

DAILY MARKET REVIEW

7 March, Tuesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 06 March some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a slight increase of 0.1% after the statement of the Fed Chair that the rate increase "is likely to be appropriate" at the upcoming meeting if employment and inflation data continue to meet the expectations of the regulator. As experts note, the increase in the cost of lending in March has already been mainly priced in because of strong statistics on the US economy and coordinated statements of the governors of the Federal Reserve in recent weeks. On Monday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, added 0.3%, with different changes of the main country indices. The Japanese Nikkei 225 declined by 0.5% because of the strengthening of the yen. At the same time, the Chinese CSI 300 and the Australian S&P/ASX 200 increased by 0.3-0.5% on information on new planned economic indicators of the PRC, which, Marketwatch noted, are in line with the expectations of most economists. China expects another slowdown in the economy's growth rate in 2017 – to about 6.5% against the target range of 6.5-7% and actual 6.7% last year, said the Premier of the State Council of China. At the same time, the prime minister said, Beijing will continue reforms aimed at reducing financial risks and increased debts of enterprises. May Brent futures traded near the mark of \$55.5 per barrel, at the closing level on Friday, March 3rd. The positive result of the decline in production in Libya and the suspension of exports from that country was offset by signals of activation of operation of American oil shale companies – the oil service company Baker Hughes reported on the continuation for the seventh consecutive week of increasing the number of operating oil drilling rigs in the US, whose number has almost doubled in 9 months and from the lows for 7 years has returned to marks of the summer of 2015. Additional pressure on quotations was provided by data from Russia, where production did not change in February, which causes doubts among traders that the largest producer will adhere to its promises to reduce production.

The Russian market continues to show uncertain trends. A half-percentage increase on average of the MICEX Index in the first half of the day, due, including, to the rise of Brent quotations to around \$56 per barrel, was replaced by a comparable decline in the second half of the trading session after an increase in negative sentiment at European exchanges. Losses of the European Stoxx Europe 600 Index and futures for US indices exceeded 0.5% following the decline in shares of banks and mining companies amid a decline in metal prices and Deutsche Bank's announcement of a large-scale reorganization and raising €8 billion in the market. Released better than expected statistics from the US on orders of industrial enterprises and orders for durable goods in January could not provide significant support to the markets.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR decline was made by shares of RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Net profit of "Rosseti" under RAS in 2016 amounted to 222.4 billion rubles against the loss in 2015 (version 1)

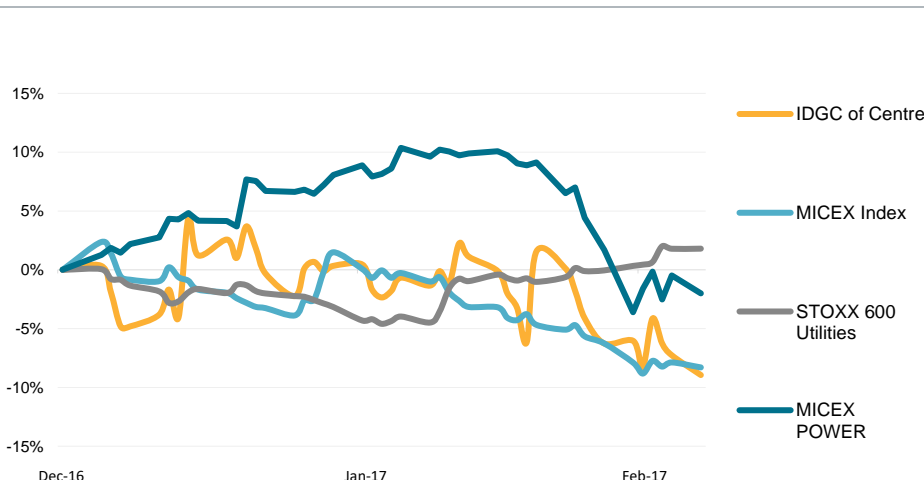
Read full text: <http://www.bigpowernews.ru/news/document75746.phtml>

COMPANY NEWS

In 2016 Tambovenergo received more than 80 thousand requests from customers

Read full text: http://www.advis.ru/php/view_news.php?id=363B3D1E-0AAC-5845-900D-DE12D1770B83

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.16 |
| MICEX | 2 047,42 | -0,46% | -8,30% |
| S&P 500 | 2 375,31 | -0,33% | 6,10% |
| FTSE 100 | 7 350,12 | -0,33% | 2,90% |
| DAX | 11 958,40 | -0,57% | 4,16% |
| DJStoxx 600 | 373,27 | -0,52% | 3,28% |
| STOXX Utilities | 281,75 | 0,01% | 1,80% |
| Nikkei | 19 379,14 | -0,46% | 1,39% |
| Sensex | 29 048,19 | 0,75% | 9,10% |
| CSI300 | 3 446,48 | 0,54% | 4,12% |
| Bovespa | 66 341,37 | -0,67% | 10,15% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.16 |
| Euro/USD | 1,06 | -0,41% | 0,58% |
| USD/RUB | 58,91 | 0,86% | -2,88% |
| Euro/RUB | 61,99 | 0,76% | -2,86% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.16 |
| Gold, USD/oz | 1 225,29 | -0,77% | 6,78% |
| Brent*, USD/bbl | 56,01 | 0,20% | -3,50% |

* - May futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,4070 |
| Capitalisation**, billion RUB | 17,18 |
| Capitalisation**, million USD | 291,68 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.16 |
| MICEX-Power Index | -1,52% | -2,01% |
| Shares of IDGC of Centre** | -1,81% | -8,95% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.16 |
| Rosseti, ordinary shares | -3,48% | -10,31% |
| FGC UES | -1,38% | 2,17% |
| IDGC of Volga | 0,66% | -4,20% |
| MOESK | 0,10% | 8,02% |
| IDGC of Northern Caucasus | 2,34% | -10,66% |
| IDGC of Centre and Volga Reg | 2,48% | 6,28% |
| IDGC of North-West | -0,65% | -16,00% |
| IDGC of Urals | -0,31% | -3,34% |
| IDGC of Siberia | 3,82% | -15,65% |
| IDGC of South | 0,00% | -14,89% |
| Lenenergo, ordinary shares | -2,54% | -5,90% |

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
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