

DAILY MARKET REVIEW

29 January, Monday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 26 January some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500, having updated their historical records, grew by 0.1-0.5% on favourable corporate reporting and good statistics from the labour market. According to the report of the US Department of Labor, the number of applications for unemployment benefits, although having increased compared to the minimum level for 45 years recorded a week earlier, is still below the long-term average. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about 0.1%, including because of the renewed weakening of the dollar. March Brent futures traded near \$70.3 per barrel, \$0.7 lower than the closing level on 25 January. Oil quotations were pressured by a sharp strengthening of the dollar on Thursday, following the statement of US President D. Trump that he would like to see a strong dollar.

On Friday the Russian market was dominated by sellers – at daily lows, the loss of the MOEX Russia Index exceeded 1.5%. The reasons for the active profit-taking after the update of the historic high on Thursday was the expected promulgation of new anti-Russian sanctions by the USA today. The upgrade by Moody's agency of the Russian Federation's rating to "positive", Brent quotes above \$70 per barrel and a half-percentage growth of western markets on good statistics from the US could not provide significant support to Russian investors. In the fourth quarter, consumer spending, accounting for more than 70% of the US GDP, increased by a maximum of 3.8% in two years, the PCE Core index, which is closely monitored by the Fed in assessing inflation risks, rose by 1.9% in October-December, after an increase of 1.3% in the third quarter, the growth in orders for durable goods in December was higher than forecast. These data completely neutralized some negative data on the trends of the US GDP in the fourth quarter – an increase of 2.6% was worse than expectations at 3%. A significant contribution to the final losses of the MOEX Russia Index was made by a 10% drop in Magnit's shares, triggered by the publication of weak IFRS financials for the fourth quarter – the company's profit fell 42% y/y, and the management's statements about the refusal to pay dividends in 2018.

During the trading session the changes of the MicexPWR Sector Index in general corresponded to the MOEX Russia Index. The main contribution to the final MicexPWR fall was made by shares of RusHydro, Rosseti and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Rosseti to become an umbrella brand

The state holding "Rosseti" intends to unify the heterogeneous names of its electric grid companies. The head of Rosseti Pavel Livinsky called increasing the recognition of companies among consumers as the purpose of re-branding. In recent years, such renaming has already been carried out by a number of large state holdings in the fuel and energy sector, for example, Gazprom, Rosneft and Inter RAO.

Read full text: <https://www.kommersant.ru/doc/3529175>

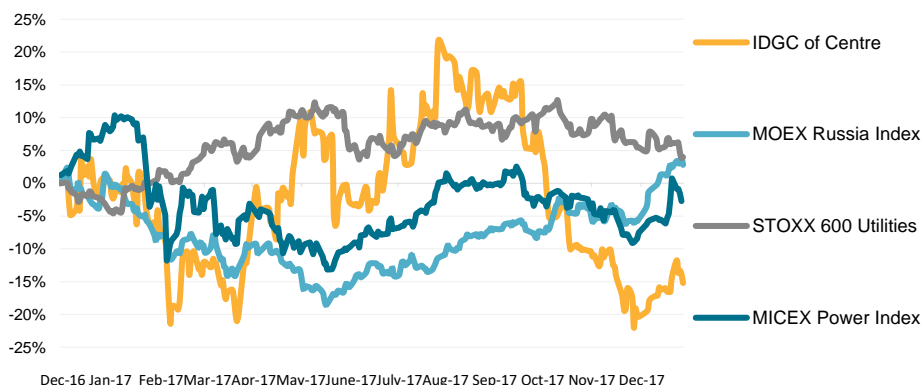
COMPANY NEWS

IDGC of Centre summed up the work on interaction with shareholders and investors in 2017

IDGC of Centre summed up the work on interaction with shareholders and investors in 2017. Over the past year, significant results were achieved in improving the disclosure process and maintaining a continuous dialogue with representatives of the investment community. All efforts were aimed at improving the investment case of the company and increasing its credibility on the part of all stakeholders.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62953/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 295,26	-1,07%	8,79%
S&P 500	2 872,87	1,18%	7,45%
FTSE 100	7 665,54	0,65%	-0,29%
DAX	13 340,17	0,31%	3,27%
DJStoxx 600	400,57	0,50%	2,93%
Nikkei	23 631,88	-0,16%	3,81%
Sensex	36 050,44	0,00%	5,85%
CSI300	4 381,30	0,37%	8,69%
Bovespa	85 530,84	2,21%	11,95%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	55,93	-0,82%	-2,95%
EURO/RUB	69,46	0,01%	0,98%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 349,12	0,06%	3,56%
Brent*, USD/bbl	70,52	0,14%	5,46%

* - March futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3089	34,81	622,44

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,12%	3,99%
MICEX POWER Index	-1,14%	6,27%
IDGC of Centre**	-1,56%	6,46%
IDGC of Centre and Volga Region**	-0,94%	0,76%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,72%	8,51%
FGC UES	-1,35%	6,23%
IDGC of Volga	-1,13%	2,73%
MOESK	-1,04%	-4,67%
IDGC of Northern Caucasus	-0,82%	-5,99%
IDGC of North-West	-4,56%	0,58%
IDGC of Urals	-2,11%	10,74%
IDGC of Siberia	-1,63%	5,68%
IDGC of South	-2,52%	3,68%
Lenenergo, ordinary shares	-1,22%	9,38%
TRK, ordinary shares	0,00%	3,50%
Kubanenergo	-0,92%	-3,83%

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