

## REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 24 January some moderately positive external background formed on the Russian market. The US indices DJIA and S&P500, losing at the beginning of the day more than half a percent, completed trading near zero. Investors' sentiment improved after media reports that the World Health Organization (WHO) refrained from declaring an international emergency due to the outbreak of new pneumonia in China, noting the local spread of the virus. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.1%. The positive impact of the WHO decision was offset by growing investors' concern about the potential impact of the spread of the virus on the Chinese economy. In particular, S&P noted that the spread of the virus will hit consumer spending in China, which is becoming an increasingly important engine of economic growth. According to experts, a 10% reduction in consumer spending will reduce the GDP growth by about 1.2 percentage points. March Brent futures were trading around \$62.4 per barrel, \$0.9 higher than our close on 23 January. The market was supported by a message of the US Department of Energy on reduction of oil reserves.

On Friday, after three days of decline, buyers returned to the Russian market. The MOEX Russia Index for most of the trading session showed an average half-percent increase following positive changes of world markets, which played out the weakening fears of a new coronavirus pandemic. Additional support for European investors – the consolidated Stoxx Europe 600 Index added more than a percent – was provided by good statistics on business activity in the Eurozone. According to IHS/Markit, the manufacturing PMI of the region reached a five-month high in January, mainly due to improved performance in Germany and France. ING analysts noted that with the conclusion of the first phase of the US-PRC deal and the emergence of certainty for Brexit, a number of factors that restrained economic growth have disappeared. At the end of the day, the growth rates of the MOEX Russia Index decreased to 0.2% – investors preferred to take profits after a negative start of trading in the US on information about the second case of a new virus infection in the country and the fall of Brent quotes below \$61 per barrel.

During the trading session, the electric utilities sector index looked significantly better than the market. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and Rosseti. From the news of grid companies, one can note media information about the meeting between the president of the Russian Federation and the head of Rosseti, at which Pavel Livinskiy also said that Rosseti's income under IFRS in 2019 amounted to 125 billion rubles, and the publication of Kommersant on Rosseti's proposals to improve the holding's balance. According to the newspaper, Rosseti intends to initiate the creation of a federal supplier of last resort, which could take on the debts of the most problematic regional energy retail companies of the holding. According to VTB Capital analysts, if this scheme is implemented, Rosseti will be able to get rid of 50 billion rubles of accounts receivable (almost 70% of the total group) and about 15-20 billion rubles of annual reserves for their impairment.

## ELECTRIC POWER INDUSTRY NEWS

### Energy prices spread over grids

As Kommersant found out, when approving the idea of differentiating the tariff of Federal Grid Company (FGC), Rosseti expects it to grow by an average of 3.3 times in three years. The final price of electricity for manufacturers will then increase by 26.6% by 2022. Rosseti assures that at the same time the tariffs of grid operators for small and medium-sized businesses will decrease by 6%. But with a sharp increase in the burden on large enterprises, small consumers will hardly notice any changes, experts say, assessing a decrease in final prices by 1.5–2%. The main benefit, in their opinion, will be received by the state-owned company itself.

Read full text: <https://www.kommersant.ru/doc/4233100>

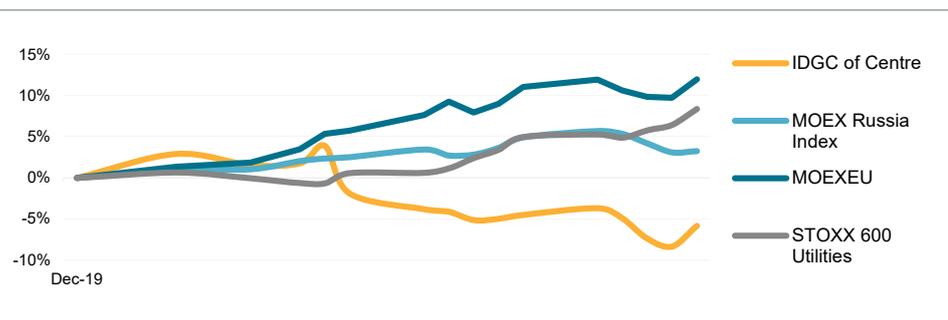
## COMPANY NEWS

### Voronezhenergo to spend more than 590 million rubles on the implementation of the repair program in 2020

The branch "Rosseti Centre Voronezhenergo" has started implementing its maintenance and repair program. In 2020, power engineers will have to repair over 430 transformer substations of 10-0.4 kV and almost 2,000 kilometres of overhead power lines of various voltage levels. More than 590 million rubles will be allocated for these purposes.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/71244/>

## CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.19
MOEX Russia	3 146,2	0,16%	3,29%
S&P 500	3 317,75	-0,23%	2,69%
FTSE 100	7 596,53	1,18%	0,72%
Nikkei	23 827,18	0,13%	0,72%
Sensex	41 613,19	0,55%	0,87%
CSI300	4 003,9	0,00%	-2,26%
Bovespa	118 456,3	-0,90%	2,43%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.19
USD/RUB	61,9515	0,19%	0,07%
EURO/RUB	68,6856	0,24%	-0,94%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre		IDGC of Centre & Volga Region	
	Value	Change	Value	Change
Number of transactions, pcs.	1 451		1 638	
Trading volume, ₺ mln	19,9		37,6	
Trading volume, mln pcs.	67,7		163,8	
Average trading volume over the last 30 days, mln pcs.	75,0		308,8	
% of the authorized capital	0,16%		0,15%	

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln		MCap**, \$ mln	
		Value	Change	Value	Change
IDGC of Centre	0,2986	12,61	203,49		
IDGC of Centre & Volga Reg	0,2319	26,13	421,86		

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.19
STOXX 600 Utilities	1,70%	8,41%
MOEXEU	2,10%	12,04%
IDGC of Centre**	2,75%	-5,80%
IDGC of Centre & Volga Region**	1,53%	-2,97%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.19
Rosseti, ordinary shares	4,62%	19,23%
FGC UES	4,55%	8,75%
IDGC of Volga	4,43%	-1,80%
MOESK	1,27%	-3,06%
IDGC of Northern Caucasus	5,29%	4,87%
IDGC of North-West	1,41%	0,94%
IDGC of Urals	0,94%	4,48%
IDGC of Siberia	2,96%	-15,70%
IDGC of South	1,23%	-0,73%
Lenenergo, ordinary shares	1,44%	0,14%
TRK, ordinary shares	-0,46%	1,16%
Kubanenergo	1,22%	16,98%

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