

SECURITIES MARKET NEWSLETTER

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Company News

TMK to offer 60% of Romanian subsidiary in SPO

On April 25, 2019 it was announced that Russian oil and gas pipe maker TMK planned to offer 60% of its Romania-based subsidiary TMK-Artrom via a secondary public offering (SPO). TMK-Artrom has been informed by its major shareholder, TMK Europe GmbH, of its intention to launch a secondary public offering of up to 69 mln existing nominative shares issued by the company and owned by TMK Europe GmbH, representing approximately 59.3955% of the company's share capital. Raiffeisen Bank, Raiffeisen Centrobank and Wood & Company Financial Services are the organizers of the placement.

Raspadskaya to buy back up to 2.9% of free float for RUB 141 per share

On April 26, 2019 the board of directors of Russian coal producer Raspadskaya decided to launch a buyback of 20.413 mln shares, or 2.9% of free float, at RUB 141 per security. Bids will be accepted from May 17 till June 16. A shareholder of Raspadskaya, steel and mining giant Evraz, said that it will not participate in the buyback.

Russian Railways to sell 50% in TransContainer in June-August 2019

On April 26, 2019 Vadim Mikhailov, First Deputy CEO of Russian Railways, stated that the company plans to hold an auction for 50% in railway container operator TransContainer sometime in June-August. Deputy Prime Minister Maxim Akimov said in March that the auction would likely take place at the end of summer or beginning of autumn. Earlier in April, First Deputy Prime Minister Anton Siluanov signed a directive to Russian Railways' board of directors on terms of the sale of 50% in TransContainer.

Severgroup to finish Lenta stake acquisition, make buyout offer

On April 30, 2019 it was announced that Russian investment company Severgroup of tycoon Alexei Mordashov would soon finish acquisition of global depositary receipts (GDRs) of grocery retailer Lenta from TPG Group and the European Bank for Reconstruction and Development (EBRD) and make a buyout offer to the minority shareholders. Earlier in April, Severgroup agreed to buy a 41.9% stake in Lenta for around USD 729 mln. After the deal is closed, Severgroup will offer to buy out Lenta's securities at USD 18 per share and USD 3.6 per GDR.

MTS says pays RUB 1 bln to buy common shares from Sistema

On May 7, 2019 it was reported that a wholly-owned subsidiary of major Russian mobile operator MTS, Bastion LLC, purchased 4,143,445 common shares from Sistema Finance S.A., a Luxembourg-based subsidiary of MTS' main shareholder Sistema, for RUB 1.071 bln. The shares represent 0.2073% of MTS' capital. MTS' common shares closed at RUB 261.35 on May 6 on the Moscow Exchange. Bastion LLC acquired the shares from Sistema Finance under a sale and purchase agreement concluded prior to the launch of MTS's repurchase plan. Under the agreement, that Bastion LLC should acquire shares from Sistema Finance proportional to the number of MTS common shares, including the common shares represented by American depositary shares, Bastion LLC acquires under the repurchase plan, such that Sistema's aggregate percentage ownership and voting power in MTS remained equal to its ownership as at the date of the commencement of the repurchase plan on July 2, 2018. Sistema holds a 55.52% share of MTS indirectly through MTS-controlled firms, including MTS, Stream Digital LLC and Bastion LLC,. Sistema's effective ownership of MTS is 50.05%.

ChelPipe buys back 35% of shares at RUB 114.42 per security

On May 7, 2019 it was stated that Russia's Chelyabinsk Pipe-Rolling Plant (ChelPipe) bought back 35.3% of shares at RUB 114.42 per security to reduce capital from Pervouralsk New Pipe Plant, an affiliate of ChelPipe. Chairman of the Board of Directors Andrei Komarov and Board Member Alexander Fyodorov jointly control more than 80% of ChelPipe.

UAC appoints ex-Defense Minister Serdyukov as board chairman

On May 13, 2019 it was reported that director of the aviation division of state industrial corporation Rostec and former Defense Minister Anatoly Serdyukov had been appointed as the chairman of the board of directors of United Aircraft Corporation (UAC).

Lukoil to buy back 35 mln shares at RUB 5,450 apiece, then cancel

On May 16, 2019 it was announced that shareholders of Russian oil company Lukoil would consider reduction of the charter capital to 715 mln shares by buying back 35 mln shares through a public offer at RUB 5,450 apiece and cancelling them. The company's aim is to cancel the shares that have been bought back by 100% subsidiary Lukoil Securities Limited under the program announced on August 20, 2018.

Dividends/coupons**Irkutskenergo board recommends paying no dividends for 2018**

On April 26, 2019 the board of directors of Russian power utility Irkutskenergo recommended paying no dividends for 2018. The net profit of RUB 12.228 bln is to be left undistributed. The company did not pay dividends for 2017 and 2016 as well. Oleg Deripaska's En+ Group holds 90.5% in Irkutskenergo.

Tatneft can pay RUB 84.91 per share in 2018 dividends

On April 26, 2019 the board of directors of Russian oil company Tatneft recommended paying RUB 84.91 per share in dividends for 2018, including earlier paid interim dividends. The record date for the dividends is preliminarily slated for July 5. The net profit of the company under Russian Accounting Standards (RAS) almost doubled to RUB 197.523 bln in 2018, under International Financial Reporting Standards (IFRS) grew 70% to RUB 211.812 bln. In 2018, the company paid RUB 52.53 per share in dividends for January-September, RUB 30.27 per share in dividends for January-June. Previously, the company paid RUB 27.78 per share in dividends for January-September 2017 and RUB 12.16 per share in final dividends for 2017. The republic of Tatarstan's holding Svyazinvestneftekhim owns 26.14% in Tatneft and the government of Tatarstan has the golden share.

Vozrozhdenie Bank may pay RUB 2 per preferred share in 2018 dividends

On April 26, 2019 the board of directors of Russia's Vozrozhdenie Bank recommended paying RUB 2 per preferred share in dividends for 2018 and paying no dividends on common shares. The bank can thus pay a total of RUB 2.59 mln on preferred shares. The record date will be June 11. For 2017, Vozrozhdenie Bank paid RUB 11.874 mln, or RUB 0.5 apiece, in dividends on common shares, and RUB 2.589 bln, or RUB 2 apiece, in dividends on preferred shares.

Norilsk Nickel board recommends paying RUB 125 bln in 2018 dividends

On April 26, 2019 the board of directors of Russian metals giant Norilsk Nickel recommended paying RUB 792.52 per share, or a total of around RUB 125.4 bln, in dividends for 2018. The shareholders will consider the recommendation at an annual general meeting on June 10. The register for the meeting will be closed on May 17. The record date is June 21. Norilsk Nickel already paid RUB 776.02, or RUB 122.8 bln, in dividends for January-June. For 2017, the company paid RUB 607.98, or around RUB 96.21 bln, in final dividends. Interros of Vladimir Potanin owns 34.6% in Norilsk Nickel, aluminum giant UC RUSAL of Oleg Deripaska has a 27.82% stake.

Sovcombank board recommends paying no dividends for 2018

On April 26, 2019 the board of directors of Russia's Sovcombank recommended paying no dividends for 2018. The board recommended allocating RUB 12.691 mln of the 2018 net profit to replenish the bank's reserve fund and leaving the remaining RUB 13.743 bln profit undisbursed.

Severstal holders approve paying RUB 32.08 per share in October-December 2018 dividends

On April 26, 2019 it was reported that shareholders of Russian steelmaker Severstal approved paying RUB 32.08 per share in dividends for October-December 2018. The company paid RUB 27.72 per share in dividends for October-December 2017. In 2018, Severstal paid RUB 38.32 per share in dividends for January-March, RUB 45.94 per share in dividends for April-June, and RUB 44.39 per share in dividends for July-September. Severstal's key beneficiary is Alexei Mordashov, with 77.03% shares.

Rusagro holders approve RUB 3.45 bln in dividends for July-December 2018

On April 29, 2019 shareholders of Russian agricultural holding Rusagro approved paying RUB 3.45 bln in dividends for July-December 2018. Rusagro paid RUB 1.026 bln in dividends for January-June 2018. The company's total dividends for 2018 will thus amount to RUB 4.476 bln. For 2017, the company paid RUB 4.086 bln in dividends, including RUB 1.862 bln for January-June.

Board of directors of Mostotrest recommends no dividends for 2018

On April 29, 2019 the board of directors of Russian construction company Mostotrest recommended paying no dividends for 2018 and leave RUB 2.992 bln net profit for the year undistributed. Previously, the company paid RUB 3.003 bln, or RUB 10.64 per common share, in total dividends for 2017, and the same total amount for 2016. TFK-Finance of tycoon Arkady Rotenberg owns 94.2% in Mostotrest, and free float accounts for 5.8%.

Fortum holders approve paying RUB 32.2 per share in 2018 dividends

On April 29, 2019 shareholders of Russian power producer Fortum approved paying RUB 32.189 per share in dividends for 2018. The company will pay the entire 2018 net profit of RUB 14.339 bln, as well as RUB 14 bln of undistributed net profit for 2015 and 2016, in dividends. The record date is May 7. Fortum paid RUB 13.8576 per share, or a total of RUB 12.2 bln, in dividends for 2017, and paid no dividends for 2010-2016. Controlled by Finnish energy producer with the same name, Fortum operates eight thermal power plants located in the Urals area and West Siberia.

TMK board offers to pay no dividends for 2018

On April 29, 2019 the board of directors of Russian oil and gas pipe maker TMK recommended against payment of dividends for 2018. The company paid RUB 2.28 per common share, or a total of RUB 2.356 bln, in dividends for 2017 and RUB 1.96 per common share, or a total of around RUB 2.025 bln, in final dividends for 2016. The company's beneficiary owner Dmitry Pumpyskiy holds 66.75% in TMK.

TGC-14 board recommends paying no dividends for 2018

On April 30, 2019 the board of directors of Russian power company TGC-14 recommended paying no dividends for 2018. The company paid no dividends for 2017 and 2016 as well.

MMK board recommends RUB 1.488 per share in dividends for January-March 2019

On April 30, 2019 the board of directors of Russian integrated steel producer Magnitogorsk Iron and Steel Works (MMK) recommended paying RUB 1.488 per share in dividends for January-March, in line with the managers' proposals. The total sum will amount to USD 260 mln, or 100% of the company's free cash flow. June 20 is recommended as a record date. In February, MMK's board of directors recommended paying RUB 1.398 per share in dividends for October-December 2018.

Sollers board recommends paying no dividends for 2018

On April 30, 2019 the board of directors of Russian carmaker Sollers recommended paying no dividends for 2018. In 2018, the company's net profit fell about 96% on the year to RUB 46 mln, as calculated under International Financial Reporting Standards (IFRS). Sollers has not paid dividends since 2013. CEO Vadim Shvetsov is the majority shareholder of Sollers.

TGC-2 board recommends paying no dividends for 2018

On May 6, 2019 the board of directors of Russian power producer Territorial Generating Company-2 (TGC-2) recommended paying no dividends for 2018. The company paid no dividends for 2009-2016. In 2018, the net profit of TGC-2 under International Financial Reporting Standards (IFRS) rose 20.1% to RUB 2.549 bln.

Bashneft board recommends RUB 158.95 per share in dividends for 2018

On May 6, 2019 the board of directors of Russian oil company Bashneft recommended paying RUB 158.95 per common and preferred class A share in dividends for 2018. Bashneft will pay a total of RUB 23.5 bln in dividends for common shares and RUB 4.735 bln in dividends for preferred class A shares. The recommended record date is June 24. The recommendation is subject to approval by shareholders at an annual general meeting on June 11.

Mosenergo may pay 21 kopecks per share in final dividends for 2018

On May 7, 2019 the board of directors of Russian power utility Mosenergo recommended paying 21.004 kopecks per share, or a total of RUB 8.32 bln, in final dividends for 2018. The record date for the dividends is July 2. The company paid 6.595 kopecks per share or a total of RUB 6.573 bln in final dividends for 2017,

and 8.842 kopecks per share or RUB 3.36 bln in dividends for 2016. Gazprom Energoholding is the controlling shareholder of Mosenergo.

TGC-1 directors recommend 0.064 kopecks per share in dividends for 2018

On May 7, 2019 the board of directors of Russian power producer Territorial Generating Company-1 (TGC-1) recommended paying 0.064 kopecks per share, or a total of RUB 2.485 bln, in final dividends for 2018. The record date for the dividends is June 26. Part of Gazprom Energoholding, TGC-1 paid 0.049 kopecks per share, or a total of RUB 1.888 bln, in dividends for 2017.

WGC-2 board recommends paying 3.68 kopecks per share in 2018 dividends

On May 7, 2019 the board of directors of Russian power producer Wholesale Generating Company-2 (WGC-2) recommended paying 3.68 kopecks per share, or a total of RUB 3.902 bln, in dividends for 2018. The record date is recommended to be slated for June 28. Controlled by Gazprom Energoholding, WGC-2 paid 1.63 kopecks per share, in dividends for 2017.

MOEK board of directors recommend no dividends for 2018

On May 7, 2019 the board of directors of United Moscow Energy Company (MOEK), part of Gazprom Energoholding, recommended paying no dividends for 2018. The board also recommended allocating RUB 363.8 mln of the RUB 11.2 bln net profit for 2018 to a reserve fund, RUB 262.3 mln to investment, and RUB 3.4 bln to cover losses from previous years. The board also recommended leaving the RUB 7.17 bln profit received under contracts for technological connections to power grids available. The shareholders will consider the recommendations at an annual general meeting on June 14. MOEK has not paid any dividends since 2013, when it became a part of Gazprom Energoholding.

Acron board recommends RUB 135 per share in dividends for 2018

On May 7, 2019 the board of directors of Russian fertilizer producer Acron recommended paying RUB 135 per share in dividends for 2018. The recommended record date is June 11. The company's policy envisages paying at least 30% of the International Financial Reporting Standards (IFRS) net profit in dividends. In 2018, its net profit fell 7% to RUB 13.32 bln. For 2017, Acron paid RUB 7.499 bln, or RUB 185 per share, in dividends for 2017. In March 2019, the company's shareholders approved paying RUB 130 per share in dividends using undistributed profit for previous years.

Polyus holders approve paying RUB 143.62 per share in final 2018 dividends

On May 7, 2019 shareholders of Russian gold producer Polyus approved paying RUB 143.62 per share in final dividends for 2018. The company already paid RUB 131.11 per share in dividends for January-June 2018. In 2017, Polyus paid RUB 104.3 per share in January-June dividends and RUB 147.12 per share in final dividends. Tycoon Said Kerimov is the major beneficiary owner of Polyus with an 82.44% stake.

MOESK board recommends RUB 0.059 per share in dividends for 2018

On May 13, 2019 the board of directors of Moscow United Electric Grid Company (MOESK), part of Russian power grid operator Rosseti, recommended paying RUB 0.059 per common share in dividends for 2018. The record date is June 25. For 2017, MOESK paid RUB 0.0316 per share, or a total of RUB 1.54 bln, in dividends.

Shareholders approve X5 Group's RUB 25 bln in dividends for 2018

On May 13, 2019 shareholders of Russian grocery retailer X5 Retail Group approved paying RUB 25 bln in dividends for 2018. The payment may amount to RUB 92.06 per global depository receipt (GDR), which accounts for 87.3% of the company's net profit in 2018. The record date is May 24.

Unipro may pay 11 kopecks per share in dividends for 2018

On May 13, 2019 the board of directors of Russian power producer Unipro recommended paying RUB 11.1 kopecks per share in dividends for 2018. The company paid RUB 0.111 per share, or a total of RUB 7 bln, in dividends for January-September 2018. Combined dividends for 2017 amounted to RUB 15.1 bln. Uniper Russia Holding GmbH, a 100%-subsidiary of Germany's Uniper, holds 83.7% in Unipro. The company operates the Berezovskaya GRES, Surgutskaya GRES-2, Yaivinskaya GRES, Shaturskaya GRES, and Smolenskaya GRES power plants with a combined capacity of 11.2 gigawatts.

Yamal LNG board recommends paying no dividends for 2018

On May 14, 2019 the board of directors of Russia's Yamal LNG (liquefied natural gas) plant recommended paying no dividends for 2018 due to an absence of net profit. The shareholders will consider the recommendation at an annual general meeting on June 11. The register for the meeting will be closed on May 20. The Yamal LNG facility with a capacity of 17 mln tonnes of LNG and over 2 mln tonnes of gas

condensate annually is based on the Yuzhno-Tambeiskoye field on the northern Yamal Peninsula. Russian independent gas producer Novatek holds 50.1% in the project, France's Total has 20%, China's CNPC owns 20% and China's Silk Road Fund holds 9.9%. Novatek CEO Leonid Mikhelson said in January that the shareholders of the Yamal LNG plant may receive dividends in 2019 if they make such a decision, but they are inclined to approve debt repayment.

MGTS board recommends raising 2018 dividends 0.4% to RUB 232 per share

On May 14, 2019 the board of directors of Moscow City Telephone Company (MGTS), a fixed line unit of mobile operator MTS, recommended paying RUB 232 per ordinary and preferred share, up 0.4% on the year, or a total of RUB 22.092 bln, in dividends for 2018. The recommendation will be considered at an annual general meeting of shareholders on June 21 with the register to close on May 28. The board also recommended to set the record date for July 11.

Globaltruck board recommends no dividends for 2018, dividends for January-March 2019

On May 14, 2019 the board of directors of Russian truck operator Globaltruck recommended paying no dividends for 2018 and paying RUB 1.72 per share, or a total of RUB 100.554 mln, in dividends for January-March. The company had a net profit of RUB 70.125 mln in 2018 and RUB 111.958 mln in January-March.

TCS Group to pay USD 0.17 per share in dividends for January-March 2019

On May 14, 2019 the board of directors of TCS Group, which includes Tinkoff Bank and Tinkoff Insurance, approved payment of USD 0.17 per share or a global depository receipt (GDR), or a total of around USD 31 mln, in dividends for January-March. In line with the group's dividend policy updated on April 1, the group's dividends were reduced to 30% from 50% of net profit calculated under International Financial Reporting Standards. The company paid USD 0.24 per share or GDR in dividends for January-March 2018. Businessman Oleg Tinkov owns 47.3% in TCS Group, the company's management owns 5.6%, and free-float is 47.1%.

Gazprom's executives raise 2018 dividend recommendation to RUB 17 per share

On May 14, 2019 it was reported that the management committee of Russian gas giant Gazprom raised its 2018 dividend recommendation to the board of directors to RUB 16.61 per share, or a total of RUB 393.2 bln from RUB 10.43 per share. Gazprom's net profit attributable to shareholders doubled to RUB 1.456 tln under International Financial Reporting Standards (IFRS) in 2018. Gazprom's shares jumped 9.6% to RUB 178.9 on the Moscow Exchange on the news.

Quadra board recommends paying no dividends for 2018

On May 15, 2019 the board of directors of Russia's Quadra Power Generation recommended paying no dividends for 2018. The shareholders will consider the recommendation at an annual general meeting on June 21. The register for the meeting will be closed on May 26. Controlled by Mikhail Prokhorov's Onexim Group, Quadra paid dividends only for preferred shares for 2010 and 2011. After 2012, the company paid no dividends.

PhosAgro may pay RUB 9.3 bln of undisbursed profit in dividends

On May 16, 2019 the board of directors of Russian fertilizer producer PhosAgro recommended paying RUB 72 per share, or a total of RUB 9.3 bln of undisbursed profit as of March 31, in dividends. The shareholders will consider the recommendation at an extraordinary general meeting on June 24. The register for the meeting will be closed on May 30. Former Senator Andrei Guryev and members of his family hold 48.48% in PhosAgro, Vladimir Litvinenko owns 19.35%, Board of Directors Member Igor Antoshin holds 4.59%, and free-float is 27.59%.

Eurobonds / DRs

Evraz to redeem 2020 Eurobonds in May ahead of schedule

On April 26, 2019 it was reported that U.K.-based mining giant Evraz, which operates mainly in Russia, would use an early redemption option and redeem Eurobonds maturing in 2020 on May 28, 2019 at par. Evraz placed USD 1 bln Eurobonds at 6.5% annually in April 2013. The company bought back USD 300 mln of the issue in March 2017 and USD 580.5 mln more on March 27, 2019. Also on March 27, Evraz placed USD 700 mln 5-year Eurobonds at a yield of 5.25%.

NLMK to hold road show for US dollar Eurobonds from May 16, 2019

On May 14, 2019 a banking source stated that Russian steelmaker Novolipetsk Steel (NLMK) of businessman Vladimir Lisin plans to hold a road show for a possible offering of U.S. dollar-denominated Eurobonds. Meetings with investors will take place in the U.S., London, Zurich and Frankfurt. The maturity of

the bonds is planned at five to seven years. J.P. Morgan, Societe Generale, ING and UniCredit will be the organizers.

Russian Railways sets yield guide for 8-year green Eurobonds at 2.5%

On May 16, 2019 it was reported that Russian Railways set the yield guidance for 8-year euro-denominated green Eurobonds at around 2.5% annually. On May 13-15, the company held road shows for the securities in London, Frankfurt, Amsterdam and Munich. J.P. Morgan, UniCredit and VTB Capital are the organizers. Russian Railways plans to invest the funds raised from the placement in refinancing of Lastochka high-speed trains purchase.

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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