

DAILY MARKET REVIEW

5 December, Monday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 2 December some moderately negative external background formed on the Russian market. On Thursday the major US indices changed in different directions – the DJIA index, updating the historical high, grew 0.4% up, while the S&P500 index fell 0.4% after stocks of technology companies, which declined on media reports that Apple had reduced orders for components for the iPhone 7. On Friday the main country indices of the Asia-Pacific region lost on average more than half a percent. As analysts note, the rally in world markets, caused by the unexpected victory of Donald Trump in the presidential election, has begun losing its power, and other factors have started coming out to the fore. In particular, investors are concerned about possible negative consequences of the referendum on constitutional reform in Italy, 4 December – its outcome, according to experts, may be another shock to the financial markets after Brexit and Donald Trump's election as a US president. Among the main risk experts call the resignation of Prime Minister who initiated the referendum, early parliamentary elections and Euro-skeptics winning them – Brussels and the markets consider this scenario the worst, writes the newspaper The Wall Street Journal. February Brent futures traded near the mark of \$53.5 per barrel, at the close on 1 December. Oil prices consolidated after a 10% jump for two days associated with the OPEC decision to cut production by 1.2 million barrels per day, and information about possible joining of other countries to this agreement, including Russia. The market participants, says Bloomberg, turned their attention to potential risks in the implementation of these plans – compliance by OPEC countries with their obligations and the willingness of non-OPEC countries to follow the preliminary agreements.

For most of the trading session the MICEX Index had a small plus – stability of Brent quotations around \$53 per barrel was offset by negative changes of European markets, where investors' fears are growing in relation to consequences of the referendum in Italy. In the afternoon the mood in markets improved after the publication of US statistics on the labour market – in the United States in November the unemployment rate fell to its lowest level in nine years of 4.6%. Against this background oil prices rising renewed – the Brent cost exceeded the mark of \$54 per barrel, which, in turn, contributed to the renewal of a historical maximum of the MICEX Index.

During the trading session the MicexPWR Sector Index underperformed mainly due to active sales in shares of Inter RAO and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

The State Duma Energy Committee recommended the adoption in the first reading of a bill on alignment of the Far Eastern electricity tariffs with the average Russian level

The specialized Energy Committee on Wednesday, 30 November, recommended to the State Duma to adopt in the first reading a bill that would reduce tariffs for enterprises of the Far East, says RBC Daily.

Read full text: <http://www.bigpowernews.ru/markets/document74276.phtml?1&q=>

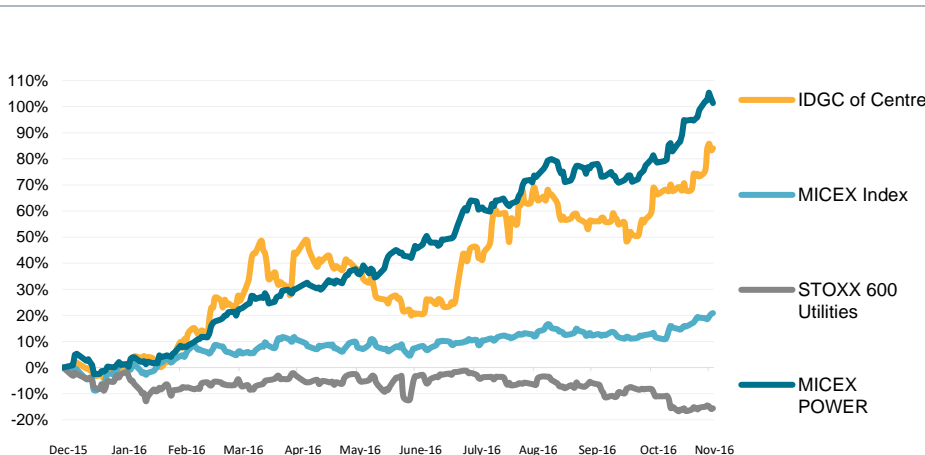
COMPANY NEWS

Smolensk power engineers and businessmen discussed topical issues of grid connection at a round table

During the last in the current year Entrepreneur's Day at IDGC of Centre – Smolenskenergo division, held in late November 2016, representatives of small and medium-sized businesses and the power company discussed topical issues of connection to the power grid.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/57988/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.15 |
| MICEX | 2 128,99 | 0,34% | 20,87% |
| S&P 500 | 2 191,95 | 0,04% | 7,24% |
| FTSE 100 | 6 730,72 | -0,33% | 7,82% |
| DAX | 10 513,35 | -0,20% | -2,14% |
| DJStoxx 600 | 339,36 | -0,44% | -7,23% |
| STOXX Utilities | 258,35 | 0,30% | -15,61% |
| Nikkei | 16 519,29 | 0,00% | -13,21% |
| Sensex | 26 230,66 | -1,24% | 0,43% |
| CSI300 | 3 528,95 | -1,01% | -5,42% |
| Bovespa | 60 316,13 | 1,36% | 39,14% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.15 |
| Euro/USD | 1,07 | 0,37% | -12,28% |
| USD/RUB | 63,68 | -2,39% | -12,63% |
| Euro/RUB | 67,62 | -2,49% | -15,16% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.15 |
| Gold, USD/oz | 1 177,43 | 0,49% | 10,96% |
| Brent*, USD/bbl | 54,46 | 0,96% | 19,67% |

* - February futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,3590 |
| Capitalisation**, billion RUB | 15,16 |
| Capitalisation**, million USD | 238,00 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.15 |
| MICEX-Power Index | -0,98% | 101,33% |
| Shares of IDGC of Centre** | 0,42% | 84,01% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.15 |
| Rosseti, ordinary shares | -0,60% | 154,69% |
| FGC UES | -2,35% | 225,08% |
| IDGC of Volga | -1,37% | 159,64% |
| MOESK | -1,00% | 18,67% |
| IDGC of Northern Caucasus | -1,07% | 48,00% |
| IDGC of Centre and Volga Reg | -7,87% | 127,39% |
| IDGC of North-West | -0,81% | 79,56% |
| IDGC of Urals | -2,42% | 69,47% |
| IDGC of Siberia | -2,04% | 27,66% |
| IDGC of South | -1,56% | 61,86% |
| Lenenergo, ordinary shares | 0,40% | 117,69% |

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM