

DAILY MARKET REVIEW

28 July, Friday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 27 July some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500, updating their historical records, added up to half a percent due to good quarterly statements of some companies, rising raw material prices and overall soft tone of the Fed's press release, which, as expected, kept the key rate in the range of 1- 1.25%. Experts drew attention to two key points of the press release. Firstly, the Central Bank announced that it is going to start reducing assets on its balance sheet "relatively soon", which, according to analysts, could mean a decrease in reinvestment of \$10 billion already starting from September. However, traders focused on the Fed's concern about the weakness of inflation, which increased doubts about the third rate hike this year and led to the fall of the DXY dollar index to a minimum since June 2016. The subsequent strengthening of Asian currencies on Thursday led to more than a percentage increase in the composite index of the Asia-Pacific region MSCI Asia Pacific to a maximum in 10 years. September Brent futures traded near the mark of \$50.9 per barrel, at the level of our closing on 26 July. After three days of growth by 6%, quotes stabilized at \$51 per barrel in anticipation of further drivers. Additional support for prices is provided by verbal intervention of OPEC countries. According to media reports, Kuwait, following Saudi Arabia and the UAE, agreed to reduce oil supplies in 2017.

Most of the trading session, the MICEX Index was in a small plus within half a percent – the activity of buyers, supported by rising oil prices, was limited to risks of aggravation of Russian-American relations. On the eve, the US Senate announced that an agreement had been reached on a draft law on sanctions against the Russian Federation, and voting might take place this week, after which the document would be sent for signature to the president. In turn, representatives of the Russian authorities said that the actions of the Congress bury the hope for the normalization of bilateral relations and threatened with "painful" countermeasures, the work on the development of which, according to Russian media, is already underway. At the end of the day, the growth of the MICEX Index exceeded 0.6% due to the rise in Brent crude prices to \$51.4 and new records of US indices at the beginning of trading.

During the day, the changes of the MicexPWR Sector Index were generally consistent with the MICEX Index – the rise in shares of FGC UES on good semi-annual RAS financial statements was offset by profit-taking in shares of several IDGCs after a three-day rally. Following the shares of IDGCs, ordinary shares of Rosseti also declined, which were further pressured by RAS financial statements for the first half of the year, due to the revaluation of S&A shares, the net loss amounted to 22.9 billion rubles against net profit of 140.1 billion rubles for the same period a year earlier.

ELECTRIC POWER INDUSTRY NEWS

Net loss of Rosseti under RAS in 1H 2017 is almost 23 billion rubles against profit a year earlier

Read full text: <http://www.bigpowernews.ru/news/document78568.phtml>

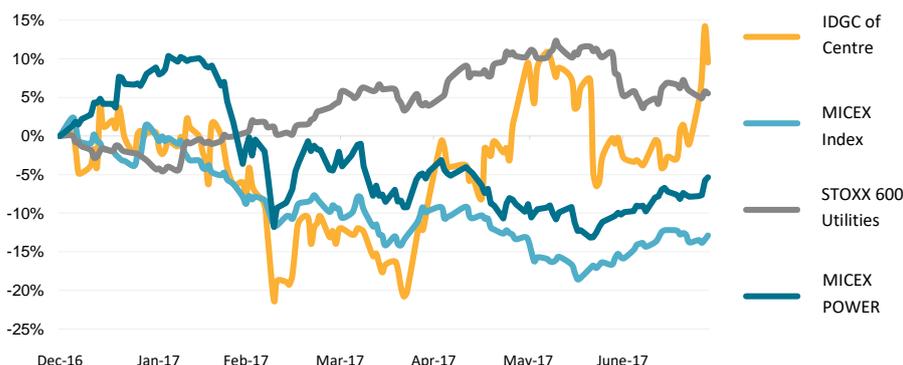
COMPANY NEWS

IDGC of Centre has published its financial statements under RAS for 1H 2017, net profit exceeded the same indicator last year more than 2 times

According to the prepared in accordance with the Russian Accounting Standards statements for the 1st half of 2017, IDGC of Centre's revenue totalled 45,2 bln RUB. Net profit turned out to be 111,1% higher than the same indicator of the previous year and amounted to 1,9 bln RUB.

Read full text: https://www.mrsk-1.ru/investors/presentations/ir_news/60880/

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 945,12	0,62%	-12,88%
S&P 500	2 475,42	-0,10%	10,57%
FTSE 100	7 443,01	-0,12%	4,20%
DAX	12 212,04	-0,76%	6,37%
DJStoxx 600	382,32	-0,11%	5,78%
STOXX Utilities	292,02	-0,23%	5,51%
Nikkei	20 079,64	0,15%	5,05%
Sensex	32 383,30	0,00%	21,62%
CSI300	3 712,20	0,18%	12,15%
Bovespa	65 277,38	0,41%	8,39%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,17	0,32%	10,91%
USD/RUB	59,91	0,15%	-1,23%
Euro/RUB	69,68	-0,03%	9,20%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 259,15	-0,11%	9,73%
Brent*, USD/bbl	51,49	1,02%	-12,49%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4895
Capitalisation**, billion RUB	20,67
Capitalisation**, million USD	344,94

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,42%	-5,35%
Shares of IDGC of Centre**	-4,11%	9,51%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-0,71%	-24,29%
FGC UES	2,81%	-15,38%
IDGC of Volga	0,98%	74,55%
MOESK	-0,91%	-3,12%
IDGC of Northern Caucasus	-1,57%	-14,74%
IDGC of Centre and Volga Reg	-0,50%	60,00%
IDGC of North-West	-2,37%	-2,73%
IDGC of Urals	-1,22%	-1,22%
IDGC of Siberia	-0,11%	12,90%
IDGC of South	0,84%	-8,59%
Lenenergo, ordinary shares	-0,20%	-10,81%
TRK, ordinary shares	-1,96%	-15,76%
Kubanenergo	-1,06%	-14,37%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

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