

DAILY MARKET REVIEW

01 June, Wednesday



2016

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 31 May some moderately positive external background formed on the Russian market. On Monday the US markets were closed – the country celebrated Memorial Day, on Tuesday the composite Asia-Pacific region index MSCI Asia Pacific added more than 0.5% after rising markets in Japan and China. Japan's Nikkei grew a percent up on expectations that the government of Japan would delay raising the consumption tax, and published better than expected statistics on industrial production and retail sales in April. The Chinese CSI 300 gained 3.4% after the publication of an analytical report from Goldman Sachs, in which the bank's economists increased to 70% (from 50% in April) the probability of inclusion of shares of mainland Chinese companies in the MSCI indices during the June review. July Brent futures traded at \$49.6 per barrel, at the close on 30 May. Prices for oil, says Bloomberg, are stable waiting for the OPEC meeting and new data on the state of supply and demand on the world market.

On Tuesday the Russian market had active profit taking after the growth of the MICEX Index over the previous five trading sessions, in the afternoon the decline in the MICEX Index exceeded 1.5%. The driver of our market reduction was shares of Lukoil, which fell nearly 5% before the entry into force of the outcome of the revision of the calculation base MSCI Russia – during the last re-balancing the weight of Lukoil's shares in the index was reduced by 2.5 percentage points. As a whole, the reason for selling was weak European statistics, fueling fears of investors about the prospects for the Eurozone's economy, and good statistical data from the United States, increasing, according to investors, the chances of hiking interest rates by the Fed at the June meeting. In the Eurozone in May deflation was recorded again – the decline in consumer prices has been going on for four months in a row in the region, despite the reduction of the ECB interest rates to record low levels and extension of the quantitative easing program. In turn, in the US the growth rate of household spending in April was the highest since August 2009, after the publication of these data the DXY dollar index rose to the highs of two months ago.

At the end of the trading session the MicexPWR Sector Index outperformed. The main contribution to the outpacing dynamics of the sector indicator compared with the MICEX Index was made by shares of FGC UES, more than 2% growth of which could largely offset the 5% drop in shares of RusHydro and E.ON Russia. The shares of FGC UES are continuing to play back the information on the amount of dividends for 2015 – the current dividend yield is about 10%.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" completed placement of an additional issue to support "Lenenergo"

PJSC "Rosseti" completed placement of an additional issue of shares, the company actually placed 81.58% of the issue, reported PRIME citing the company's materials.

Read full text: <http://www.bigpowernews.ru/news/document70813.phtml>

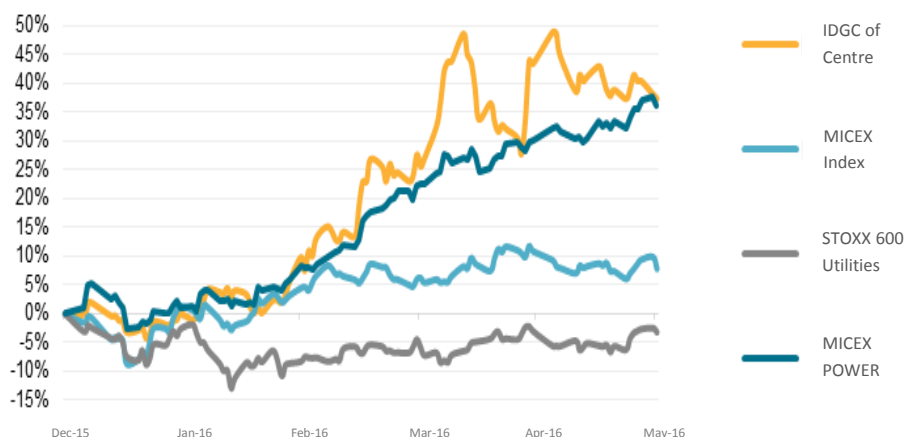
COMPANY NEWS

Since the beginning of the year IDGC of Centre received 126 million rubles as compensation for stolen electricity

IDGC of Centre summed up the implementation of measures for 4 months of 2016 to curb non-metered and non-contractual electricity consumption.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/53353/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 899,01	-1,89%	7,81%
S&P 500	2 096,96	-0,10%	2,59%
FTSE 100	6 230,79	-0,64%	-0,18%
DAX	10 262,74	-0,68%	-4,47%
DJStoxx 600	347,45	-0,77%	-5,02%
STOXX Utilities	296,30	-0,76%	-3,21%
Nikkei	17 234,98	0,98%	-9,45%
Sensex	26 667,96	-0,22%	2,11%
CSI300	3 169,56	3,35%	-15,05%
Bovespa	48 471,71	-1,01%	11,81%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	0,04%	-8,37%
USD/RUB	66,08	0,06%	-9,33%
Euro/RUB	73,50	-0,47%	-7,78%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 215,32	0,86%	14,53%
Brent*, USD/bbl	49,89	-0,93%	21,48%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2680
Capitalisation**, billion RUB	11,31
Capitalisation**, million USD	171,22

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-1,17%	36,08%
Shares of IDGC of Centre**	-0,56%	37,37%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-1,78%	38,65%
FGC UES	2,37%	118,9%
IDGC of Volga	-3,32%	42,42%
MOESK	1,75%	39,20%
IDGC of Northern Caucasus	-0,34%	17,20%
IDGC of Centre and Volga Reg	-0,85%	30,57%
IDGC of North-West	-0,22%	63,50%
IDGC of Urals	-1,59%	30,00%
IDGC of Siberia	-2,94%	1,43%
IDGC of South	1,30%	25,00%
Lenenergo	1,72%	28,82%

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