



REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 2 July some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with an increase of 0.1-0.2% on media reports on the successful passage of stress tests by major banks and the easing of restrictions on foreign investment in a number of sectors by Beijing. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 1.2%, futures for US indices were 0.5% down. The markets were pressured by weak statistics from China and Japan, which confirmed fears of investors that the US trade protection policy already has a negative impact on business. In China, in June, the volume of new export orders declined for the third consecutive month and as much as in two years. In Japan, the Tankan index, which measures the level of confidence in the economy among large processing industry companies, reached its lowest point since April-June last year, with the indicator falling for the first time since 2012 for two consecutive quarters. September Brent futures traded near \$78.4 per barrel, \$1.0 lower than the closing level on Friday, 29 June. Oil quotes fell on media reports that Donald Trump asked Saudi Arabia to increase oil production by 2 million barrels per day to reduce prices. In response, Iran urged the cartel countries to refrain from unilateral actions and threatened to break the OPEC+ agreement.

On Monday the Russian market was dominated by buyers due to improvement of the attitude of global investors to domestic assets due to high oil prices and hopes for constructive results of the US-Russia summit on 16 July. The driver of the rise of the market was shares of Gazprom and Sberbank – proxy securities for non-residents. In the middle of the day the MOEX Russia Index added more than a percent despite negative changes of global stock markets – after Asia, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM lost about a percent. An additional negative factor for European traders was their own weak statistics, political problems in Germany and threats of Donald Trump to impose duties on import of European cars to the US, as he said the EU behaves "as badly" as China in relation to trade with the US. The growth of business activity in the Eurozone's manufacturing sector slowed down in June for the sixth month in a row, the PMI reached a minimum in 18 months due to a weakening growth in production volumes and new orders. Germany, just three months after the formation of the coalition government, was on the verge of a political crisis because of disagreements over the migration policy in the ruling bloc of the CDU/CSU.

During the trading session the MicexPWR Sector Index underperformed mainly due to a reduction in Unipro's shares by 3.5% after the ex-dividend date.

ELECTRIC POWER INDUSTRY NEWS

The growth of maximum tariffs for electricity in the Russian Federation from 1 July on average to be 4.8-4.9%

The growth of the marginal maximum electricity tariffs for the population in the Russian regions, with the exception of the Crimea and Sevastopol, will be on average 4.8-4.9% on 1 July. Such indicators were established earlier by the order of the Federal Antimonopoly Service (FAS) on the marginal tariffs for electricity for 2018.

Read full text: <http://www.bigpowernews.ru/markets/document83592.phtml>

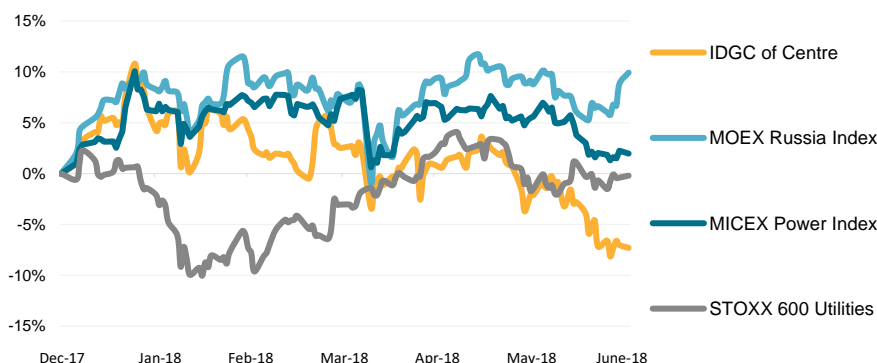
COMPANY NEWS

Tambovenergo implements digital grid elements at its power facilities

IDGC of Centre - Tambovenergo division, as part of the digitalization of grids, continues work on increasing the automation of 10 kV distribution grids. It, in particular, provides for installation of new high-tech devices - reclosers - on power lines.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/64493/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 319,31	1,02%	9,93%
S&P 500	2 726,71	0,31%	1,99%
FTSE 100	7 547,85	-1,17%	-1,82%
DAX	12 238,17	-0,55%	-5,26%
DJStoxx 600	376,75	-0,84%	-3,19%
Nikkei	21 811,93	-2,21%	-4,19%
Sensex	35 264,41	-0,45%	3,55%
CSI300	3 407,96	-2,93%	-15,45%
Bovespa	72 839,74	0,11%	-4,66%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,76	-0,84%	8,90%
EURO/RUB	72,99	-0,13%	6,11%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 242,04	-0,84%	-4,66%
Brent*, USD/bbl	77,30	-2,44%	19,36%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3300	13,93	222,00
IDGC of Centre & Volga Reg	0,3020	34,03	542,33

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,20%	-0,20%
MICEX POWER Index	-0,26%	1,99%
IDGC of Centre**	-0,30%	-7,30%
IDGC of Centre and Volga Region**	0,67%	0,10%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,54%	-3,06%
FGC UES	0,13%	15,86%
IDGC of Volga	2,49%	14,32%
MOESK	-1,16%	-23,92%
IDGC of Northern Caucasus	0,00%	-16,15%
IDGC of North-West	1,42%	24,04%
IDGC of Urals	3,95%	-12,17%
IDGC of Siberia	2,35%	-4,80%
IDGC of South	0,34%	-1,17%
Lenenergo, ordinary shares	-0,95%	19,58%
TRK, ordinary shares	0,31%	-13,75%
Kubanenergo	-1,68%	-25,51%

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