

DAILY MARKET REVIEW

21 February, Tuesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 20 February some moderately positive external background formed on the Russian market. On Friday the major US indices – DJIA, S&P500 and Nasdaq Composite, updating their historical highs, increased within 0.4%. On Monday after the US market most of the major country indices of the Asia-Pacific region grew up. The main driver of the market recovery was waiting publication of the US economic stimulus program. At the same time, Bloomberg noted, at the end of last week the rally on the American market was stalled after the US President said that he would unveil proposals for fiscal stimulus only in March, after the abolition of the health care reform Obamacare. April Brent futures traded near the mark of \$56 per barrel, or \$0.4 higher than the closing level on Friday 17 February. Experts note the sharp decline in the volatility of the oil market – in particular, the range of fluctuations of WTI oil last week was the lowest since January 2004. The action of two different factors in direction, comparable in degree of influence – production cuts by OPEC+ and increase in the US production is called by analysts as the main reason for stagnation in the oil market.

The Russian market is still under the selling pressure, the main drivers of which, according to analysts, are the reduction of expectations of weakening of the anti-Russian sanctions and the stagnation of oil prices. This concern of investors in relation to the first factor was reinforced on Monday by a statement of the German Foreign Ministry that Russia's recognition of passports of the breakaway republics of Donbass is a violation of the Minsk agreements. Against this background, Moody's rating outlook change of the Russian Federation "Ba1" to "stable" from "negative" failed to provide significant support for our market. In the afternoon the MICEX Index losses exceeded 0.5%, despite some weak positive changes of the European Stoxx Europe 600 Index and stability of Brent quotations slightly above \$56 per barrel.

At the end of the trading session the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the MicexPWR underperformance in comparison with the MICEX Index was made by shares of FGC UES and Rosseti. The papers were pressured by Interfax information that the Ministry of Energy proposes to determine dividend payments for subsidiaries of Rosseti at the level of 25% of net profit under RAS. At the same time, Interfax reported, in the reviewed conception of the Ministry of Energy it may be still possible to increase the payout ratio if so decided by the Board of Directors of SDCs of Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy of Russia proposes dividends for 2016 for structures of "Rosseti" at 25% of profit under RAS, says a source

The Ministry of Energy of the Russian Federation proposes to establish the payment of dividends for subsidiaries of the holding company "Rosseti" following the results of 2016 at around 25% of net profit under RAS, said a source familiar with the position of the Ministry.

Read full text: <http://www.bigpowernews.ru/news/document75543.phtml?1&q=>

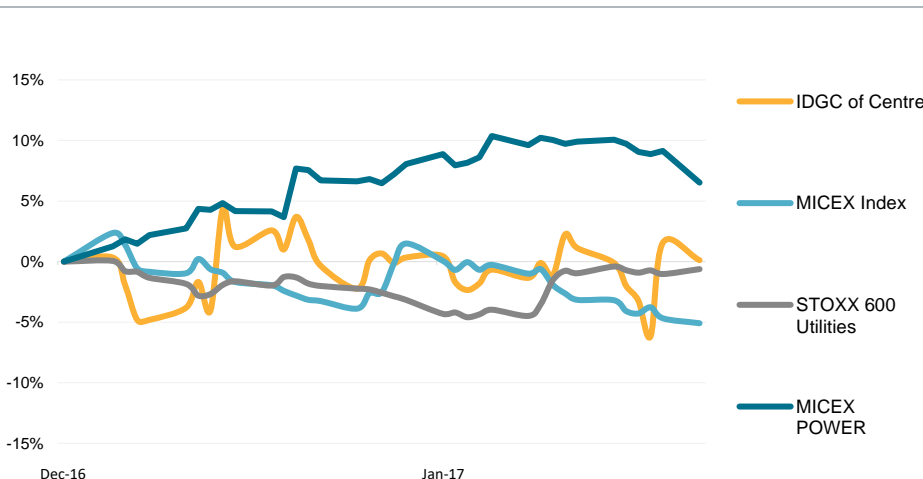
COMPANY NEWS

IDGC of Centre contributes to the development of investment attractiveness of the Tambov region

Rapidly growing economy of the Tambov region requires advanced development of electric grid facilities. Power engineers of IDGC of Centre - Tambovergo division have a significant impact on the changes of the investment attractiveness of the region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/58948/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 119,09	-0,43%	-5,09%
S&P 500	2 351,16	0,00%	5,02%
FTSE 100	7 299,86	0,00%	2,20%
DAX	11 827,62	0,60%	3,02%
DJStoxx 600	371,04	0,22%	2,66%
STOXX Utilities	275,05	0,41%	-0,62%
Nikkei	19 251,08	0,09%	0,72%
Sensex	28 661,58	0,68%	7,64%
CSI300	3 471,39	1,46%	4,87%
Bovespa	68 532,86	1,16%	13,79%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,06	-0,06%	0,88%
USD/RUB	57,63	0,85%	-4,98%
Euro/RUB	61,45	1,31%	-3,70%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 238,47	0,31%	7,93%
Brent*, USD/bbl	56,18	0,66%	-2,28%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4475
Capitalisation**, billion RUB	18,89
Capitalisation**, million USD	327,80

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-2,39%	6,52%
Shares of IDGC of Centre**	-1,43%	0,11%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-5,75%	2,00%
FGC UES	-4,80%	18,06%
IDGC of Volga	-0,58%	6,79%
MOESK	1,49%	14,14%
IDGC of Northern Caucasus	-1,75%	2,04%
IDGC of Centre and Volga Reg	-1,63%	6,35%
IDGC of North-West	-2,43%	-5,09%
IDGC of Urals	-0,60%	0,91%
IDGC of Siberia	-2,37%	-11,35%
IDGC of South	-0,40%	-4,96%
Lenenergo, ordinary shares	-2,20%	1,09%

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