



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 9 February some sharply negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 collapsed 3.8-4.1%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about 2%. In the USA, says The Wall Street Journal, the correction began officially – the fall of the indices since the last peak exceeded 10%. Experts call the jump in yield of government bonds on increased inflation expectations as the main driver of long overdue correction – in particular, the yield 10-year-old state bonds of the US rose to a four-year high of 2.88%. Investors fear that tightening of credit conditions will adversely affect both corporate profits and the purchasing power of the population. In addition, analysts at Barclays say, stock market turbulence has triggered a wave of de-leveraging among volatile funds that may trigger a \$225 billion share-out in the next few days. According to Barclays, total assets of about \$500 billion are tied to funds aimed at a certain level of volatility. April Brent futures traded near the level of \$64.4 per barrel, \$0.7 lower than the closing level on 8 February. Oil prices continue to fall because of concerns about the growth of the global supply. In addition to increasing shale production in the US, the quotes were pressured by statements of the Iranian representative that in the next four years Iran expects to increase oil production to 4.7 million barrels per day.

On Friday the Russian market was dominated by sellers as part of a worldwide trend of investors' risk aversion – at daily lows, the MOEX Russia Index decreased by more than 2%, the emerging markets index MSCI EM and the European Stoxx Europe 600 Index lost more than 1.5%. The decision of the Bank of Russia to reduce the key interest rate by 0.25 pp to 7.5% was expected and did not have a significant impact on the domestic market. At the same time, analysts drew attention to the fact that, in a press release, the Central Bank changed the signal about the future direction of monetary policy, reporting on the possibility of completing the transition from a moderately rigid to a neutral monetary policy in 2018. As Interfax notes, in fact, with this phrase "the CBR" guarantees "a rate reduction by the end of the year by 0.5 pp to reach the upper limit of the neutral level range of 6-7%, leaving room for maneuver under this bar. In the second half of the day the MOEX Russia Index reduced losses to 0.5% in anticipation of the rebound of US indices, but high volatility at the start of trading in the US and the drop in Brent quotes to \$63.5 increased losses of the MOEX Russia Index to a total of 1.4%.

During the trading session the MicexPWR Sector Index outperformed - sales in the Russian market are still concentrated in the first-tier shares. The main contribution to the final MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and Enel Russia, which managed to close the day with a small growth.

ELECTRIC POWER INDUSTRY NEWS

The isolated power systems of the Russian Federation can receive free prices for electricity within the limits of the maximum levels, says the Ministry of Energy

The Ministry of Energy of the Russian Federation suggests for new investors willing to work on the territory of isolated power systems to establish a free tariff pricing principle for electricity for a period of 5 years within certain limits, said Deputy Minister of Energy Vyacheslav Kravchenko at the meeting of the State Duma Committee on Energy.

Read full text: <http://www.bigpowernews.ru/markets/document81667.phtml>

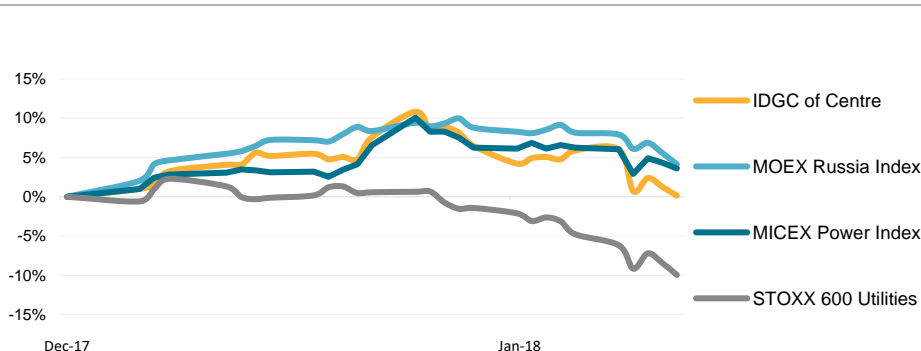
COMPANY NEWS

The international rating agency Standard & Poor's upgraded the long-term credit rating of IDGC of Centre, PJSC

On 8 February 2018, the international rating agency Standard & Poor's upgraded the long-term credit rating of IDGC of Centre, PJSC from "BB-" to "BB", with a "Stable" outlook. In addition, the agency confirmed the short-term rating of IDGC of Centre at the level of "B".

Read full text: <http://www.bigpowernews.ru/press/document81683.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 197,12	-1,35%	4,14%
S&P 500	2 619,55	1,49%	-2,02%
FTSE 100	7 092,43	-1,09%	-7,74%
DAX	12 107,48	-1,25%	-6,27%
DJStoxx 600	368,61	-1,45%	-5,29%
Nikkei	21 382,62	-2,32%	-6,07%
Sensex	34 005,76	-1,18%	-0,15%
CSI300	3 840,65	-4,27%	-4,72%
Bovespa	80 898,70	-0,78%	5,89%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	57,67	1,26%	0,08%
EURO/RUB	70,77	0,34%	2,89%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 316,65	-0,16%	1,06%
Brent*, USD/bbl	62,79	-3,12%	-5,49%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln
IDGC of Centre	0,3565	15,05	260,96
IDGC of Centre & Volga Reg	0,3144	35,43	614,36

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,66%	-9,95%
MICEX POWER Index	-0,69%	3,62%
IDGC of Centre**	-1,11%	0,14%
IDGC of Centre and Volga Region**	-0,10%	4,21%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,54%	6,91%
FGC UES	0,47%	5,34%
IDGC of Volga	-1,40%	2,92%
MOESK	-0,24%	-9,01%
IDGC of Northern Caucasus	-0,29%	-9,90%
IDGC of North-West	-1,57%	-3,27%
IDGC of Urals	-1,09%	8,11%
IDGC of Siberia	-2,36%	8,30%
IDGC of South	-6,16%	-0,67%
Lenenergo, ordinary shares	-0,98%	5,21%
TRK, ordinary shares	0,00%	0,27%
Kubanenergo	-0,95%	-7,02%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM