

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 6 November some neutral external background formed on the Russian market. Major US indices closed Tuesday with multidirectional changes near zero – the positive statistics on business activity in the service sector in October were offset by media information about possible difficulties in the US and Chinese trade negotiations. According to Chinese media reports, Beijing insists that Washington take firm commitments to abolish the increased import duties introduced in September as a condition for the visit of the Chinese Chairman to the US to sign the first phase of the trade agreement. On Wednesday, the composite stock index of the Asia-Pacific region MSCI Asia Pacific showed zero changes. January Brent futures were trading around \$62.6 per barrel, \$0.5 below our close on 5 November. The market was pressured by statistics from the American Petroleum Institute, which recorded an increase in the US oil reserves of 4.3 million barrels.

On Wednesday, buyers dominated the Russian stock market – the MOEX Russia Index updated its historical record. Experts believe that support for investors is provided by the stability of Brent quotes above \$60 per barrel and rallies in the ruble-denominated public debt market – according to some analysts, the dividend yield of the MOEX Russia Index is already higher than OFZ profitability. Buyers' activity was restrained by inexpressive changes of global stock indicators – investors are waiting for more certainty about the state of the first phase of the trade deal. In the meantime, the media write about the lack of consensus between the parties and Beijing's adherence to the issue of cancelling duties, which threatens the signing of documents on the first stage of the deal. Against this background, the consolidated MSCI All Country World Index, which is less than 2% of the historical record, was trading near zero during the day. The published ambiguous statistics did not significantly affect the course of trading on western markets – in the Eurozone in October retail sales grew contrary to expectations, the consolidated PMI rose to 50.6 points from 50.1 points a month earlier, in the US in the third quarter the labour productivity declined for the first time since 2015.

During the trading session, the electric utilities sector index outperformed. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of Rosseti (trading volumes in units were maximum since June 2018) and FGC UES. Kommersant said that Rosseti sent a draft new dividend policy to the Ministry of Energy, according to which it is planned to increase the dividend payments of the holding from 2020 to 75% of RAS net profit. Based on the results of 2019, it is planned to pay 50% of profit under RAS. According to VTB Capital, in this case, the dividend yield on Rosseti's shares for payments for 2019 may be 5-5.5% and 8-8.5% for payments after 2020. At the same time, analysts emphasize that the key to the subsequent increase in the holding's profitability will be an increase in FGC UES's payment.

ELECTRIC POWER INDUSTRY NEWS

Rosseti connects shareholders to dividends

According to Kommersant's data, Rosseti wants to increase the level of dividend payments from 2020 to 75% of annual RAS profit. Investors believe that it would be more reasonable to tie dividends to free cash flow or to IFRS profits of 50%. But analysts expect the scheme to lead to a significant increase in dividend payments and raise the holding's yield to average market levels.

Read full text: <https://www.kommersant.ru/doc/4149112>

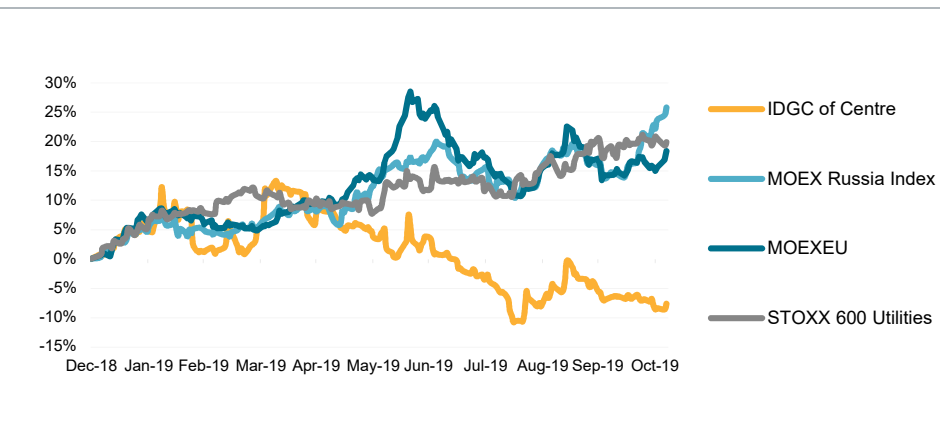
COMPANY NEWS

At the forefront: power engineers of Rosseti Centre promptly eliminated the effects of the disaster in the electric grid complex of the Tver region

Last week became a real test of strength for specialists of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region. Power engineers had to continuously reflect twice the unprecedented in their power and rigidity natural disasters in the Tver region, which followed each other with an interval of only two days.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/70093/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 980,84	1,06%	25,81%
S&P 500	3 076,78	0,07%	22,73%
FTSE 100	7 396,65	0,12%	9,94%
DAX	13 179,89	0,24%	24,82%
DJStoxx 600	405,07	0,21%	19,97%
Nikkei	23 303,82	0,22%	16,43%
Sensex	40 469,78	0,55%	12,20%
CSI300	3 984,88	-0,45%	32,36%
Bovespa	108 360,20	-0,33%	23,29%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,25	-1,22%	-8,96%
EURO/RUB	70,42	-1,48%	-11,38%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 490,57	0,47%	16,22%
Brent*, USD/bbl	61,74	-1,94%	14,76%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**,	
		₽ bln	\$ mln
IDGC of Centre	0,2640	11,15	176,22
IDGC of Centre & Volga Reg	0,2066	23,28	368,13

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,49%	19,91%
MOEXEU	1,30%	18,37%
IDGC of Centre**	1,07%	-7,69%
IDGC of Centre and Volga Region**	0,54%	-22,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	2,99%	56,44%
FGC UES	1,75%	29,42%
IDGC of Volga	1,81%	-13,78%
MOESK	0,59%	54,24%
IDGC of Northern Caucasus	0,18%	141,29%
IDGC of North-West	1,22%	-2,79%
IDGC of Urals	0,59%	-7,37%
IDGC of Siberia	2,10%	113,17%
IDGC of South	1,22%	6,24%
Lenenergo, ordinary shares	0,14%	33,08%
TRK, ordinary shares	-1,96%	30,19%
Kubanenergo	1,65%	26,02%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
 Moscow Exchange (MOEX)
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