

DAILY MARKET REVIEW

28 February, Tuesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 27 February some neutral external background formed on the Russian market. Last Friday the major US indices closed with the growth in the range of 0.2%, while the DJIA and S&P500 updated their historical maximums. The DJIA has broken records for eleven consecutive trading sessions, noted MarketWatch, what has not happened since 1987. The US market continues to grow in anticipation of Donald Trump's speech to Congress 28 February – investors expect that the US president will clarify the long-awaited details of the fiscal stimulus. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific was down within 0.3% after Japanese shares, which were pressured including by the strengthening of the yen. April Brent futures traded at \$56.4 per barrel, or \$0.3 higher than the closing level on Friday, February 24th. Oil prices corrected after a percent fall on Friday on fears of increasing production by US shale producers – the oilfield service company Baker Hughes reported on the ongoing for the sixth consecutive week increase in the number of working oil rigs in the US.

Active sales continue on the Russian market – in the second half of the trading session the MICEX Index losses exceeded 1.8%, despite the neutral changes of European indices and oil prices. The oil prices are supported by concerted actions of OPEC+ countries, with Russia, said yesterday the head of the Ministry of Energy, reducing the production at a faster pace. The Russian minister also said that the situation for possible extension of the production reduction agreement will be reviewed in April and May. The Stoxx Europe 600 Index, as well as futures on US indices showed close to zero changes in anticipation of the speech of the US president on Tuesday. With regard to our market, experts have attributed its weak trend with the lack of investment ideas in terms of oil price stability at a sturdy rate of the national currency and growing doubts about possible easing of sanctions and payment of increased dividends by state-owned companies.

During the trading session the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the final MicexPWR drop was made by shares of FGC UES (-8.8%), which are still pressured by worsening prospects for dividend after information appearing in the media that the Ministry of Energy proposes to determine dividend payments for subsidiaries of Rosseti at the level of 25% of net profit under RAS, and RusHydro's shares lost 6.5% on growing uncertainty over the deal with VTB.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" may consolidate "IDGC of Centre" and "IDGC of Centre and Volga Region"

"IDGC of Centre" and "IDGC of Centre and Volga Region", where previously "Rosseti" introduced unified management, can be consolidated, the company's press service reported to RNS.

Read full text: <https://ms.online/energy/Rosseti-mogut-konsalidirovat-MRSK-TSentra-i-MRSK-TSentra-i-Privolzha--2017-02-27/>

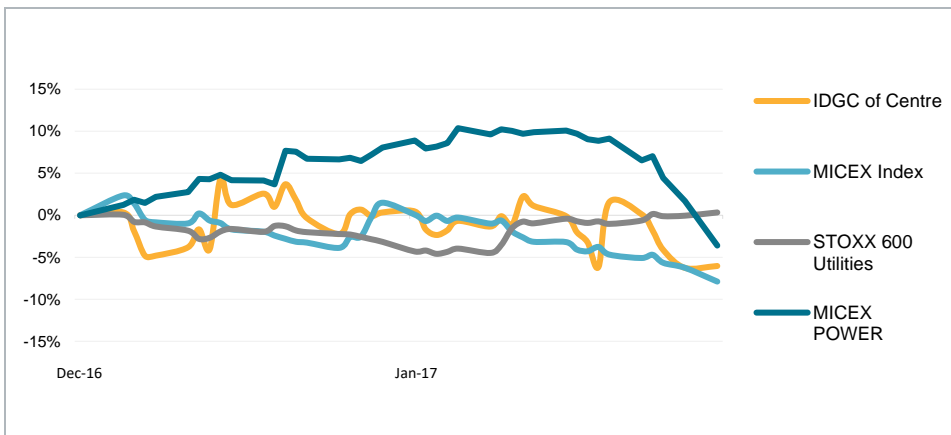
COMPANY NEWS

IDGC of Centre has published its financial statements for 2016 under RAS, net profit increased by 2,1 times

According to the prepared in accordance with Russian Accounting Standards statements for 2016, IDGC of Centre's revenue amounted to 86,1 bln RUB, including from electric energy transmission – 83,6 bln RUB, from grid connection – 1,4 bln RUB and other revenue – 1,1 bln RUB. Sales profit amounted to 10,6 bln RUB, sales profit margin increased and amounted to 12,3%. Earnings before interest, taxes, depreciation and amortization (EBITDA) reached 16,9 bln RUB, while its margin increased to 19,6%. Compared with the result of a year ago net profit increased by 2,1 times to 1,9 bln RUB.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/59002/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 056,46	-1,75%	-7,89%
S&P 500	2 369,75	0,10%	5,85%
FTSE 100	7 253,00	0,13%	1,54%
DAX	11 822,67	0,16%	2,98%
DJStoxx 600	369,52	-0,13%	2,24%
STOXX Utilities	277,69	0,38%	0,33%
Nikkei	19 107,47	-0,91%	-0,04%
Sensex	28 812,88	-0,18%	8,21%
CSI300	3 446,22	-0,80%	4,11%
Bovespa	66 662,10	0,00%	10,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,06	0,39%	0,83%
USD/RUB	57,48	0,00%	-5,24%
Euro/RUB	60,45	0,00%	-5,26%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 252,73	-0,35%	9,17%
Brent*, USD/bbl	55,93	-0,11%	-2,71%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4200
Capitalisation**, billion RUB	17,73
Capitalisation**, million USD	308,50

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-5,22%	-3,61%
Shares of IDGC of Centre**	0,24%	-6,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-4,32%	-12,59%
FGC UES	-8,83%	1,38%
IDGC of Volga	-5,20%	-0,63%
MOESK	-2,29%	9,13%
IDGC of Northern Caucasus	-2,50%	-11,56%
IDGC of Centre and Volga Reg	-4,42%	-2,09%
IDGC of North-West	-2,57%	-10,55%
IDGC of Urals	-1,61%	-6,99%
IDGC of Siberia	-3,95%	-18,76%
IDGC of South	-5,93%	-12,21%
Lenenergo, ordinary shares	-6,65%	-9,45%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
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MRKC
MRKC RX
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