



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 16 May some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 rose by 0.5-0.6% on the information that the US could postpone the decision to impose a 25% duty on European-made cars for up to six months. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.3% with multidirectional changes of the main country indices. Negative background for investors was media reports about signing a decree by Donald Trump, which allows to block access to foreign technology companies to the US market. The US Department of Commerce has already included Huawei in the list of companies whose activities are contrary to the US national interests. In this case, the Chinese telecommunications giant may lose the opportunity to both sell their products in the US and acquire technology and materials from American companies. Experts, writes MarketWatch, see such actions as a new round of trade conflict with China and as a tool for providing additional pressure on Beijing. July Brent futures traded around \$72 per barrel, \$0.1 above our 15 May close. Brent quotes are growing despite the announcement by the US Department of Energy about the increase in oil reserves last week by 5.4 million barrels, while analysts expected them to decline by 1.4 million barrels. The oil market is also supported by a sharp exacerbation of tensions between the US and Iran, which, according to some analysts, could provoke a new conflict in the Middle East.

At the beginning of the trading session, global markets were under pressure from fears of an escalation of the US-Chinese trade conflict – the losses of the MOEX Russia Index, the index of emerging markets MSCI EM and the European Stoxx Europe 600 Index averaged about one-third percent. However, during the day, investors' sentiment improved and by the end of our trades, the growth of the main stock indicators approached one percent. The markets were supported by media information that the next round of the US-Chinese trade negotiations could take place at the end of May, and strong American statistics. In the US in April, the number of new buildings increased for the second month in a row, the rate of decline in the number of applications for unemployment benefits was the highest since February, the Philadelphia manufacturing activity index in May rose to its highs since the beginning of the year. Shares of Gazprom and LUKOIL became the drivers of more than a percentage growth of the MOEX Russia Index. Gazprom continues to play back the dividend theme (the current dividend yield exceeds 8%), the decision of the company's board of directors to buy out 35 million shares at 5,450 rubles became a positive for LUKOIL – 9% above closing on Wednesday.

During the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO. The reason for the active profit taking in these papers after the 8% growth since the beginning of the week was the statements of the management that the company intends to adhere to the former dividend policy.

ELECTRIC POWER INDUSTRY NEWS

Electricity producers and consumers agree: power supply contracts can be terminated

The Community of Energy Consumers and the Council of Electricity Producers offered to give the opportunity to terminate power supply agreements if electricity producers disrupt its delivery terms. Possible grounds for termination of the contracts were discussed on 18 April at a meeting in the Ministry of Energy.

Read full text: <https://www.vedomosti.ru/business/articles/2019/05/16/801506-proizvoditeli-elektroenergii-dogovori>

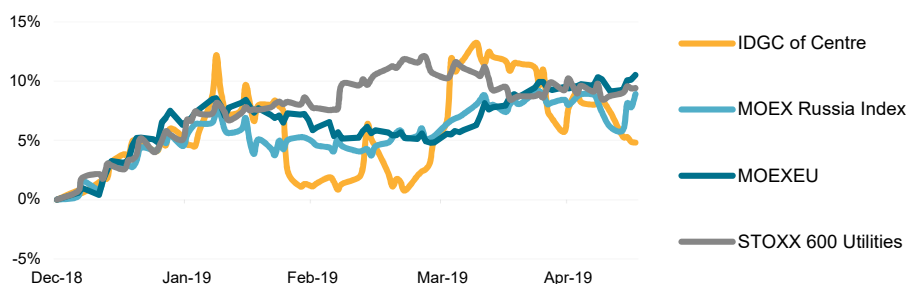
COMPANY NEWS

Since the beginning of 2019 Tambovenergo connected more than 240 facilities to grids

IDGC of Centre - Tambovenergo division summed up the results of work on grid connection for the first quarter of 2019. During the reporting period, the power engineers connected 245 facilities with a total capacity of 6.4 MW to the grids.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68345/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 581,11	1,04%	8,94%
S&P 500	2 876,32	0,89%	14,74%
FTSE 100	7 353,51	0,78%	9,30%
DAX	12 310,37	1,74%	16,59%
DJStoxx 600	382,88	1,27%	13,40%
Nikkei	21 062,98	-0,59%	5,24%
Sensex	37 393,48	0,75%	3,67%
CSI300	3 743,96	0,45%	24,36%
Bovespa	90 024,47	-1,75%	2,43%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,85	-0,69%	-6,65%
EURO/RUB	72,69	-0,93%	-8,52%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 286,72	0,75%	0,33%
Brent*, USD/bbl	72,62	1,18%	34,98%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2998	12,66	195,18	
IDGC of Centre & Volga Reg	0,2858	32,21	496,68	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,04%	9,45%
MOEXEU Index	0,38%	10,56%
IDGC of Centre**	-0,07%	4,83%
IDGC of Centre and Volga Region**	-0,07%	7,85%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	3,08%	44,42%
FGC UES	1,03%	12,54%
IDGC of Volga	0,19%	9,39%
MOESK	-0,42%	6,89%
IDGC of Northern Caucasus	3,84%	77,71%
IDGC of North-West	0,65%	-1,80%
IDGC of Urals	-0,24%	-10,29%
IDGC of Siberia	-0,85%	115,32%
IDGC of South	-0,88%	34,25%
Lenenergo, ordinary shares	-1,38%	7,75%
TRK, ordinary shares	0,89%	10,71%
Kubanenergo	-1,21%	33,81%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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Bloomberg

Reuters

MRKC

MRKC:RM

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