

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 3 December some moderately negative external background formed on the Russian market. On Monday the US DJIA and S&P500 indices fell 0.9-1.0% – at the fastest pace in eight weeks, on Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 0.4%. The markets were pressured by Donald Trump's statement that the laws on Hong Kong would affect the course of negotiations with Beijing, and his decision to return protective duties on steel and aluminum from Argentina and Brazil. According to experts, the situation around Hong Kong, together with unexpected new tariff decisions, increase the likelihood that the US president will not agree to one of the main conditions of Beijing in the first phase of the transaction – the cancellation of previously introduced tariffs. An additional negative factor for the markets was the statistics on production activity in the US – in November the index of production activity ISM Manufacturing dropped to 48.1 points, remaining for the fourth consecutive month below the threshold of 50 points. February Brent futures were trading around \$61.1 per barrel, \$0.1 higher than our close on 2 December.

On Tuesday morning, the Russian market was trading in a slight minus, losing about a third of a percent, despite the recovery increase – on average within 0.5% – in the consolidated Stoxx Europe 600 Index and the S&P500 futures. In the second half of the trading session, sellers in the markets intensified after Donald Trump's statements that he did not have a deadline for a deal with China and that he could wait until the end of the 2020 presidential election. According to a number of experts, these statements are a sign that trade negotiations have once again stalled, mainly due to diverging positions on the issue of cancelling duties on Chinese goods, which China insists on. On the other hand, analysts believe that Donald Trump's actions are very likely to be a tactical move in difficult negotiations with Beijing. In general, the market participants have noted a significant increase in the risks of introducing new duties on Chinese imports from 15 December, followed by an escalation of the trade conflict in the near future. Against this background, the US indices began trading with more than a percent decrease, the loss of the consolidated European Stoxx Europe 600 Index exceeded 0.7%. The driver of the Russian market underperformance – the MOEX Russia Index fell 1.3% – were Gazprom's shares, which lost 2.4%. Interfax reported that the company plans to pay in accordance with the new dividend policy based on the results 2019 only 30% of IFRS net profit, only slightly exceeding the payout ratio of recent payments at 27%.

During the day, the electric utilities sector index underperformed. The main contribution to the accelerated MOEXEU decline in comparison with the MOEX Russia Index was made by shares of Inter RAO and OGK-2.

ELECTRIC POWER INDUSTRY NEWS

The International Forum "Power Grids" discussed the technical policy for implementing the development strategy of the electric grid complex and digital transformation

On 3 December 2019, in the 75th pavilion of VDNH, in the framework of the International Forum "Power Grids" organized by Rosseti, the panel discussion "Technical policy for implementing the tasks of the development strategy of the electric grid complex and digital transformation" was held.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36518

Rosseti does not plan to pay dividends for 9 months of 2019

Rosseti does not plan to pay dividends for nine months of 2019, the company's head Pavel Livinskiy told reporters in the framework of the "Power Grids" forum.

Read full text: <http://www.bigpowernews.ru/news/document90947.phtml>

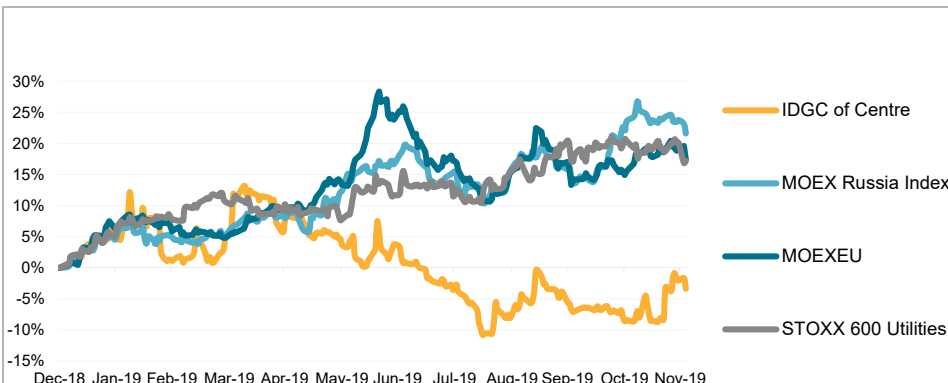
COMPANY NEWS

Mail.ru Group and Rosseti Centre to cooperate in the implementation of digital technologies

Mail.ru Group and IDGC of Centre - the managing organization of IDGC of Centre and Volga Region (operating under the brands of Rosseti Centre and Rosseti Centre and Volga Region) have signed a cooperation agreement.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/70383/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 883,48	-1,29%	21,70%
S&P 500	3 093,20	-0,66%	23,39%
FTSE 100	7 158,76	-1,75%	6,40%
Nikkei	23 379,81	-0,64%	16,81%
Sensex	40 675,45	-0,31%	12,77%
CSI300	3 851,09	0,39%	27,92%
Bovespa	108 956,00	0,03%	23,97%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,41	0,51%	-7,28%
EURO/RUB	70,97	0,60%	-10,68%

Source: Bloomberg, Company calculations

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
	Number of transactions, pcs.	877
Trading volume, ₺ mln	7,0	21,6
Trading volume, mln pcs.	25,1	101,6
Average trading volume over the last 30 days, mln pcs.	29,1	254,9
% of the authorized capital	0,06%	0,09%

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
		IDGC of Centre	0,2764
IDGC of Centre & Volga Reg	0,2118	23,87	370,59

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,28%	17,27%
MOEXEU	-1,81%	17,50%
IDGC of Centre**	-1,71%	-3,36%
IDGC of Centre & Volga Region**	-1,26%	-20,08%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-2,30%	51,13%
FGC UES	-0,78%	29,95%
IDGC of Volga	-1,32%	-16,28%
MOESK	-3,15%	62,95%
IDGC of Northern Caucasus	-0,80%	113,57%
IDGC of North-West	-2,31%	-8,47%
IDGC of Urals	-1,07%	-9,97%
IDGC of Siberia	-0,97%	99,51%
IDGC of South	-1,08%	9,55%
Lenenergo, ordinary shares	-0,28%	32,33%
TRK, ordinary shares	-0,83%	16,88%
Kubanenergo	1,00%	24,80%

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