

DAILY MARKET REVIEW

15 March, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 March some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decrease of 0.6-0.7%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed comparable changes. The markets were pressure by worries about the deterioration of the US relations with trading partners after the unexpected dismissal of Rex Tillerson from the post of Secretary of State – analysts say the new head of the State Department, who previously headed the CIA, may take a tougher stance on international trade than his predecessor. Investors' anxiety about a new possible round of trade wars was increased by Reuters's message about Donald Trump's plans to impose import duties on Chinese goods of telecommunication and technology sectors, which is estimated at \$60 billion per year. In addition, experts believe that the latest personnel changes – a week earlier Donald Trump's economic adviser left his post – indicate the existence of deep disagreements in the administration of the US president, which can seriously complicate the implementation of his economic initiatives. Good statistics from the PRC kept the stock markets in the Asian session from a worse decline, where the growth of industrial production in January-February accelerated and exceeded the forecasts of economists. May Brent futures traded near \$64.5 per barrel, at the closing level on 13 March. The rise in oil quotations after the resignation of Rex Tillerson, which, in the opinion of industry experts, increases the risks of the US withdrawing from the nuclear deal with Iran and, accordingly, the restriction of the export of Iranian oil, was levelled by the report of the American Petroleum Institute on the growth of oil reserves in the country by more than 1 million barrels.

On Wednesday the Russian market was dominated by sellers, at daily lows the fall of the MOEX Russia Index approached to 2%. Negative background for the domestic market was the aggravation of geopolitical risks and the threat of new sanctions against the Russian Federation because of the "case of Skripal". The head of the British government on Wednesday announced a decision to freeze contacts with Russia at a high level and expel 23 Russian diplomats – as the Associated Press reports, this is the most significant expulsion since the Cold War. At the same time, the British Prime Minister did not rule out new, more stringent measures against Russia – the UK can freeze Russian state assets, and a "number of secret measures" can be adopted against the Russian Federation. Among the possible restrictive steps of the UK towards Russia in the Western media were London's intentions to contribute to building up NATO's military presence at Russian borders, including Russia in the list of "countries-accomplices of terrorism", the ban on entry of people accused of violating human rights, freezing "suspicious" bank accounts, the disconnection of Russian banks from the SWIFT system, boycotting the 2018 FIFA World Cup.

As a result of the trading session the MicexPWR Sector Index looked slightly better than the MOEX Russia Index, whose fall was mainly due to shares of Sberbank – proxy securities of the Russian market for Western investors.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumption in the Centre's Bulk Electricity System in February 2018 increased by 3.5% compared to the same month last year

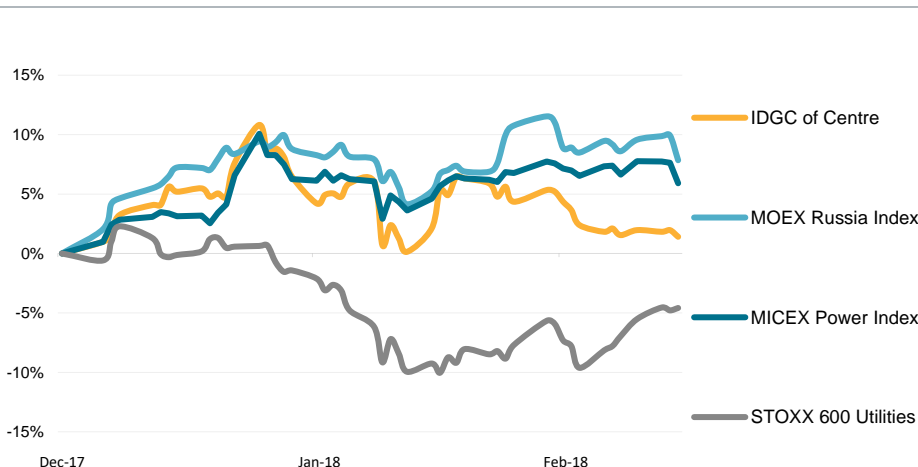
Read full text: <http://www.energostrana.ru/news/powerindustry/26654.html>

COMPANY NEWS

Smolensk power engineers of IDGC of Centre provided in 2017 more than 60 MW of capacity to new customers

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/63364/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 275,24	-1,90%	7,84%
S&P 500	2 749,48	-0,57%	2,84%
FTSE 100	7 132,69	-0,09%	-7,22%
DAX	12 237,74	0,14%	-5,26%
DJStoxx 600	374,94	-0,15%	-3,66%
Nikkei	21 777,29	-0,87%	-4,34%
Sensex	33 835,74	-0,06%	-0,65%
CSI300	4 073,34	-0,44%	1,05%
Bovespa	86 050,96	-0,39%	12,63%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,94	0,57%	-1,20%
EURO/RUB	70,16	0,51%	1,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 324,85	-0,13%	1,69%
Brent*, USD/bbl	64,89	0,39%	-1,82%

* - May futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,3610	15,24		267,68
IDGC of Centre & Volga Reg	0,3270	36,85		647,26

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,21%	-4,59%
MICEX POWER Index	-1,59%	5,92%
IDGC of Centre**	-0,55%	1,40%
IDGC of Centre and Volga Region**	-0,27%	8,39%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-3,25%	-0,18%
FGC UES	-2,48%	6,85%
IDGC of Volga	-0,55%	14,71%
MOESK	-0,50%	-10,68%
IDGC of Northern Caucasus	0,57%	-7,81%
IDGC of North-West	-0,61%	-6,35%
IDGC of Urals	-1,31%	7,88%
IDGC of Siberia	-0,43%	2,18%
IDGC of South	-1,70%	-3,34%
Lenenergo, ordinary shares	-1,61%	14,58%
TRK, ordinary shares	0,28%	-2,96%
Kubanenergo	-0,41%	-6,25%

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