

Russian Equities Weekly

May 20–24, 2019

	Week	YTD
RTS Total return (TR) in USD	2.1%	20.6%
MOEX index TR in RUB		
Composite	1.7%	11.4%
Blue chip	1.7%	13.5%
Small and mid-cap	-0.1%	7.0%
MOEX sector indices TR in RUB		
Power Utilities	2.7%	14.4%
Oil & Gas	2.7%	7.4%
Financial Services	2.2%	13.3%
Metals & Mining	1.2%	0.1%
Consumer Goods	-1.0%	6.9%
FX		
RUB/USD	0.1%	7.8%
RUB/EUR	-0.7%	10.4%

Data as of May 24, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

Positive sentiment over dividend pay-outs

Russian equity market dynamics

The Russian equity market ended in the black for the second consecutive week, outperforming its peers. The RTS index gained 2.1%, while both the MSCI EM and MSCI World indices had a similar drop of 0.9%. Positive sentiment over a sharp rise in Gazprom's dividend pay-out continued to support the Russian market. Moreover, VTB announced that it is going to increase its dividend pay-out to 50% of its IFRS net profit from next year.

The power utilities sector outperformed the market, driven by OGK-2's positive financial results for Q1 2019 and its higher dividend pay-out. The company's shares rose by 10.2%.

The consumer goods sector underperformed last week, mainly due to X5 retail group's dividend cut-off and news that Magnit's Chief Operating Officer, who was a Board member, has left the company.

Main Russian news

Key macroeconomic indicators generally weakened in April. The only improvement was in industrial production, which rose by a two-year high, mainly due to strong output from the manufacturing sector. Growth in the extraction sector slowed slightly. The slowdown in retail sales growth was felt mostly in the food segment. Rosstat revised real wage growth for March materially upwards from 0% to 2.3%. According to the new data, the indicator slowed in April from the revised March figure.

Indicator	Growth YoY	
	March 2019	April 2019
Industrial production	1.2%	4.6%
Manufacturing	0.3%	4.7%
Extraction	4.3%	4.2%
Retail sales	1.6%	1.2%
Food	1.2%	0.7%
Non-food	1.9%	1.8%
Real wages	2.3%*	1.6%

* Figures revised by Rosstat

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To watch...

Rosstat is due to publish oil market results for Q1 2019.

Sources: Vedomosti, Rosstat, Bloomberg, TKB Investment Partners (JSC); May 2019

Quarterly results: actual vs. consensus for EPS

(earnings per share), adjusted, (US dollars) *

Major RTS index constituents	Q2 '18	Q3 '18	Q4 '18	Q1 '19
Lukoil	1%	22.3%	18.8%	
Gazprom	-12.3%	29.2%		
Sberbank	-4%	4.5%	14.1%	6.4%
Novatek	6%	20.5%		
Tatneft	33.7%	41.2%	-18.8%	
Magnit	-19%	12.4%	7.8%	-49.5%
MTS	-8%	13.6%	-46.1%	21.3%
VTB	7%	-90.7%		
Alosa	13%	-10.9%	-12.2%	14.3%
Severstal	14%	0.0%	-10.7%	-1.9%
NLMK	14%	12.3%		238.9%
Moscow Exchange	-8%	4.2%	10.6%	
Magnitogorsk Iron & Steel	6%	0.0%	-20.0%	18.2%
Phosagro	-45%	-8.0%	-41.5%	-20.9%

* based on Bloomberg consensus

	Actual figure is better than consensus by more than 5%
	Actual figure is worse than consensus by more than 5%
	The deviation of actual results from consensus is between -5% and +5%

Source: Bloomberg, TKB Investment Partners; data as of May 24, 2019

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