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Company News

MTS buys back 0.0654% of stock under repurchase program

On April 19, 2019 it was reported that major Russian mobile operator MTS bought back 1,306,126 shares, both common stock and American depository receipts (ADRs), representing 0.0654% of its capital, through its wholly-owned subsidiary, Bastion LLC. The operator's common shares closed at RUB 259 on April 18 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 108,378,455 shares, or 5.4233% 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.

UAC board of directors decides to incorporate 3 units into Irkut

On April 23, 2019 the board of directors of Russia's United Aircraft Corporation (UAC) decided to incorporate Sukhoi Civil Aircraft and two other subsidiaries into aircraft producer Irkut. Besides Sukhoi Civil Aircraft, the producer of Sukhoi Superjet 100, UAC will incorporate OAK-Tsentr Kompleksirovaniya (UAC-Aggregation Center) and Novye Grazhdanskiye Tekhnologii (New Civil Technologies) into Irkut, creating a civil aviation division of UAC. Ravil Khamitov, previously appointed as CEO of Irkut and Sukhoi Civil Aircraft, will head the civil division.

Lukoil buys back RUB 2 bln shares, USD 46.6 mln GDRs on April 15-19, 2019

On April 23, 2019 it was stated that Lukoil Securities Limited, a unit of Russian oil major Lukoil, paid RUB 2.015 bln to buy 360,105 shares and USD 46.6 mln to buy 534,837 global depository receipts (GDRs) from the open market on April 15-19. Lukoil bought the securities at a price of RUB 5,596 per share and of USD 87.2 per GDR. In August 2018, Lukoil announced USD 3 bln buyback program that will be valid through December 30, 2022.

CEO says Moscow Exchange doesn't plan share buyback

On April 23, 2019 Alexander Afanasyev, CEO of the Moscow Exchange, stated that the exchange plans no buyback of shares. Afanasyev also said that a buyback of shares was a short-term measure that made the company more attractive, but at the same time reduced its liquidity thanks to lower free float. Managing Director for stock market Anna Kuznetsova said that the Moscow Exchange expects at least two green bond issues in 2019 offered under the bourse's new listing rules which envisage creation of the sustainability sector. Besides, the stock exchange will offer unsecured structural bonds, partially secured structural bonds and perpetual corporate bonds starting from 2019.

Polymetal says places 1.7 mln shares on Kazakhstan's market for USD 17 mln

On April 25, 2019 it was announced that shares of Russian precious metals producer Polymetal International have started to trade on the Astana International Exchange with the secondary placement amounting to 1.69 mln shares worth USD 17.2 mln. The company planned to place about USD 10 mln of shares.

Avtoban to hold SPO following up to RUB 2 bln buyback offer

On April 25, 2019 a banking source said that Avtoban, one of Russia's largest private highway construction companies, plans to collect bids for a secondary public offering (SPO) of up to RUB 2 bln of exchange bonds that are to be bought back on May 6. The price guidance for the SPO is set at no lower than 100% of the

par. The technical placement is preliminarily scheduled for May 6. Avtoban placed RUB 3 bln of the bonds in April 2017. The fifth coupon rate is set at 11% annually. The next buyback offer is scheduled for April 27, 2022, the maturity date is April 19, 2024. BCS Global Markets is the organizer of the SPO.

Dividends/coupons

TransContainer may pay RUB 6.7 bln in dividends for 2018

On April 18, 2019 the board of directors of Russia's leading railway container operator TransContainer recommended paying RUB 480.37 per share, or a total of RUB 6.675 bln, in dividends for 2018. The payment accounts for 75% of the company's net profit for the year calculated under Russian Accounting Standards (RAS). The record date for the dividends is June 1. The shareholders will discuss the recommendation at an annual general meeting on May 21. Previously, the company paid RUB 293.04 per share in dividends for 2017, which also accounted for 75% of the company's RAS net profit for the year that amounted to RUB 5.429 bln. Russian Railways owns 50% plus two shares in TransContainer, while Russia's second largest bank VTB has a 24.8% stake and Enisey Capital, owned by businessmen Roman Abramovich and Alexei Abramov, has 24.5051%.

Severstal may pay RUB 35.43 per share in dividends for January-March 2019

On April 18, 2019 the board of directors of Russian steelmaker Severstal recommended paying RUB 35.43 per share, or a total of about RUB 29.68 bln, in dividends for January-March. The shareholders will consider the recommendation at an extraordinary general meeting scheduled for June 7, the register for the meeting will be closed on May 13, for dividends on June 18. The company paid RUB 38.32 per share in dividends for January-March 2018. Severstal's key beneficiary is Alexei Mordashov, with 77.03% shares.

Kazanorgsintez holders approve paying RUB 14 bln in 2018 dividends

On April 19, 2019 shareholders of Russian petrochemical company Kazanorgsintez approved paying RUB 7.79 per common share and RUB 0.25 per preferred share, or a total of RUB 13.94 bln, in dividends for 2018. In 2018, the company's net profit increased 31% to RUB 19.9 bln. The company paid RUB 4.25 per common share and RUB 0.25 per preferred share in dividends for 2017. Telecom-Management, a subsidiary of TAIF Group, holds 53.93% in Kazanorgsintez, AK BARS Bank holds 16.11%, and Svyazinvestneftekhim owns 10.55%.

TransFin-M shareholders vote against dividends for 2018

On April 19, 2019 shareholders of Russian leasing company TransFin-M voted against paying dividends for 2018, and approved the board of directors at their annual general meeting. The company will send RUB 450 mln of the RUB 4.4 bln 2018 net profit to the reserve fund, and the remainder will be left undistributed.

Enel Russia board recommends paying RUB 5 bln in 2018 dividends

On April 19, 2019 the board of directors of power producer Enel Russia, a unit of Italy's Enel Group, recommended paying 14.1471 kopecks per share, or a total of RUB 5.004 bln, in dividends for 2018. The record date is July 8. The company paid 14.493 kopecks per share, or a total of RUB 5.127 bln, in dividends for 2017.

RusHydro's board of directors approves new dividend policy

On April 19, 2019 Nikolai Shulginov, CEO of Russian hydropower giant RusHydro, stated that the company's board of directors approved a new dividend policy setting a minimum dividend payment at the level of an average annual dividend payout for three previous years. The policy will be in force for three years. The company paid 50% of its net profit calculated under International Financial Reporting Standards (IFRS) in dividends for 2016 and 2017, and it plans to pay the same level for 2018. The government is a controlling shareholder in RusHydro with a 60.6% stake, while VTB Bank owns 13.3%, Aviatrans owns 6%, and other shareholders control 20.1%.

Gazprom Neft may pay RUB 30 per share in dividends for 2018

On April 19, 2019 the board of directors of Russian oil company Gazprom Neft recommended paying RUB 30 per share, or a total of RUB 142.2 bln in dividends for 2018. The record date for the dividends is July 1. The payment will account for 37.8% of the company's net profit for the year as calculated under International Financial Reporting Standards (IFRS). The shareholders will consider the recommendation at an annual general meeting on June 14. Gazprom Neft paid RUB 71.1 bln in dividends for 2017, which accounts for 28.1% of the IFRS net profit for the year. The company plans to discuss dividends for 2018 in April 2019. Gas giant Gazprom owns 95.68% in Gazprom Neft.

NLMK board recommends paying RUB 44 bln in January-March 2019 dividends

On April 23, 2019 the board of directors of Russian steelmaker Novolipetsk Steel (NLMK) recommended paying RUB 7.34 per share, or a total of RUB 43.99 bln, in dividends for January-March. The shareholders will consider the recommendation at an extraordinary general meeting scheduled for June 7. The register will be closed on May 13. The record date is suggested at June 19. Dividends for January-March amounted to RUB 5.73 per share. Vladimir Lisin holds around 84% in NLMK through Fletcher Group.

Globaltrans shareholders approve RUB 8.3 bln in final dividends for 2018

On April 23, 2019 shareholders of one of Russia's largest railway operators, Globaltrans, confirmed payment of RUB 8.3 bln, or RUB 46.5 per share, in final and special final dividends for 2018. The total dividend payments for 2018 will amount to RUB 16.5 bln, or RUB 92.4 per share/global depository receipts (GDR), which is 3% higher than for 2017. Globaltrans's free float is 55.9%. Companies of Nikita Mishin and Andrei Filatov own 11.5% stakes each, Konstantin Nikolayev 10.8%, Alexander Yeliseyev 5.4%, Sergei Maltsev 4.7%.

Novatek raises final dividends for 2018 to RUB 51.04 bln

On April 23, 2019 shareholders of independent Russian gas producer Novatek approved a decision to raise a final dividend payout for 2018 to RUB 16.81 per share, or a total of RUB 51.04 bln, from RUB 8 per share paid for 2017. The record date for the dividends is May 6. Taking into account RUB 9.25 per share that the company paid in dividends for January-June 2018, the combined dividend payout for 2018 will reach RUB 26.06 per share, or a total of RUB 79.126 bln, a 70% increase on the year. Novatek CEO Leonid Mikhelson said during the meeting that the company may revise dividends in 2020 when details of financing of the Arctic LNG-2 project are clear. According to the latest public data of Novatek, CEO Leonid Mikhelson controlled 24.75% in Novatek. Gas giant Gazprom owns 9.99% in the company, tycoon Gennady Timchenko's companies Ena Invest and Volga Group own 19.16% and 4.3%, respectively, and France's Total has a 19.4% stake.

Official says VTB can pay 15% of IFRS net profit in 2018 dividends

On April 23, 2019 Anton Siluanov, Chairman of the supervisory board of Russia's second largest lender VTB, said that the bank decided to allocate 15% of the net profit under International Financial Reporting Standards (IFRS) to dividends for 2018 and the rest in increase capital adequacy. He said that the capital increase by RUB 450 bln in 2017-2019 is required to meet the Basel III standards. The official said that a new strategy of development for 2019-2022 envisages a return to payment of 50% of the net profit under IFRS in dividends for 2019.

Polymetal holders approve paying USD 0.31 per share in 2018 dividends

On April 23, 2019 shareholders of Russian gold producer Polymetal International approved paying USD 0.31 per share, or a total of around USD 146 mln, in final dividends for 2018. The dividends would account for 50% of the company's adjusted net profit for July-December. Polymetal paid USD 0.17 per share in dividends for January-June. ICT Group of tycoon Alexander Nesis owns 27.44% in Polymetal, while PPF Group NV of Petr Kellner owns 11.63%, and tycoon Alexander Mamut and his family owns 9.46%.

ALROSA board recommends RUB 4.11 per share in dividends for 2018

On April 24, 2019 the supervisory board of Russian raw diamond mining giant ALROSA recommended paying RUB 4.11 per share, or a total of RUB 30.3 bln, which is 100% of the company's free cash flow, in dividends for 2018. The record date is July 15. The combined dividends for 2018, including RUB 43.7 bln, or RUB 5.93 per share, paid as interim dividends for January-June, will amount to RUB 73.9 bln, or RUB 10.04 per share, which is the company's all-time record.

Lukoil CEO says board recommends 2018 dividends at RUB 250 per share

On April 25, 2019 Vagit Alekperov, CEO of Lukoil, stated that the company's board of directors recommended paying RUB 250 per share in final dividends for 2018. The shareholders will discuss the recommendation at an annual general meeting on June 20. In March, the company approved amendments to its dividend policy saying that Lukoil will try to raise the dividends paid on all shares, excluding the shares owned by the company, by at least the figure of inflation in rubles each year. Previously, the company paid RUB 182.871 bln, or RUB 215 per share, in total dividends for 2017, including RUB 85 per share paid in dividends for January-September of the year and RUB 130 per share paid in final dividends. The company also paid RUB 95 per share in dividends for January-September 2018.

Moscow Exchange to pay RUB 7.7 per share in dividends for 2018

On April 25, 2019 shareholders of the Moscow Exchange have approved paying RUB 7.7 per share, or a total of RUB 17.528 bln, in dividends for 2018. The record date for the dividends is May 14. Previously, the

bourse paid RUB 5.47 per share in final dividends for 2017. The combined dividend payout for the year amounted to RUB 18.12 bln, or 89% of the company's net profit for the year calculated under International Financial Reporting Standards (IFRS), taking into account RUB 2.49 per share paid for January-June 2017. The Moscow Exchange's major shareholders include Russia's central bank with an 11.8% stake, Russia's top bank Sberbank with 10%, state development corporation VEB.RF with 8.4%, the European Bank for Reconstruction and Development (EBRD) with 6.1%, and a subsidiary of the Russian Direct Investment Fund (RDIF) with a 5% stake.

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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