

DAILY MARKET REVIEW

29 April, Monday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 26 April some moderately negative external background formed on the Russian market. Major US indices on Thursday changed in different directions – the DJIA and S&P500 fell within 0.5%, the Nasdaq increased by 0.2%. As MarketWatch noted, the fall in stock prices of industrial enterprises levelled the positive changes of prices of technology companies. And contradictory statistics added uncertainty: on the one hand, the increase in the number of applications for unemployment benefits was the highest since September 2017, on the other hand, the increase in orders for durable goods in March was a record since August last year. On Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific declined by 0.1%. The Chinese market continues to act as a driver of negative trends of Asian markets, which remains under pressure from fears of curtailing incentives in the face of an increasing number of signs of stabilization of the country's economy. June Brent futures traded around \$74.1 per barrel, \$0.8 below our 25 April close. Brent quotes, on Thursday rising to six-month highs on media information about the suspension of Russian oil exports via the Druzhba pipeline, were adjusting on Friday with news of compensation for under-received volumes of oil by fuel supplies from other destinations.

In anticipation of statistics on the US GDP, the MOEX Russia Index, like most global stock indicators, showed a sideways trend around zero. The decision of the Central Bank of the Russian Federation to keep the rate at 7.75% per annum was expected by analysts and did not have a significant impact on the changes of the ruble and the MOEX Russia Index. At the same time, experts paid attention to the clarification by the Central Bank of the term of a possible reduction in the key rate: as the situation evolves in accordance with the basic forecast, the regulator allows for the possibility of easing monetary policy in the 2nd and 3rd quarters of 2019. Ambiguous data on the changes of the US economy in the first quarter did not make significant changes in investors' sentiment. On the one hand, the GDP growth of 3.2% was significantly better than expected. On the other hand, experts noted, one-time factors contributed to this, including a decrease in the trade deficit and an increase in inventories, while the rate of increase in consumer spending was minimal for the year. The MOEX Russia Index was able to close trading in a positive area, despite the fall in Brent quotes to \$71.5 per barrel on growing market confidence that the falling out volumes of Iranian exports will be completely closed by increasing supplies from OPEC and Russia, and problems with the Druzhba pipeline are not so great as expected.

At the end of the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU reduction in antiphase with the MOEX Russia Index was made by shares of Irkutskenergo and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

The Constitutional Court ordered the government to develop a mechanism for compensating the costs of companies that have lost the status of Territorial Grid Companies (TGC) until 1 January 2020

The Constitutional Court recognized as a violation of the law the norm obliging companies that have lost their TGC status to continue to provide free of charge electric grid services and to maintain infrastructure in order. Now, by 1 January 2020, the government is obliged to develop a mechanism to compensate for such costs. The participants in the energy market differ in assessing the consequences of the decision: some of them believe that it will lead to an increase in the tariff for consumers, some - that the number of such TGCs is not so large, and the tariff will not increase because it is limited by the level of inflation.

Read full text: <http://www.bigpowernews.ru/markets/document87932.phtml>

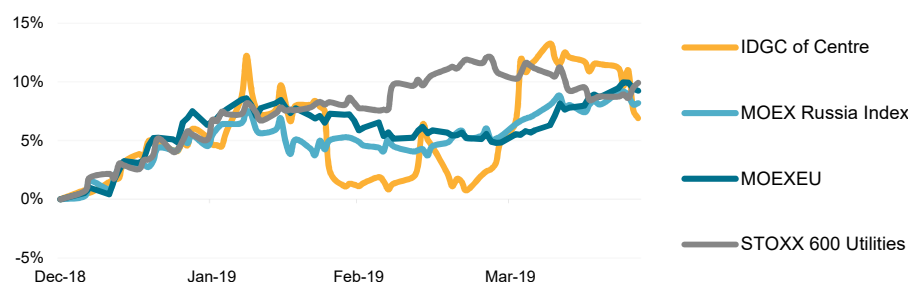
COMPANY NEWS

Digitalization in the power grid complex to increase the reliability of power supply and reduce operating costs

A meeting of teachers and students with Acting First Deputy General Director of IDGC of Centre Vitaly Akulichev, organized under the auspices of the Department of Corporate Finance and Corporate Governance, was held at the Financial University under the Government of the Russian Federation.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68196/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 563,72	0,11%	8,20%
S&P 500	2 939,88	0,47%	17,27%
FTSE 100	7 428,19	-0,08%	10,40%
DAX	12 315,18	0,27%	16,63%
DJStoxx 600	391,01	0,22%	15,80%
Nikkei	22 258,73	-0,22%	11,21%
Sensex	39 067,33	0,87%	8,31%
CSI300	3 889,28	-1,33%	29,18%
Bovespa	96 236,04	-0,33%	9,50%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,68	1,09%	-6,90%
EURO/RUB	72,11	0,55%	-9,25%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 286,16	0,70%	0,29%
Brent*, USD/bbl	72,15	-2,96%	34,11%

* - June futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3058	12,91	199,60
IDGC of Centre & Volga Reg	0,2755	31,05	480,03

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,38%	9,93%
MOEXEU Index	-0,15%	9,28%
IDGC of Centre**	-0,65%	6,92%
IDGC of Centre and Volga Region**	0,15%	3,96%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,69%	38,52%
FGC UES	-0,29%	11,69%
IDGC of Volga	-0,63%	4,29%
MOESK	-0,58%	4,70%
IDGC of Northern Caucasus	6,30%	78,29%
IDGC of North-West	3,02%	-1,62%
IDGC of Urals	-0,81%	-6,61%
IDGC of Siberia	0,48%	102,24%
IDGC of South	-1,76%	22,68%
Lenenergo, ordinary shares	-1,57%	6,81%
TRK, ordinary shares	-0,59%	9,74%
Kubanenergo	2,11%	38,93%

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