

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 7 February some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500, having updated their records, added 0.3% on news that China had halved additional duties on US goods totalling \$75 billion per year. According to analysts, this decision will not only support Chinese companies whose businesses have suffered due to the coronavirus, but also create favourable conditions for negotiations on the next phase of the US-China trade deal. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.5%. The Asian markets were pressured by fears that the degree of influence of the new coronavirus on the global economy could be underestimated. The number of cases has already exceeded 30 thousand people – three times more than during the SARS epidemic of 17 years ago. At the same time, the WHO warns that the peak of an outbreak of infection, for which there is no “known effective” medicine, has not yet been achieved. April Brent futures were trading around \$55.3 per barrel, \$0.4 higher than our closing level on 6 February.

On Friday, sellers dominated the global stock markets – losses of the consolidated European Stoxx Europe 600 and futures on the S&P500 averaged about half a percent. The reason for profit taking after several days of steady growth was the strengthening of investors' concerns about the consequences of the Wuhan virus epidemic for the global economy. Firstly, analysts continue to worsen forecasts for China's GDP growth rate, the main driver of global expansion. The decrease in expectations for the first quarter is on average more than 1.5 percentage points, for 2020 as a whole – about 0.5 percentage points. Secondly, experts note that the impact of the epidemic on global production chains will be very significant – many companies have already been forced to suspend the release of their goods, depending on Chinese components. In addition, weak European statistics put pressure on the markets, which, according to analysts, increased the risks of a possible recession in the Eurozone's economy in the first quarter. Industrial production in a number of countries in the region in December fell more than expected, while the decline in Germany was the highest since the 2008-2009 crisis. In turn, losses of the MOEX Russia Index for most of the day exceeded half a percent – additional pressure on the Russian market continues to be exerted by a drop in oil prices. The decision of the Central Bank of the Russian Federation to reduce the key rate by 25 bp was expected by most analysts and did not have a visible effect on the changes of the MOEX Russia Index and the ruble. In the second half of the trading session, the global markets were supported by good statistics from the US, where the growth in the number of jobs in January was almost 30% higher than the monthly average for 2019.

The electric utilities sector index closed trading with a slight increase in antiphase with the MOEX Russia Index, mainly due to growth of RusHydro's shares. The papers could be supported by Izvestia's information that the Ministry of Finance plans to prohibit state-owned companies from taking non-monetary losses into account in calculating profits and dividends. According to analysts, one of the main beneficiaries of possible changes will be RusHydro's shareholders.

ELECTRIC POWER INDUSTRY NEWS

Electricity generation in the UES of Centre in January 2020 decreased by 4%, consumption - by 5%

Electricity consumption in the Unified Energy System (UES) of Centre in January 2020 amounted to 22,296.6 million kWh, which is 4.8% (1,133.1 million kWh) lower than a year earlier, ODU Centre reported.

Read full text: <http://www.bigpowernews.ru/news/document91811.phtml?1&q=>

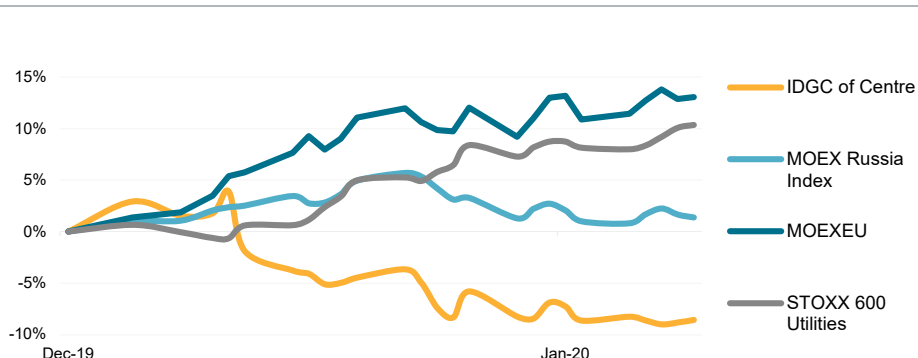
COMPANY NEWS

Grid connections added 150 MW of power to Belgorodenergo's energy facilities

Last year, Rosseti Centre Belgorodenergo completed 6,433 contracts for grid connection of customers with a total capacity of 148.6 MW. 4,970 individuals (60.5 MW) and 1,463 legal entities (88.1 MW) were connected to electric grids, including social institutions, small businesses, and agro-industrial facilities operating under import substitution programs.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/71369/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.19
MOEX Russia	3 087,63	-0,29%	1,37%
S&P 500	3 335,44	-0,31%	3,24%
FTSE 100	7 460,98	-0,58%	-1,08%
Nikkei	23 827,98	-0,19%	0,72%
Sensex	41 141,85	-0,40%	-0,27%
CSI300	3 899,87	0,00%	-4,80%
Bovespa	114 366,2	-0,72%	-1,11%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.19
USD/RUB	62,7977	-0,60%	1,44%
EURO/RUB	69,0837	-0,95%	-0,37%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
Number of transactions, pcs.	889	1 402
Trading volume, ₺ mln	19,4	32,6
Trading volume, mln pcs.	67,1	141,2
Average trading volume over the last 30 days, mln pcs.	79,1	262,5
% of the authorized capital	0,16%	0,13%

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2898	12,23	194,63
IDGC of Centre & Volga Reg	0,2303	25,95	413,30

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.19
STOXX 600 Utilities	0,04%	10,37%
MOEXEU	0,16%	13,08%
IDGC of Centre**	0,28%	-8,58%
IDGC of Centre & Volga Region**	-1,03%	-3,64%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.19
Rosseti, ordinary shares	-0,47%	15,97%
FGC UES	-0,75%	11,20%
IDGC of Volga	-0,17%	1,58%
MOESK	-0,82%	1,26%
IDGC of Northern Caucasus	5,39%	8,13%
IDGC of North-West	-0,75%	-0,56%
IDGC of Urals	0,24%	3,03%
IDGC of Siberia	-0,60%	-19,58%
IDGC of South	-0,25%	-3,31%
Lenenergo, ordinary shares	0,85%	0,57%
TRK, ordinary shares	-3,23%	-2,33%
Kubanenergo	0,81%	17,61%

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