

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 22 August some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 added 0.8-0.9% on strong corporate reporting by a number of companies and good statistical data – home sales in the US secondary market in July reached a maximum of five months. The minutes of the July FOMC meeting as a whole did not come as a surprise to investors – having foreseen the possibility of softening of monetary policy in the event of deteriorating economic conditions, the Fed governors did not give any forecasts regarding further rate cuts. On Thursday the main country indices in the Asia-Pacific region rose within 0.3%. The positive closure of the US market was partially offset by increased risk of escalation of the US-PRC trade conflict after a spokesman for the Chinese Commerce Department reiterated that Beijing would be forced to retaliate if duties were imposed on Chinese goods. October Brent futures traded around \$60.2 per barrel, \$0.4 below our close on 21 August. Statistics from the US Department of Energy put pressure on the market: oil stocks fell for the first time in three weeks, but their rate of decline was lower than expected, contrary to forecasts, gasoline stocks rose.

On Thursday, most of the day, the MOEX Russia Index, like all major global stock indices, showed sideways changes near zero. Some pressure on the markets was put by the lack of clear indications in the minutes of the Federal Reserve on the beginning of a cycle of easing monetary policy. At the same time, this negativity was offset by good statistics on business activity in the Eurozone and expectations of strengthening the ECB's stimulus policy. According to preliminary data from IHS Markit, the Eurozone's consolidated PMI in August increased more than expected to 51.8 points, thanks to faster growth in the services sector and a slowdown in the decline in industrial production. In turn, the ECB's July report states that the regulator is considering combinations of various options to support the economy – from reducing the cost of borrowing to resuming the purchase of assets. At the end of the day, moods in the western markets worsened after the release of weak statistics from the US, where, according to preliminary data from IHS Markit, in August the industrial PMI for the first time since 2009 fell below the threshold of 50 points, signalling the beginning of a decline in the manufacturing sector due to a reduction in export orders. An additional negative factor for the markets was the statement by the heads of the Federal Reserve Banks of Kansas and Philadelphia that a further reduction in Fed rates is not required. Against this background, the decline in the US indices and the Europe Stoxx 600 Index averaged about a third of a percent. The MOEX Russia Index was able to complete trading in the positive area, adding a conditional 0.04%.

During the day, changes of the electric utilities sector index generally corresponded to the market. The main contribution to the final MOEXEU growth was made by shares of Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Powerful reserve: why do we need energy tariff optimization

Differentiation of tariffs for the transmission of electricity through trunk grids and the introduction of fees for the reserve of grid capacity will not create a serious burden on the business. Moreover, the implementation of these two initiatives of the Ministry of Energy will ultimately lead to lower prices, the ministry and the company "Rosseti" told Izvestia.

Read full text: <https://iz.ru/912584/mikhail-kalmatchii/moshchnyi-rezerv-zachem-nuzhna-optimizatsiia-energotarifov>

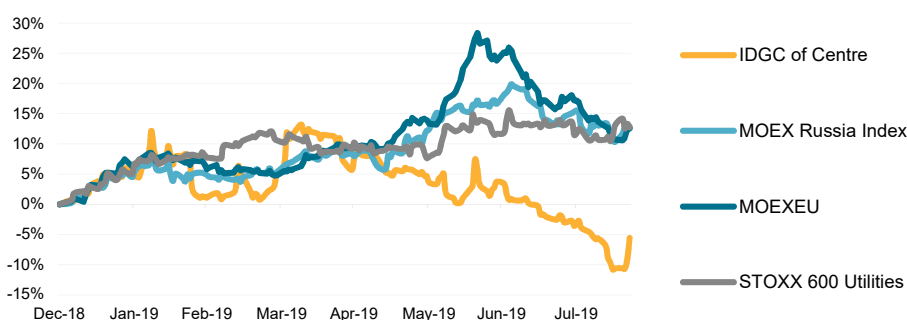
COMPANY NEWS

Specialists of Rosseti Centre and Rosseti Centre and Volga Region accepted over 900 thousand customer requests in the first half of the year

Rosseti Centre and Rosseti Centre and Volga Region summed up the results of work with customers in the first half of the year. During this period, specialists from the customer interaction unit of the companies received 903 thousand customer requests. 180 thousand requests were submitted personally when visiting customer service offices, the rest were sent via the Internet and the company's contact centre.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69383/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2675,13	0,04%	12,91%
S&P 500	2915,23	-0,31%	16,29%
FTSE 100	7128,18	-1,05%	5,95%
DAX	11747,04	-0,47%	11,25%
DJStoxx 600	374,29	-0,40%	10,85%
Nikkei	20628,01	0,05%	3,06%
Sensex	36472,93	-1,59%	1,12%
CSI300	3793,51	0,31%	26,00%
Bovespa	100472,6	-0,72%	14,32%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,263	-0,78%	-4,62%
EURO/RUB	73,4989	-0,65%	-7,50%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1499,27	-0,23%	16,91%
Brent*, USD/bbl	59,75	-0,91%	11,06%

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2492	28,08	423,83

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,53%	12,80%
MOEXEU	0,15%	12,60%
IDGC of Centre**	3,85%	-5,59%
IDGC of Centre and Volga Region**	2,17%	-5,96%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	2,36%	46,99%
FGC UES	-0,94%	15,45%
IDGC of Volga	3,51%	-3,62%
MOESK	-0,99%	14,02%
IDGC of Northern Caucasus	-0,96%	122,00%
IDGC of North-West	1,39%	11,89%
IDGC of Urals	0,94%	-6,83%
IDGC of Siberia	-0,29%	133,85%
IDGC of South	2,50%	9,37%
Lenenergo, ordinary shares	-0,18%	6,62%
TRK, ordinary shares	0,00%	-4,22%
Kubanenergo	3,90%	25,61%

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