

DAILY MARKET REVIEW

01 July, Friday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 30 June some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 rose by 1.6-1.7%, on Thursday the composite Asia-Pacific region index MSCI Asia Pacific added about 0.5%. As experts believe, the markets have had a more balanced assessment of the Brexit impact, devoid of emotion, which provoked a collapse of global stock indices after summarizing the results of the referendum. In particular, Morgan Stanley noted that, according to investors, the risks of Brexit are much lower than the bankruptcy of Lehman Brothers in September 2008, which became the beginning of the acute phase of the financial and economic crisis, and during the debt crisis in the Eurozone a few years later. The markets have come to the conclusion that Brexit has more country-specific influence and does not pose a great risk on global growth. Some investors believe that Brexit effect may be largely limited by economic growth of the US and China. In addition, market participants expect central banks will intervene in the situation again. In particular, according to the Chicago Exchange futures for the level of the Fed's interest rate, traders believe it is more likely to decrease in 2016 than increase, the Bank of England is expected to lower the interest rate and expand the asset repurchase program. August Brent futures traded at \$50.2 per barrel, or \$0.4 higher than the closing level on 29 June. Oil prices were supported by information on the reduction in US oil inventories, which has lasted for six weeks in a row – the longest period of more than a year. According to experts, this may indicate a trend towards the restoration of supply and demand balance on the world hydrocarbon market.

On Thursday the Russian and European markets consolidated after two days of strong growth – the MICEX Index and the European Stoxx Europe 600 Index for most of the day were flat near zero. Released better than expected statistics on the changes of consumer prices in the Eurozone in June, retail sales in Germany in May and the German labour market in June could not provide substantial support to investors. At the end of the day the mood in the Russian and European markets improved somewhat after the start of trading in the US with a half-point increase in the major indices. An additional positive factor for investors was the statement by the head of the Bank of England that the Central Bank could ease monetary policy in the summer months to compensate for the response to Brexit.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR growth was made by shares of Inter RAO, FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The Annual General Meeting of Shareholders of PJSC "Rosseti" held following 2015

On 30 June, the Annual General Meeting of Shareholders of PJSC "Rosseti" was held in Moscow presided over by Chair of the Board of Directors of PJSC "Rosseti", Russian Energy Minister Alexander Novak.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=27141

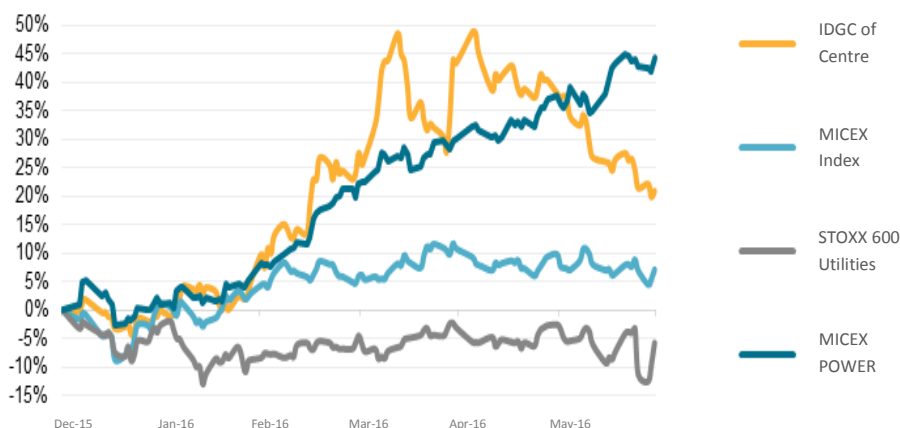
COMPANY NEWS

Orelenergo in anticipation of winter replaces dilapidated electricity grids in rural areas

IDGC of Centre - Orelenergo division in preparation for the autumn-winter operation period of 2016-2017 has started reconstructing electric grids in rural areas. Before the cold weather the energy company plans to upgrade 59 km of shabby grids in Uritsky, Bolkhovsky, Mtsensky, Novoderevenkovsky and Orlovsky districts of the Orel region. About 96 million rubles will be allocated for these purposes.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56270/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 891.09	0,16%	7,37%
S&P 500	2 098.86	1,36%	2,69%
FTSE 100	6 504.33	2,27%	4,20%
DAX	9 680.09	0,71%	-9,89%
DJStoxx 600	329.88	1,04%	-9,82%
STOXX Utilities	295.82	2,45%	-3,37%
Nikkei	15 575.92	0,06%	-18,17%
Sensex	26 999.72	0,97%	3,38%
CSI300	3 153.92	0,08%	-15,47%
Bovespa	51 526.93	1,03%	18,86%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	-0,23%	-8,92%
USD/RUB	64,26	-0,85%	-11,83%
Euro/RUB	71,21	-0,70%	-10,65%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 321.90	0,21%	24,58%
Brent*, USD/bbl	49,71	-1,78%	18,90%

* - August futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2350
Capitalisation**, billion RUB	9,92
Capitalisation**, million USD	154,40

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	1,66%	46,64%
Shares of IDGC of Centre**	-0,42%	20,45%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	1,64%	35,37%
FGC UES	2,29%	163,47%
IDGC of Volga	-1,20%	49,36%
MOESK	-0,89%	18,80%
IDGC of Northern Caucasus	-1,43%	10,40%
IDGC of Centre and Volga Reg	0,00%	19,43%
IDGC of North-West	-0,23%	56,57%
IDGC of Urals	-0,79%	31,58%
IDGC of Siberia	1,80%	4,30%
IDGC of South	-1,89%	16,35%
Lenenergo	0,35%	26,42%

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