

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 5 November some moderately positive external background formed on the Russian market. On Monday, when the Russian market was closed due to the celebration of the National Unity Day, the consolidated MSCI All Country World Index grew by 0.5% mainly on signals of progress in the US-China trade negotiations. According to CNBC, with reference to the Ministry of Commerce of China, Beijing and Washington were able to agree on the main provisions of the upcoming trade agreement between the two countries. In turn, the US Secretary of Commerce said that significant progress had been made in the US-China trade talks, signing the first phase of the agreement would be a good start to larger agreements. On Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added 0.8%. Support for markets in the Asian session was provided by media publications stating that Washington and Beijing are considering mutual concessions as part of the preparation of the first phase of the trade deal. An additional positive factor for investors was the information that the People's Bank of China for the first time since 2016 lowered the interest rate under the medium-term lending mechanism from 3.3% to 3.25%. Analysts noted that this largely symbolic step was also intended to ease investors' concerns that high inflation could prevent the regulator from expanding stimulus measures for the economy. January Brent futures were trading around \$62.3 per barrel, \$1.6 higher than our close on Friday, 1 November. Oil prices rose as part of a general increase in global investors' demand for risky assets.

Playing back the improvement in moods on world exchanges, the MOEX Russia Index spent the trading session on Tuesday on average with a percentage gain. The main driver of the global market growth – the consolidated MSCI All Country World Index during the day added up to a third of a percent – is still the expectation of a positive outcome of negotiations between the US and China on the first stage of the trade agreement. According to media reports, to accelerate the process, the parties are ready to take a number of counter steps. In particular, the White House is considering the possibility of cancelling 15% duties on Chinese goods in the amount of \$112 billion introduced since 1 September. In exchange, Washington expects Beijing to take additional measures to protect intellectual property and determine China's plans to purchase US agricultural products. At the end of the day, support to the Russian market was provided by an increase in Brent quotes to around \$63 per barrel.

During the day, the electric utilities sector index outperformed. Shares of RusHydro, Inter RAO and FGC UES made the main contribution to the final MOEXEU outperformance in comparison with the MOEX Russia Index. From the news of the sector, one can note the Interfax reported that the Ministry of Finance proposes to provide for the privatization plan for 2020-2022 a reduction to 50% plus 1 share of state participation in the authorized capital of a number of companies, including RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

The law on payment for the reserve of grid capacity may be adopted in the near future – Mr. Novak

The Ministry of Energy expects the State Duma to adopt several bills in the near future in the field of electricity, including the payment for reserve power, said Energy Minister Alexander Novak, speaking to the State Duma deputies from the United Russia faction.

Read full text: <http://www.bigpowernews.ru/news/document90525.phtml>

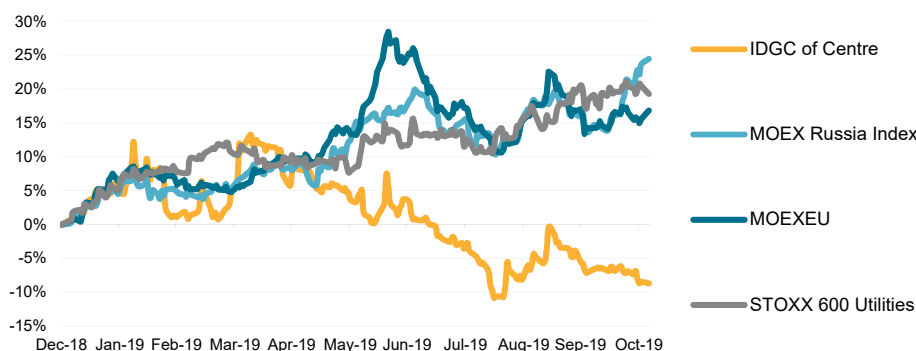
COMPANY NEWS

For 9 months Belgorodenergo spent 270 million rubles on reconstruction of grids

For 9 months, Rosseti Centre Belgorodenergo modernized over 80 km of old and outdated grids and about 30 transformer substations of 0.4-10 kV in settlements of the region. 270 million rubles were allocated for these purposes. The annual volume of the technical re-equipment and reconstruction program is 307 million rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/70072/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 949,55	0,65%	24,49%
S&P 500	3 074,62	0,25%	22,65%
FTSE 100	7 388,08	1,17%	9,81%
DAX	13 148,50	1,45%	24,52%
DJStoxx 600	404,23	1,20%	19,72%
Nikkei	23 251,99	1,76%	16,17%
Sensex	40 248,23	0,21%	11,59%
CSI300	4 002,81	1,28%	32,96%
Bovespa	108 719,00	0,48%	23,70%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,03	0,40%	-7,63%
EURO/RUB	71,48	0,40%	-10,05%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 483,61	-2,03%	15,68%
Brent*, USD/bbl	62,96	2,06%	17,03%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**,	
		₽ bln	\$ mln
IDGC of Centre	0,2612	11,03	172,22
IDGC of Centre & Volga Reg	0,2055	23,16	361,69

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-1,00%	19,32%
MOEXEU	1,11%	16,85%
IDGC of Centre**	-0,23%	-8,67%
IDGC of Centre and Volga Region**	-1,72%	-22,45%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,00%	51,90%
FGC UES	1,29%	27,19%
IDGC of Volga	0,24%	-15,31%
MOESK	6,53%	53,33%
IDGC of Northern Caucasus	0,84%	140,86%
IDGC of North-West	-1,30%	-3,96%
IDGC of Urals	-0,70%	-7,91%
IDGC of Siberia	-1,38%	108,78%
IDGC of South	0,70%	4,96%
Lenenergo, ordinary shares	0,43%	32,89%
TRK, ordinary shares	2,76%	32,79%
Kubanenergo	1,34%	23,98%

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