



## REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 20 December some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.2-0.3% within profit taking after active growth of the previous days. On Monday the DJIA closed the 70th trading session with this year's record, which is the highest indicator in the history of the index calculation. The catalyst for the rally in the US market is still large-scale tax breaks, the adoption of which is expected this week. On the eve, both chambers of the US Congress voted to endorse the tax reform. However, after the closure of the US stock exchanges, it became known that due to technical changes it would be necessary to conduct a repeat voting scheduled for Wednesday evening. After approval in Congress, the document will be sent for signature to US President Donald Trump, who, in the opinion of most experts, will fulfill his promise to take the reform before the Christmas holidays. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed about zero changes. February Brent futures traded near \$64 per barrel, \$0.4 higher than our closing on 19 December. Quotations were supported by a report of the American Petroleum Institute about significant reduction of oil reserves in the country last week – by 5.2 million barrels.

The MOEX Russia Index spent most of the trading session in the red on average about half a percent. The Russian market demonstrates weakness for the fourth consecutive trading session in conditions of stability in the oil market and threats of geopolitical exacerbation with the West. According to analysts, investors continue to close positions in shares before the Christmas and New Year holidays, as well as on expectations of new sanctions from the US in early 2018. An additional negative factor in the afternoon was a decline in the European Stoxx Europe 600 Index by 0.7% under the pressure of the strengthening euro. Against this backdrop, the MOEX Russia Index closed trading near daily lows.

During the trading session the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the MicexPWR underperformance in comparison with the MOEX Russia Index was made by continuing sales in shares of RusHydro. From the current news, one can note statements of the management of FGC UES on the Investors' Day. Firstly, the FAS approved FGC's tariff growth by 5.5% in the second half of 2018 and 3% from the second half of 2019. Secondly, FGC expects the growth of adjusted financial indicators in the current year, while the amount of dividends on the results of 2017 will be "at least comparable to last year's".

## ELECTRIC POWER INDUSTRY NEWS

### Extra tariff: how to avoid mistakes in the modernization of the Russian energy sector

Bringing 1.5 trillion rubles of investments and at the same time not losing control over tariffs if the regulator does not allow new mistakes in forecasting demand, and large energy buyers learn how to manage consumption.

Read full text:

[https://www.rbc.ru/opinions/business/20/12/2017/5a3a1e8d9a794750a9a1a584?from=center\\_3](https://www.rbc.ru/opinions/business/20/12/2017/5a3a1e8d9a794750a9a1a584?from=center_3)

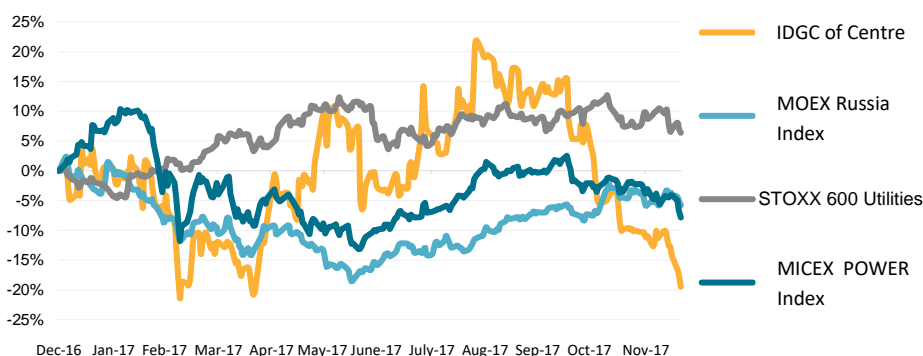
## COMPANY NEWS

### The solemn opening of the substation "Privokzalnaya" took place in IDGC of Centre

"The large-scale reconstruction of the substation "Privokzalnaya" demonstrates the innovative approach of IDGC of Centre to the development and modernization of the existing grid complex of the region's electric power industry. The energy sector of the Lipetsk region is keeping pace with the times. In the Lipetsk region, new energy capacities have been created with modern domestic electrical equipment. This is the result of the joint work of the regional administration and IDGC of Centre," stressed Deputy Head of the Administration of the Lipetsk region Alexander Narolin.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62687/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 102,97	-0,72%	-5,81%
S&P 500	2 679,25	-0,08%	19,67%
FTSE 100	7 525,22	-0,25%	5,35%
DAX	13 069,17	-1,11%	13,83%
DJStoxx 600	388,37	-0,68%	7,46%
Nikkei	22 891,72	0,10%	19,76%
Sensex	33 777,38	-0,18%	26,86%
CSI300	4 030,49	-0,12%	21,76%
Bovespa	73 367,03	0,94%	21,82%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	58,61	-0,14%	-3,37%
EURO/RUB	69,17	0,11%	8,40%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 265,57	0,31%	10,29%
Brent*, USD/bbl	64,56	1,19%	10,15%

\* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.16
IDGC of Centre	0,3600	15,20	259,31	
IDGC of Centre & Volga Reg	0,3089	34,81	593,95	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	-0,54%	6,38%
MICEX POWER Index	-1,13%	-7,85%
IDGC of Centre**	-2,17%	-19,46%
IDGC of Centre and Volga Region**	0,60%	104,05%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-4,38%	-29,03%
FGC UES	1,78%	-19,61%
IDGC of Volga	-0,97%	81,70%
MOESK	2,69%	-6,57%
IDGC of Northern Caucasus	2,25%	-17,69%
IDGC of North-West	-0,56%	-3,45%
IDGC of Urals	-1,20%	25,53%
IDGC of Siberia	-3,45%	33,81%
IDGC of South	-0,35%	9,73%
Lenenergo, ordinary shares	-1,09%	-9,26%
TRK, ordinary shares	1,67%	-23,11%
Kubanenergo	0,00%	-16,21%

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**