

Russian Equities Weekly

May 12 – 15, 2020

	Week	YTD
RTS Total return (TR) in USD	-2.5%	-28.5%
MOEX index TR in RUB		
Composite	-1.8%	-14.8%
Blue chip	-1.6%	-17.4%
Small and mid-cap	-1.9%	-12.0%
MOEX sector indices TR in RUB		
Oil & Gas	-0.5%	-23.2%
Metals & Mining	-1.3%	7.9%
Power Utilities	-1.5%	-4.5%
Consumer Goods	-3.1%	-6.7%
Financial Services	-4.9%	-17.3%
FX		
RUB/USD	0.0%	-15.7%
RUB/EUR	0.2%	-12.6%

Data as of May 15, 2020

TKB Investment Partners (JSC) calculations; Bloomberg

New support measures for the economy

Russian equity market dynamics

Last week, the Russian equity market underperformed the other emerging markets (EM). The RTS index lost 2.5%, while the MSCI EM index lost 1.2% (all figures in USD terms). Fears regarding a second wave of the COVID-19 pandemic and pessimistic remarks from the Fed negatively affected developing markets, including Russia. Russian equities came under additional pressure from profit-taking following earlier gains.

The oil & gas sector outperformed the broader market, mainly due to Surgutneftegaz, whose share prices rose by 7.9% in rouble terms, despite the lack of market-moving news.

The financial services sector was the worst performer overall, mostly due to Moscow Exchange and Sberbank, whose shares declined by 10.6% and 6.2%, respectively, in rouble terms. Moscow Exchange's shares fell as a consequence of the dividend cut off date. Sberbank underperformed despite the lack of fundamental news.

Main Russian news

President Putin announced new measures to support the economy. Measures include a new credit line to reduce unemployment in companies in those sectors worst hit by COVID-19. The loan can be used for staff salary payments and for refinancing salary loans that have already been taken. **For businesses that retain at least 80% of their staff, half of the loan and interest will be written off. For businesses that retain 90% of their employees, the loan and interest cost will be fully written off.** The loan matures on 1 April 2021. Mr Putin also announced that self-employed people's 2019 income tax will be refunded. Moreover, families with children will receive subsidies, and medical workers will receive financial compensation. **Mr Putin added that the government's plan for economic recovery and growth will be worked out fully by 1 June 2020.**

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To watch...

Rosstat is due to post a preliminary report on Russia's GDP performance for Q1 2020 and industrial production figures for April 2020.

Sources: Rosstat, Vedomosti, Bloomberg, TKB Investment Partners (JSC); May 2020

Quarterly results: actual vs. consensus for EPS

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

Major RTS index constituents	Q1 '19	Q2 '19	Q3 '19	Q4 '19
Lukoil	-9.6%	32.4%	40.1%	-1.3%
Gazprom	1.2%	2.3%	15.6%	18.0%
Sberbank	6.4%	0.5%	-	17.1%
Novatek	-	-0.9%	-	-23.4%
Tatneft	2.0%	-1.3%	24.3%	-
Magnit	-49.5%	-	-48.5%	154.4%
MTS	21.3%	-7.8%	6.8%	-12.8%
Alrosa	14.3%	-9.1%	24.3%	12.6%
Severstal	-1.9%	-11.2%	-11.5%	12.8%
NLMK	238.9%	0.3%	-43.6%	-33.5%
Moscow Exchange	0.0%	12.8%	1.4%	14.3%
Magnitogorsk Iron & Steel	18.2%	-83.2%	-14.3%	-
Phosagro	-20.9%	22.3%	11.8%	0.1%

* 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 15 May 2020

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