



REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 27 August some moderately positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 0.5-0.6%, on Monday the composite index of the Asia-Pacific region, MSCI Asia Pacific, added about a percent. The markets were supported by the head of the Federal Reserve at a symposium of world leaders in the US Jackson-Hole, in which he noted the adequacy of the course for a gradual increase in the Fed's rates in the absence of risks of overheating and inflation above the US 2% target level. According to economists, the US Central Bank will remain cautious, continuing to raise rates, and make further decisions based on economic data. An additional positive factor in the Asian session was media reports that the Central Bank of China is taking measures to support the national currency. October Brent futures traded near \$75.7 per barrel, \$0.5 below our closing level on 24 August. Oil prices were adjusting after almost a 6% jump last week, provoked by fears of a reduction in the global supply of fuel after the entry into force of sanctions against Iran in early November and a reduction in production in the North Sea due to strikes of workers on several drilling platforms scheduled for the coming months.

On Monday, the Russian market, as well as the global markets in general, was dominated by buyers on reduced concerns about the more rigorous approach of the Federal Reserve to implement the exit strategy and statements of the US President that an "important agreement with Mexico" could be reached shortly. In the second half of the trading session, the MOEX Russia Index and the index of emerging markets MSCI EM added more than a percent, the European Stoxx Europe 600 Index - more than 0.5%. Our market was also supported by the growth of Brent quotations above \$76 per barrel on data of the oil service company Baker Hughes on the maximum since May 2016 reduction in the number of operating oil drilling rigs in the US. Against this backdrop, shares of the oil and gas sector led by Novatek, which added almost 6% after the recommendation upgrade from JPMorgan to "above the market", became the driver of the rise of the MOEX Russia Index. At the end of the day, buyers on global stock exchanges stepped up after the press conference of Donald Trump, during which he announced that the US and Mexico had reached a bilateral trade agreement. Against this backdrop, the US indices S&P500 and Nasdaq started trading with renewal of historical highs.

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

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev instructed departments to prepare proposals on strengthening competition in the Russian energy sector

The Government of the Russian Federation instructed departments to prepare proposals on strengthening competition in the electric power industry. The instructions are contained in the "roadmap" for the development of competition in various sectors of the economy of the Russian Federation, approved by Order of the Cabinet of Ministers of 16 August 2018 No. 1697-r. The "road map" prepared by the FAS is designed for 2018-2020.

Read full text: <http://www.bigpowernews.ru/markets/document84309.phtml>

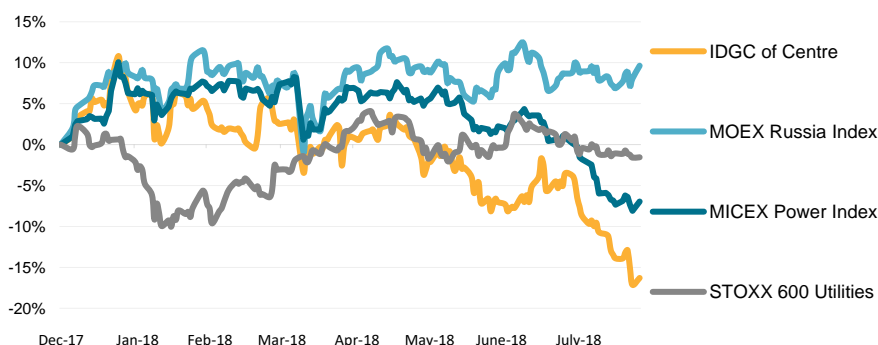
COMPANY NEWS

Kostromaenergo in the first half of the year collected from non-payers in court more than 17 million rubles for transmitted electricity

IDGC of Centre - Kostromaenergo division continues its systematic work to recover accounts receivable for electricity transmission services. Its important direction is claims and lawsuits.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/65485/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 312,93	1,45%	9,63%
S&P 500	2 896,74	0,77%	8,35%
FTSE 100	7 577,49	0,00%	-1,43%
DAX	12 538,31	1,16%	-2,94%
DJStoxx 600	385,57	0,52%	-0,93%
Nikkei	22 799,64	0,88%	0,15%
Sensex	38 694,11	1,16%	13,62%
CSI300	3 406,57	2,44%	-15,49%
Bovespa	77 929,68	2,19%	2,00%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	67,79	-1,07%	17,63%
EURO/RUB	78,41	-1,06%	13,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 211,38	0,50%	-7,02%
Brent*, USD/bbl	76,21	0,51%	18,36%

* - October futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,2980	12,58	185,58	
IDGC of Centre & Volga Reg	0,2850	32,12	473,79	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,05%	-1,55%
MICEX POWER Index	1,25%	-6,95%
IDGC of Centre**	1,02%	-16,29%
IDGC of Centre and Volga Region**	-1,04%	-5,54%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	3,84%	-14,90%
FGC UES	1,85%	-4,81%
IDGC of Volga	-0,78%	-6,53%
MOESK	1,59%	-21,69%
IDGC of Northern Caucasus	-0,33%	-22,14%
IDGC of North-West	-1,60%	29,81%
IDGC of Urals	-3,83%	-15,99%
IDGC of Siberia	4,57%	-20,09%
IDGC of South	-0,30%	11,71%
Lenenergo, ordinary shares	0,85%	23,96%
TRK, ordinary shares	4,22%	-6,74%
Kubanenergo	0,72%	-28,57%

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