

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 16 August some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 increased by 0.3-0.4%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3%. The markets were supported by good US retail sales statistics and strong Walmart reporting, reinforcing investors' hopes that consumer spending would help the US economy and allow to avoid a recession. The US retail sales in July 2019 increased by 0.7% compared to the previous month, the highest pace since March. In addition, the July retail sales excluding automobiles, gasoline and building materials – an indicator used to calculate GDP – jumped 1% instead of the expected growth of 0.4%. Walmart, the world's largest retailer, has improved its performance in the second financial quarter, as well as increased forecasts for the entire financial year. October Brent futures traded around \$58.8 per barrel, \$0.8 higher than our close on 15 August. The market was supported after two days of decline by easing concerns about a recession in the US economy.

The MOEX Russia Index spent the trading session on Friday near the zero mark – the improvement in sentiment on the western markets was offset by uncertain changes of oil prices. In the middle of the day, the growth of the Stoxx Europe 600 Index and futures for US indices averaged about a percent on expectations of expansion of stimulus measures in the Eurozone and China. A member of the Governing Council of the ECB and the head of the Central Bank of Finland said that at the September meeting a package of measures will be announced, the volume of which will exceed the expectations of investors. According to him, this includes improving the conditions for long-term lending to banks, redeeming bonds in "substantial and sufficient" volume and lowering the base interest rate. In turn, according to media reports, the Chinese authorities are also developing mechanisms to minimize the negative impact of a trade war with the US. In particular, the Chinese government is considering increasing household incomes and stimulating consumption, lowering interest rates on loans and solving problems of financing enterprises. At the same time, Brent quotations in the afternoon fell to \$58.3 per barrel after the publication of the OPEC review, which indicated continued accumulation of oil reserves in the OECD countries. According to the cartel, in June this figure grew by 31.8 million barrels, to 2.955 billion barrels, which is 140 million barrels higher than a year ago, and 67 million barrels above the five-year average. The MOEX Russia Index closed trading in negative territory, despite an almost 1.5% rise in the US indices at the beginning of the day and increased growth in major European stock indicators.

At the end of the trading session, the electric utilities sector index outperformed mainly due to growth of shares of Rosseti and Enel Russia.

ELECTRIC POWER INDUSTRY NEWS

System Operator summed up the results of the Capacity Price Auction for 2022-2024

SO UES published the results of the Capacity Price Auction for 2022-2024. Acceptance of price bids for participation in the auction was carried out from 6 to 12 August. Participants filed applications for 358 power plants under 1,355 generating units of capacity.

Read full text: <http://www.bigpowernews.ru/markets/document89436.phtml?1&q=>

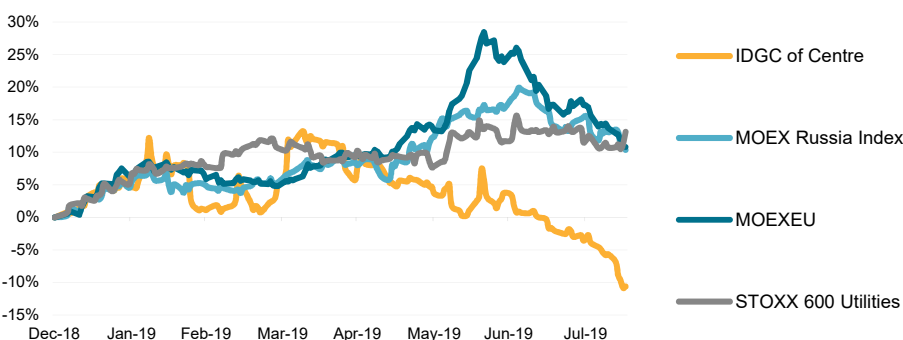
COMPANY NEWS

Rosseti Centre and Rosseti Centre and Volga Region complete the design of distributed automation in 30 pilot Digital Distribution Zones

Specialists of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region are completing the design of distributed automation in 30 pilot Digital Distribution Zones. The goal of creating distributed automation is to reduce the SAIDI and SAIFI by increasing the observability and automation of locating faulty sections of distribution grids.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69324/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|----------|---------|-------------|
| | | per day | fr 31.12.18 |
| MOEX Russia | 2615,2 | -0,40% | 10,36% |
| S&P 500 | 2888,95 | 1,45% | 15,24% |
| FTSE 100 | 7117,15 | 0,71% | 5,78% |
| DAX | 11562,74 | 1,31% | 9,51% |
| DJStoxx 600 | 369,63 | 1,24% | 9,47% |
| Nikkei | 20418,81 | 0,06% | 2,02% |
| Sensex | 37350,33 | 0,10% | 3,55% |
| CSI300 | 3710,54 | 0,45% | 23,25% |
| Bovespa | 99840,5 | 0,79% | 13,60% |

Source: Bloomberg, Company calculations (19:00 MSK)

| Currency rates | Value | Change | |
|----------------|---------|---------|-------------|
| | | per day | fr 31.12.18 |
| USD/RUB | 65,8907 | 1,05% | -5,15% |
| EURO/RUB | 73,455 | 0,76% | -7,56% |

Source: Bloomberg, Company calculations (19:00 MSK)

| Raw | Value | Change | |
|-----------------|---------|---------|-------------|
| | | per day | fr 31.12.18 |
| Gold, USD/oz | 1512,32 | -0,72% | 17,92% |
| Brent*, USD/bbl | 58,75 | 0,89% | 9,20% |

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

| Shares | Price**, ₽ | MCap**, ₽ bln | MCap**, \$ mln | |
|----------------------------|------------|------------------|-------------------|-------------|
| | | | per day | fr 31.12.18 |
| IDGC of Centre | 0,2556 | 10,79 | 163,77 | |
| IDGC of Centre & Volga Reg | 0,2398 | 27,02 | 410,15 | |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.18 |
| STOXX 600 Utilities | 1,68% | 13,19% |
| MOEXEU | -0,13% | 10,83% |
| IDGC of Centre** | 0,24% | -10,63% |
| IDGC of Centre and Volga Region** | 0,00% | -9,51% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.18 |
| Rosseti, ordinary shares | 0,82% | 37,98% |
| FGC UES | -0,73% | 14,23% |
| IDGC of Volga | -0,44% | -7,81% |
| MOESK | -1,23% | 9,85% |
| IDGC of Northern Caucasus | 0,06% | 126,57% |
| IDGC of North-West | 0,34% | 5,41% |
| IDGC of Urals | 0,70% | -7,04% |
| IDGC of Siberia | -3,34% | 131,61% |
| IDGC of South | -0,09% | 6,34% |
| Lenenergo, ordinary shares | -0,35% | 6,99% |
| TRK, ordinary shares | 0,00% | -5,84% |
| Kubanenergo | -3,28% | 20,70% |

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