

SECURITIES MARKET NEWSLETTER

weekly

Presented by:
VTB Bank, Custody

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Please be advised that May 1st and May 9th are public holidays ("Labor Day" and "Victory Day") in Russia.

Therefore April 30th and May 8th are short working days.

Please note that May 2nd, 3rd and 10th are official days off.

Company News

MTS buys back 0.0560% of stock under repurchase program

On April 12, 2019 it was reported that major Russian mobile operator MTS bought back 1,120,048 shares, both common stock and American depository receipts (ADRs), representing 0.0560% of its capital, through its wholly-owned subsidiary, Bastion LLC. The operator's common shares closed at RUB 260.50 on April 11 in Moscow and its ADRs at USD 8.09 in New York. Bastion LLC purchases MTS shares under a repurchase plan launched on July 2, 2018 and since then has acquired 107,072,329 shares, or 5.3580% of MTS' capital. This includes 52,715,769 common shares acquired from Sistema Finance under a sale and purchase agreement concluded prior to the launch of the repurchase plan. MTS intends to buy back its stock for up to RUB 30 bln starting from July 2, 2018 during two years.

Sergei Gustov appointed as CEO of Gazprom Mezhregiongaz

On April 12, 2019 it was announced that the former CEO of Gazprom LNG (liquefied natural gas) St. Petersburg Sergei Gustov had been appointed as CEO of Gazprom Mezhregiongaz to replace Kirill Seleznyov. Seleznyov was appointed as CEO of RusKhimAlyans that would construct an LNG facility in Ust-Luga in the Leningrad Region. Gazprom also appointed Vsevolod Cherepanov, the former director of the production department, as Deputy CEO of Gazprom Invest.

TMK US-based division notifies SEC of share offering cancellation

On April 12, 2019 it was stated that IPSCO Tubulars, the U.S.-based division of Russian oil and gas pipe maker TMK, notified the Securities and Exchange Commission (SEC) of withdrawal of its share offering. A statement says that IPSCO Tubulars respectfully requests that the Securities and Exchange consent to the withdrawal of its registration statement filed on January 12, 2018, together with all exhibits and amendments thereto, effective as of the date of this application or as soon as practicable thereafter. The company determined not to pursue a public offering of the securities covered by the registration statement at this time. The registration statement has not been declared effective, and no securities have been sold in connection with the offering contemplated by the registration statement. Accordingly, the company hereby respectfully requests that an order granting the withdrawal of the registration statement be issued by the commission as soon as reasonably possible.

Lukoil buys back RUB 2.5 bln shares, USD 63.9 mln GDRs on April 8-12, 2019

On April 16, 2019 it was reported that Lukoil Securities Limited, a unit of Russian oil major Lukoil, paid RUB 2.484 bln to buy 435,509 shares and USD 63.9 mln to buy 724,514 global depository receipts (GDRs) from the open market on April 8-12. Lukoil bought the securities at a price of RUB 5,704 per share and of USD 88.2 per GDR. In August 2018, Lukoil announced USD 3 bln buyback program that would be valid through December 30, 2022.

Polymetal to get listed on Astana International Exchange

On April 17, 2019 it was announced that the shares of Russian precious metals producer Polymetal International would be listed on the Astana International Exchange (AIX) from April 24. The shares will be rated and settled in U.S. dollars and will be fully convertible into shares listed on the Moscow Exchange and the London Stock Exchange.

T Plus appoints Andrei Vagner as acting CEO

On April 17, 2019 it was reported that Russian power producer T Plus appointed Andrei Vagner as the acting CEO. Former CEO Denis Pasler resigned in March and was appointed as the acting governor of the Orenburg Region.

Minister says government did not consider acquisition of GAZ Group stake

On April 17, 2019 Denis Manturov, Industry and Trade Minister, said that acquisition by the government of a part of Russian car producer GAZ Group had not been considered. Reuters reported that Deripaska could quit a controlling stake in GAZ Group in order to release the company from U.S. sanctions. Daimler and some others have stopped dealing with GAZ Group because of the sanctions.

Unit sends request to buy out remaining 0.8% of MegaFon shares

On April 18, 2019 it was stated that MegaFon Finance, a 100% subsidiary of Russian mobile operator MegaFon, sent a squeeze-out request to minority shareholders to buy out the remaining 0.8% shares of MegaFon under its delisting from the Moscow Exchange. MegaFon announced that on April 17, 2019, following preliminary notice to the central bank, the company received from MegaFon Finance a squeeze-out request requiring the shareholders of the company, other than MegaFon Finance and its affiliates, to sell all of their ordinary shares of MegaFon to MegaFon Finance. The squeeze-out price is at RUB 659.26 per common share and will be paid in cash. Payment of the squeeze-out price will be made in rubles to the holders of common shares of MegaFon as June 3 and is expected to be made within no longer than 25 days of such date. In mid-2018 MegaFon Finance bought out from minority holders common shares and global depositary receipts (GDRs) accounting for 17.68% and 4.84% of the charter capital, respectively. As a result of the deal, MegaFon Finance and affiliated AF Telecom Holding owned 74% of common shares and 4.84% of GDRs of the operator. MegaFon withdrew its GDRs from the London Stock Exchange in October 2018 and paid off all receipts in December 2018. After that MegaFon Finance had 78.84% of MegaFon and offered minority holders to buy out the remaining 21.16% of the capital. In early March, the operator said minority holders had agreed to sell 20.36% of the operator's stock, and MegaFon Finance became the owner of 99.2% of the parent company and had 0.8% of MegaFon's shares left trading on the Moscow Exchange.

Dividends/coupons

Sibur holders approve paying RUB 22.8 bln in 2018 final dividends

On April 11, 2019 shareholders of Russian petrochemical holding Sibur approved paying RUB 10.46 per share, or a total of RUB 22.8 bln, in final dividends for 2018. The company already paid RUB 11.023 bln, or RUB 5.06 per common share, in dividends for January-June 2018. Total dividends for 2018 will amount to RUB 33.8 bln, or RUB 15.52 per share. Leonid Mikhelson, co-owner of gas producer Novatek, owns 48.5% in Sibur, of which 34.08% Mikhelson controls through LLC Trust and 14.4% were handed over to Gazprombank under trust management. Tycoon Gennady Timchenko has a 17% stake in the holding, while acting and former managers of the company own a combined stake of about 14.5%, China's Sinopec has 10%, and China's Silk Road Fund has 10% as well.

Nizhnekamskneftekhim to pay RUB 36.5 bln in dividends for 2018

On April 12, 2019 shareholders of Russian petrochemical company Nizhnekamskneftekhim approved paying RUB 19.94 per share, or a total of RUB 36.5 bln, in dividends for 2018, using the profit for the year and undisbursed profits from the previous years. The company paid no dividends for 2017 and for 2016, because it had to create a basis for construction of an olefin facility with an annual production capacity of 600,000 tonnes of ethylene. TAIF owns 19.58% in Nizhnekamskneftekhim directly, while TAIF's subsidiary Telecom-Management has a 55.82% stake in the company.

Detsky Mir may pay RUB 4.45 per share in dividends for 2018

On April 12, 2019 the board of directors of Russian children goods retailer Detsky Mir recommended paying RUB 4.45 per common share, or a total of about RUB 3.3 bln, in final dividends for 2018. The record date for the dividends is set at May 27. In April, the company said that the board would recommend paying 100% of the net profit for 2018 calculated under Russian Accounting Standards (RAS) of RUB 3.3 bln in dividends. The company previously paid RUB 4.39 per share, or a total of RUB 3.2 bln, in dividends for January-

September 2018. For 2017, Detsky Mir paid RUB 2.195 bln in interim and RUB 2.867 bln in final dividends. Multi-industry holding Sistema owns 52.1% in Detsky Mir, while the Russia-China Investment fund has 14%, and free-float is 33.9%.

Sovcomflot board recommends paying RUB 1.43 bln in 2018 dividends

On April 12, 2019 the board of directors of Russian state-owned shipping company Sovcomflot recommended paying RUB 1.43 bln in dividends for 2018. In 2018, the company's net profit fell 15.4% to RUB 2.869 bln, as calculated under Russian Accounting Standards (RAS). Sovcomflot paid RUB 1.69 bln in dividends for 2017.

DOM.RF says can pay RUB 9.7 bln in dividends for 2018

On April 15, 2019 the supervisory board of Russia's corporation for housing market and mortgage lending support DOM.RF recommended paying 50.14% of the net profit under International Financial Reporting Standards (IFRS), or RUB 9.7 bln, in dividends for 2018. DOM.RF earlier paid RUB 5.7 bln in dividends for January-September. The company's dividends for 2017 accounted for 50.2% of the IFRS net profit and stood at about RUB 9 bln.

PIK Group says can pay RUB 15 bln in dividends for 2018

On April 15, 2019 the board of directors of Russian developer PIK Group recommended paying RUB 15 bln in dividends for 2018. The shareholders will consider the recommendation at an annual general meeting scheduled for May 21. The net profit of the company soared to RUB 21.3 bln under International Financial Reporting Standards (IFRS) in 2018 from RUB 3.2 bln in 2017. CEO Sergei Gordeyev holds a 74.6% stake in the company.

Rosneft board recommends RUB 11.33 per share in 2018 dividends

On April 16, 2019 the board of directors of Russian oil major Rosneft recommended paying RUB 11.33 per share in final dividends for 2018. The shareholders will consider the recommendation at an annual general meeting on June 4. Rosneft already paid RUB 14.58 per share, or a total of RUB 154.5 bln, in dividends for January-June 2018. The company's total dividends for 2018 will account for 50% of net profit calculated under International Financial Reporting Standards (IFRS). Rosneft's total dividends for 2017 amounted to RUB 111 bln, or RUB 10.48 per share, or 50% of IFRS net profit for the year. The company's major shareholders include state oil and gas holding Rosneftegaz with a 50.00000001% stake, British oil giant BP with a 19.75% stake, sovereign fund Qatar Investment Authority (QIA) with 18.93%, and Swiss commodity trader Glencore with 0.57%.

Sberbank board recommends paying RUB 361 bln in 2018 dividends

On April 16, 2019 German Gref, CEO of Russia's biggest lender Sberbank, stated that the bank's supervisory board recommended paying RUB 16 per share, or a total of RUB 361.391 bln, in dividends for 2018. The dividend payment will account for 43.5% of the bank's net profit calculated under International Financial Reporting Standards (IFRS). The record date is June 13. In 2018, the bank paid RUB 12 per share, or a total of RUB 271.043 bln, in dividends for 2017, which accounted for 36.2% of the bank's IFRS net profit for the year. The central bank owns a 50% plus one share stake in Sberbank, non-Russian resident companies 45.64%, resident companies 1.52%, and private investors 2.84%.

VSMPO-Avisma board recommends RUB 873 per share in 2018 dividends

On April 16, 2019 the board of directors of Russian titanium giant VSMPO-Avisma recommended paying RUB 873.42 per share in final dividends for 2018. The shareholders will consider the recommendation at an annual general meeting on May 21. The register for the meeting will be closed on April 25. VSMPO-Avisma already paid RUB 756 per share, or RUB 8.7 bln, in dividends for January-June. State industrial corporation Rostec holds 25% plus one share in VSMPO-Avisma. Expotrade, controlled by the management of VSMPO-Avisma, has 65.27%.

Credit Bank of Moscow may pay RUB 0.11 per share in 2018 dividends

On April 17, 2019 the supervisory board of Credit Bank of Moscow recommended paying RUB 0.11 per share in dividends for 2018. In 2018, the bank's net profit rose 31.5% to RUB 27.224 bln, as calculated under International Financial Reporting Standards (IFRS). The bank did not pay dividends for 2017. According to the central bank, Rossium of Roman Avdeyev holds 56.07% in Credit Bank of Moscow.

Eurobonds / DRs

EDC to buy back USD 537.5 mln Eurobonds maturing in 2020

On April 17, 2019 it was reported that Russian oilfield servicing company Eurasia Drilling Company (EDC) would buy back USD 537.461 mln of 2020 Eurobonds. The company was ready to buy back the entire USD 600 mln issue of the Eurobonds sold at 4.875% at USD 1,016.5 per paper leaving USD 62.539 mln of the bonds in circulation.

Please be advised that the information presented in this newsletter is based on the following sources: National Settlement Depository (NSD); Clearstream Banking; Euroclear Bank; PRIME-TASS information agency; "Kommersant", "Rossiyskaya Gazeta", "Izvestiya", "Vedomosti", "The Moscow Times" newspapers, and others.

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