

DAILY MARKET REVIEW

5 March, Tuesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 4 March some moderately positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a growth of 0.4-0.7%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US indices added 0.4%. The markets are still supported by hopes for a constructive conclusion of the US-PRC trade negotiations. On Friday, Bloomberg reported that the US authorities are preparing a final text of the trade agreement with China for the summit of the two leaders, which could be held in March. On Sunday, The Wall Street Journal reported that China and the US are in the final stages of preparing a trade agreement. As part of the document, Beijing agreed to reduce duties and lift other restrictions on the import of American goods, including automobiles, agricultural and chemical products. In turn, the US plans to abolish the increase in duties on imports of Chinese goods, carried out last year. In addition, China may accelerate the lifting of restrictions on the share of foreign ownership in the joint venture in the automotive industry, as well as increase the purchase of various goods in the US to reduce its surplus in foreign trade. According to the WSJ, the agreement may be signed at a meeting of heads of the states, which is likely to take place on 27 March. May Brent futures traded near \$65.4 per barrel, at the level of our closing on Friday, 1 March.

The MOEX Russia Index spent most of the Monday's trading session in a small minus within a third of a percent, despite the renewed rise in oil prices and the growth of world markets on optimism regarding the US-China trade negotiations. According to some experts, the activity of buyers in our market is still limited by the risks of expansion of sanctions restrictions from Western countries.

During the trading session the electric utilities sector index outperformed. The main contribution to the final MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of FGC UES and Mosenergo.

ELECTRIC POWER INDUSTRY NEWS

A draft law submitted to the State Duma to limit the rights of regions to increase tariffs

The Government of the Russian Federation submitted a draft law to the State Duma that restricts the rights of the regions to exceed the limits set by the Federal Antimonopoly Service for power grid tariffs, the website of the Cabinet of Ministers reports.

Read full text: <https://realty.ria.ru/20190304/1551541345.html>

The number of interruptions decreased by 17% in power grids of the Russian Federation

ROSSETI in 2018 reduced the number of interruptions in power grids by 17%, the duration of interruptions - by 40%, said the head of the state-owned company Pavel Livinskiy at a meeting with Russian President Vladimir Putin.

Read full text: <https://vseogkh.ru/77/news/energy/15885>

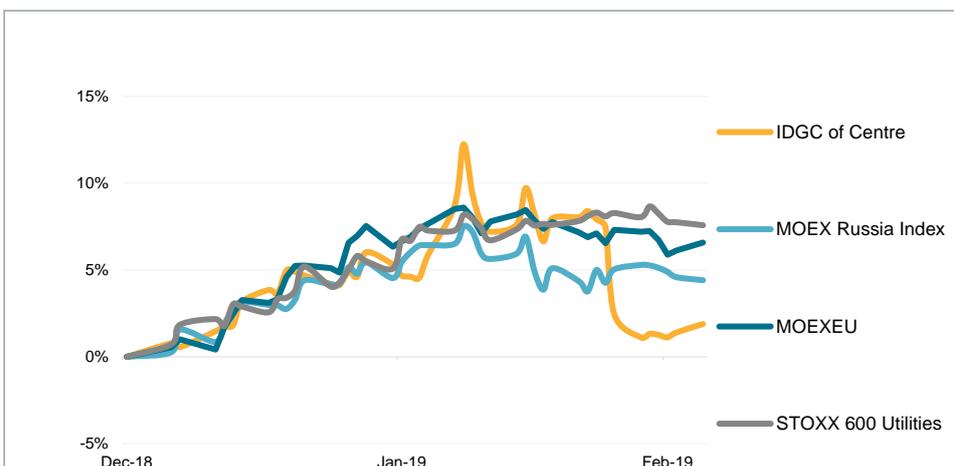
COMPANY NEWS

"The strategic task of power engineers is to significantly improve the reliability indicators of the power supply to consumers" - Igor Makovskiy

On 2 March, in the Tambov region, in the service area of IDGC of Centre - Tamboverenergo division, a control situational emergency recovery training was held to work out interaction during elimination of conditional mass technological interruptions in the power grid complex of the region caused by adverse weather conditions.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67457/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|-----------|---------|-------------|
| | | per day | fr 31.12.18 |
| MOEX Russia | 2 473,79 | -0,17% | 4,41% |
| S&P 500 | 2 792,81 | -0,39% | 11,41% |
| FTSE 100 | 7 134,39 | 0,39% | 6,04% |
| DAX | 11 592,66 | -0,08% | 9,79% |
| DJStoxx 600 | 375,09 | 0,23% | 11,09% |
| Nikkei | 21 822,04 | 1,02% | 9,03% |
| Sensex | 36 063,81 | 0,00% | -0,01% |
| CSI300 | 3 794,10 | 1,18% | 26,02% |
| Bovespa | 94 603,75 | 0,00% | 7,64% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.18 |
| USD/RUB | 65,81 | -0,11% | -5,26% |
| EURO/RUB | 74,80 | -0,22% | -5,86% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.18 |
| Gold, USD/oz | 1 286,74 | -0,52% | 0,33% |
| Brent*, USD/bbl | 65,67 | 0,92% | 22,06% |

* - May futures

Source: Bloomberg, Company calculations

| Shares | Price**, ₺ | MCap**, ₺ bln | MCap**, \$ mln |
|----------------------------|------------|---------------|----------------|
| | | | |
| IDGC of Centre | 0,2914 | 12,30 | 186,92 |
| IDGC of Centre & Volga Reg | 0,2648 | 29,84 | 453,43 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.18 |
| STOXX 600 Utilities | -0,16% | 7,58% |
| MOEXEU Index | 0,43% | 6,57% |
| IDGC of Centre** | 0,48% | 1,89% |
| IDGC of Centre and Volga Region** | 0,46% | -0,08% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.18 |
| Rosseti, ordinary shares | 0,78% | 27,90% |
| FGC UES | 0,72% | 12,95% |
| IDGC of Volga | 0,50% | 2,40% |
| MOESK | 0,44% | 4,55% |
| IDGC of Northern Caucasus | 0,28% | 2,71% |
| IDGC of North-West | 0,20% | -10,27% |
| IDGC of Urals | 0,32% | 2,71% |
| IDGC of Siberia | 0,18% | 64,68% |
| IDGC of South | -0,31% | 17,26% |
| Lenenergo, ordinary shares | -0,35% | 8,32% |
| TRK, ordinary shares | 0,00% | 8,44% |
| Kubanenergo | -1,03% | 17,62% |

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