

DAILY MARKET REVIEW

25 July, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 24 July some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed in different directions with changes within 0.2%. The financial sector looks better than the market due to the continued increase in the yields of US government bonds. At the same time, shares of commodity and industrial goods companies are pressured by threats of the growth of trade protectionism. According to analysts of Goldman Sachs, a full-scale trade war will lead to a decrease in profits of US companies by 15%. On Tuesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, added 0.5% on announced measures of the Chinese authorities to stimulate the economy. A plan aimed at maintaining domestic demand in the face of trade tensions, Bloomberg reports, includes tax cuts for companies investing in R&D and placement of special bonds to support infrastructure financing. In addition, large-scale injections of liquidity from the Central Bank of China led to a rally in the stock market and weakened the yuan to a minimum in 13 months. September Brent futures traded near \$73.1 per barrel, \$0.5 below our closing level on 23 July. As experts say, the negative background for oil quotations in conditions of increasing supply by the largest producers is the growing trade conflict between the US and China, which threatens to weaken the demand for energy resources.

The MOEX Russia Index spent most of the trading session in a small plus on average about half a percent within the recovery of investors' demand for risky assets. The index of emerging markets in the middle of the day MSCI EM increased by 0.8% due to China's measures aimed at economic growth. The European Stoxx Europe 600 Index added more than a percent, led by shares of automakers and financial companies on strong quarterly statements of the French auto concern PSA and the Swiss bank UBS. At the end of the day, the rise of the MOEX Russia Index accelerated following the Brent price increase to \$74 per barrel and the growth of major US indices by 0.7% at the beginning of trading on good quarterly statements of large companies led by Google. The main contribution to the increase of our market for the second day in a row is made by shares of Sberbank due to improvement of the attitude of foreign investors to domestic assets.

During the trading session the MicexPWR Sector Index underperformed – the activity of buyers is still mainly concentrated in the first-tier securities. Shares of IDGC of North-West and IDGC of Centre and Volga Region, which added 5% and 3.7%, respectively, outperformed thanks to strong RAS statements for the first half of the year.

ELECTRIC POWER INDUSTRY NEWS

VEB discusses participation in the program of "Rosseti" on digitalization of electric grids for 1.3 trillion rubles

Vnesheconombank is discussing participation in the program of "Rosseti" on the digitalization of the power grid complex worth 1.3 trillion rubles, said in an interview with RIA Novosti the first deputy head of VEB Nikolai Tsekhomsky.

Read full text: <http://www.bigpowernews.ru/news/document83870.phtml?1&q=>

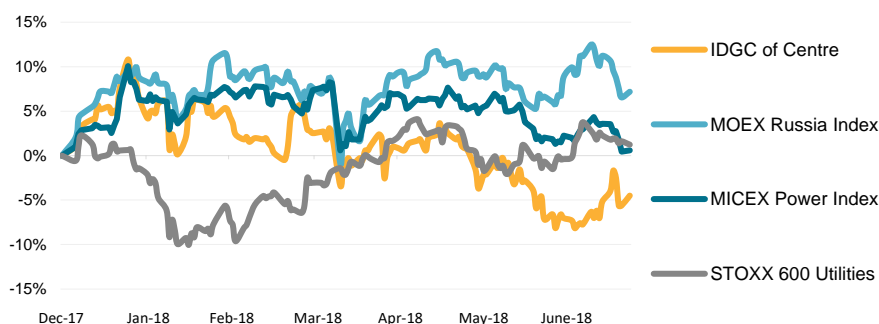
COMPANY NEWS

IDGC of Centre has published its financial statements under RAS for 1H 2018, net profit was 1,6 bln RUB

According to the prepared in accordance with the Russian Accounting Standards statements for the 1st half of 2017, IDGC of Centre's revenue was 46,7 bln RUB, including from electric energy transmission – 45,1 bln RUB, from grid connections – 0,8 bln RUB, from resale of electric energy and power – 0,3 bln RUB and other revenue – 0,5 bln RUB. Sales profit was 4,7 bln RUB. Earnings before interest, taxes, depreciation and amortization (EBITDA) reached 9,4 bln RUB. Net profit was 1,6 bln RUB.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64835/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 278,30	0,75%	7,99%
S&P 500	2 820,40	0,48%	5,49%
FTSE 100	7 709,05	0,70%	0,28%
DAX	12 689,39	1,12%	-1,77%
DJStoxx 600	388,18	0,86%	-0,26%
Nikkei	22 510,48	0,51%	-1,12%
Sensex	36 825,10	0,29%	8,13%
CSI300	3 581,71	1,59%	-11,14%
Bovespa	79 154,98	1,49%	3,60%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	63,20	-0,46%	9,66%
EURO/RUB	74,13	0,26%	7,77%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 224,52	0,00%	-6,01%
Brent*, USD/bbl	73,44	0,52%	13,40%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3085	34,77	550,15

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,15%	0,07%
MICEX POWER Index	0,07%	0,68%
IDGC of Centre**	-0,88%	-5,34%
IDGC of Centre and Volga Region**	3,70%	2,25%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,14%	-4,67%
FGC UES	0,76%	5,68%
IDGC of Volga	-1,12%	3,41%
MOESK	-0,14%	-19,80%
IDGC of Northern Caucasus	1,26%	-16,15%
IDGC of North-West	5,00%	29,23%
IDGC of Urals	-0,80%	-10,98%
IDGC of Siberia	-1,42%	-9,17%
IDGC of South	2,32%	10,70%
Lenenergo, ordinary shares	-1,03%	20,21%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	-0,34%	-24,87%

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