

DAILY MARKET REVIEW

17 August, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 16 August some moderately positive external background formed on the Russian market. On Monday the major US indices DJIA, S&P500 and Nasdaq Composite were 0.3-0.6% up, updating their historical highs. According to MarketWatch, this is the second since 1999 simultaneous update of record highs of these indices. The market was supported, including, by rising oil prices on the news that the largest oil-producing countries in the world are ready to resume negotiations on the stabilization of the market. On Tuesday the composite Asia-Pacific region index MSCI Asia Pacific lost about 0.5%, following the collapse of the Japanese Nikkei 225 by 1.6%. The Japanese stock market was pressured by strengthening of the national currency – the dollar-yen is very close to the psychological barrier of 100 ¥/\$1. October Brent futures traded at \$48 per barrel, or \$0.2 higher than the closing of August 15th. In addition to speculation on the possible harmonization of actions of oil producers to stabilize the market, an additional positive factor for oil quotations was the weaker dollar.

After the MICEX Index updated its historic highs at the beginning of the day profit-taking began in the Russian market, provoked by negative changes of European markets. In the afternoon the loss of the Stoxx Europe 600 Index exceeded 0.5% on increased concerns about a possible hike in Fed rates in September, after the publication of good statistics from the US, where data on new building projects and industrial production in July were better than expected, and the statement of the Federal Reserve Bank of New York Head that the Fed may raise its benchmark interest rate at the next meeting. Against this background, the rate of decline of the MICEX Index amounted to about 0.5%, in spite of the stability of the Brent quotations above \$48 per barrel. At the end of the day the MICEX Index was able to play almost all the losses back after rising cost of Brent to around \$49 per barrel.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final sectoral indicator underperformance in comparison with the MICEX Index was made shares of FGC UES and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

"Lenenergo" resolved the debt dispute with Federal Grid Company and its "daughters"

The company received 3 billion rubles of net profit for the six months due to the correct rates and additional capitalization.

Read full text: <http://www.vedomosti.ru/business/articles/2016/08/17/653356-lenenergo-razreshila-spori-dolgah-fsk-ees-svoimi-dochkami>

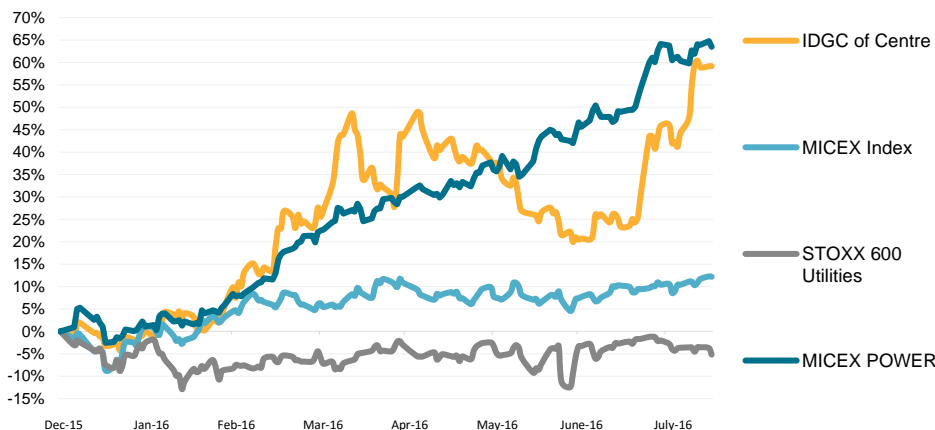
COMPANY NEWS

Priority of Smolenskenergo's investment program – performance of work on grid connection of new customers

IDGC of Centre – Smolenskenergo division continues implementing the investment program in 2016, one of the priorities of which is the grid connection of new customers. The branch fully performed the plan of the first half of 2016 on the investment program, having disbursed capital investments in the amount of 610.359 million rubles. Including on the technical re-equipment and reconstruction of power facilities the branch spent 297.097 million rubles, and 313.262 million rubles were invested in construction of new facilities.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56716/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|-----------------|-----------|---------|-------------|
| | | per day | fr 31.12.15 |
| MICEX | 1 975,80 | -0,07% | 12,17% |
| S&P 500 | 2 178,15 | -0,55% | 6,57% |
| FTSE 100 | 6 893,92 | -0,68% | 10,44% |
| DAX | 10 676,65 | -0,58% | -0,62% |
| DJStoxx 600 | 343,32 | -0,79% | -6,15% |
| STOXX Utilities | 290,22 | -1,54% | -5,20% |
| Nikkei | 16 596,51 | -1,62% | -12,80% |
| Sensex | 28 064,61 | -0,31% | 7,46% |
| CSI300 | 3 378,25 | -0,45% | -9,45% |
| Bovespa | 58 855,43 | -0,49% | 35,77% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.15 |
| Euro/USD | 1,13 | 0,79% | -7,30% |
| USD/RUB | 64,21 | -0,20% | -11,90% |
| Euro/RUB | 71,73 | 0,01% | -10,00% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.15 |
| Gold, USD/oz | 1 346,24 | 0,51% | 26,87% |
| Brent*, USD/bbl | 49,23 | 1,82% | 14,09% |

* - October futures

Source: Bloomberg, Company calculations

| Shares of IDGC of Centre | Value |
|-------------------------------|--------|
| Last transaction, RUB | 0,3105 |
| Capitalisation**, billion RUB | 13,11 |
| Capitalisation**, million USD | 204,16 |

Source: Central Bank of Russia, Company calculations

| Russian indexes | Change | |
|----------------------------|---------|-------------|
| | per day | fr 31.12.15 |
| MICEX-Power Index | -0,75% | 63,51% |
| Shares of IDGC of Centre** | 0,00% | 59,15% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|------------------------------|----------|-------------|
| | per day | fr 31.12.15 |
| Rosseti | -2,42% | 96,07% |
| FGC UES | -1,80% | 154,21% |
| IDGC of Volga | -0,24% | 112,85% |
| MOESK | -1,88% | 25,07% |
| IDGC of Northern Caucasus | -2,25% | 39,20% |
| IDGC of Centre and Volga Reg | -2,03% | 53,82% |
| IDGC of North-West | -0,40% | 79,93% |
| IDGC of Urals | 1,21% | 75,79% |
| IDGC of Siberia | -0,51% | 21,11% |
| IDGC of South | 0,00% | 50,00% |
| Lenenergo | -4,06% | 137,55% |

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
MRKC.MM