil quotes rose, despite the strengthening of the dollar and the new record in US oil reserves – according to the American Petroleum Institute for the week they grew by another 2.5 million barrels. In general, the oil market volatility remained low – as Mizuho's analysts pointed out, February was the "dull" month since 2003, the range of fluctuations in oil prices amounted to only \$3.7.

On Wednesday the MICEX Index corrected after almost a continuous decline during the whole month of February. A rise in oil prices and positive changes of European markets, led by financial and commodity sectors, contributed to restoration of our market. Stocks of financial companies rose amid increasing expectations of an early increase of the key interest rate by the Fed, shares of commodity companies rose following the increase in metal prices on good Chinese statistics on manufacturing activity. At the end of the day the Russian market was supported by a percent increase in the major US indices, once again having updated their historical highs in anticipation of the Fed raising interest rate already at the March meeting. Additional support to investors was provided by strong data on business activity in the US – the ISM Manufacturing Index in February rose to a maximum of 2.5 years.

Most of the trading session the MicexPWR Sector Index outperformed. The main contribution to the final outperformance of the sector index was made by shares of FGC UES and Rosseti. At the same time the MicexPWR rise was restrained by falling shares of Inter RAO, which lost 5%, despite strong IFRS statements – the paper was pressured by information about 18.7 billion rubles got caught up at the bank Peresvet.

ELECTRIC POWER INDUSTRY NEWS

The tariff regulation reform in Russia may take three years, according to FAS

Implementation of the tariff regulation reform in Russia may take three years. The head of the Federal Antimonopoly Service of Russia (FAS) Igor Artemiev said in an interview to "Rossiyskaya Gazeta".

Read full text: <http://www.bigpowernews.ru/markets/document75679.phtml>

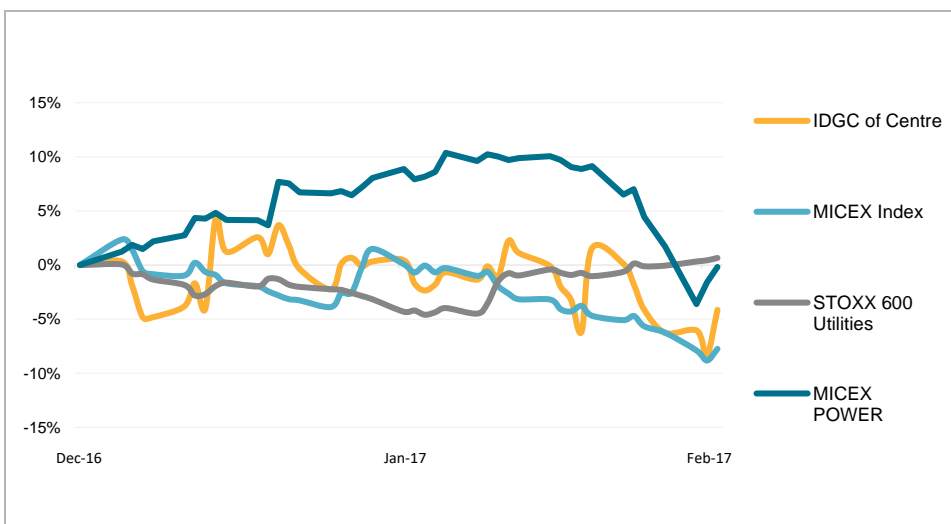
COMPANY NEWS

IDGC of Centre increases the number of grid connections in the Tambov region

IDGC of Centre - Tambovenergo division summed up the work on grid connections for 2016. During the reporting period, the enterprise connected to power grids 1,360 facilities with a total capacity of 55.9 MW, which is 65% higher than the corresponding figures of the previous year (33.76 MW).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/59049/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 059,87	1,18%	-7,74%
S&P 500	2 395,96	1,37%	7,02%
FTSE 100	7 382,90	1,64%	3,36%
DAX	12 067,19	1,97%	5,11%
DJStox 600	375,69	1,47%	3,95%
STOXX Utilities	278,60	0,22%	0,66%
Nikkei	19 393,54	1,44%	1,46%
Sensex	28 984,49	0,84%	8,86%
CSI300	3 458,44	0,16%	4,48%
Bovespa	66 988,88	0,49%	11,23%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,06	-0,41%	0,44%
USD/RUB	57,96	0,04%	-4,44%
Euro/RUB	61,39	0,21%	-3,80%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 249,69	0,10%	8,91%
Brent*, USD/bbl	56,36	-0,27%	-2,89%

* - May futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4285
Capitalisation**, billion RUB	18,09
Capitalisation**, million USD	312,10

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	1,46%	-0,16%
Shares of IDGC of Centre**	4,51%	-4,14%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	4,53%	-6,79%
FGC UES	3,95%	9,47%
IDGC of Volga	4,67%	0,00%
MOESK	-0,41%	8,02%
IDGC of Northern Caucasus	-1,26%	-11,34%
IDGC of Centre and Volga Reg	4,91%	2,50%
IDGC of North-West	2,33%	-12,18%
IDGC of Urals	6,27%	-2,13%
IDGC of Siberia	-2,33%	-19,95%
IDGC of South	-0,88%	-14,50%
Lenenergo, ordinary shares	4,20%	-3,09%

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