



Market commentary

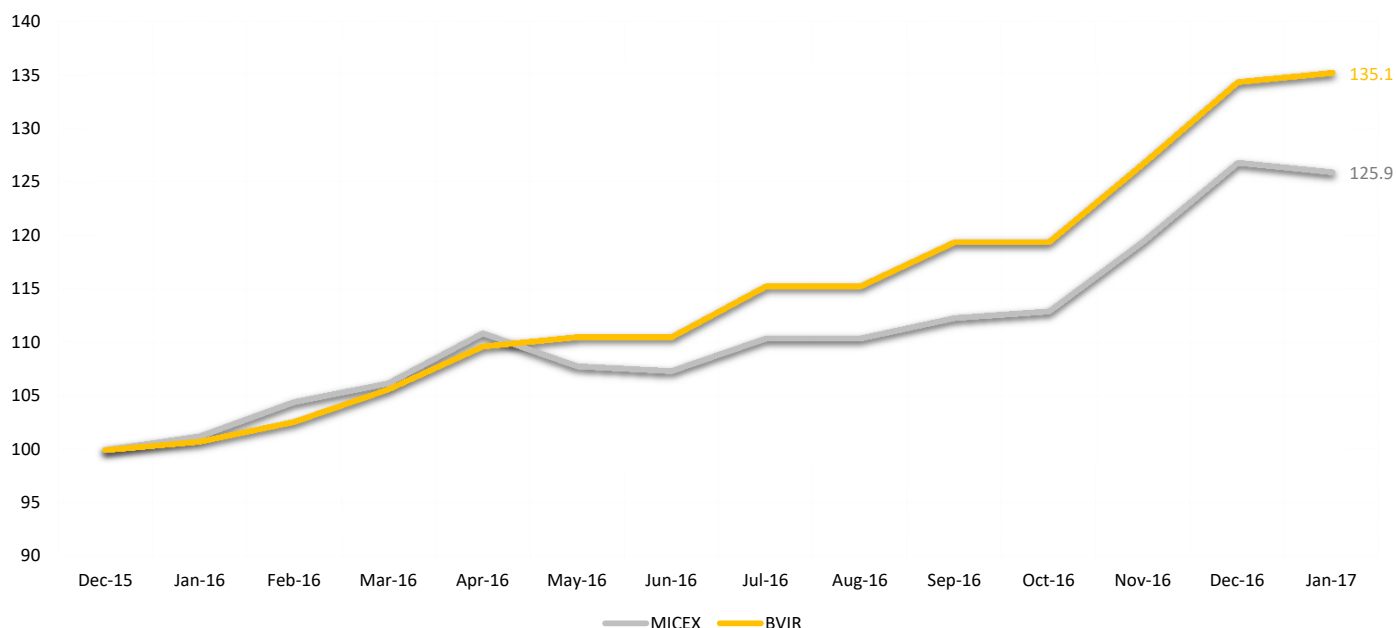
The Micex index of Russia's 50 biggest stocks retreated more than any other stock gauge in the world in February as optimism deflates over prospects for an easing of sanctions under President Donald Trump. "There is room for a correction after the market rallied a lot last year," said Maarten-Jan Bakkum, a senior strategist at NN Investment Partners in The Hague, who recommends selling Russian stocks. "A lot of the optimism over a possible relaxation of sanctions is being priced out." The Micex Index retreated to the lowest level since Nov. 16, taking a decline in February to 8.2 percent. The index earlier broke through its 200-day moving average as 34 out of 50 stocks declined.

Source: Bloomberg, Reuters

Macro indicators

Indicator	Nxt. reporting date	Period	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
GDP (yoy)	14.11.2016	Q3 16	-4.5%	-3.7%	-3.8%	-0.6%	-0.4%	
Inflation (yoy)	4.10.2016	Q3 16	15.6%	15.6%	12.9%	7.2%	6.4%	4.6%
Unemployment	19.10.2016	Q3 16	5.3%	5.5%	5.8%	5.4%	5.4%	5.6%
Services PMI	19.10.2016	Q3 16	51.8	47.9	47.0	55.0	54.7	55.5
EUR/RUB			67.8	70.5	81.8	72.3	72.3	61.5
Brent oil			\$63.6	\$48.4	\$37.3	\$48.4	\$55.4	\$55.9

Bernstein Value Index Russia



BVIR Bernstein Value Index Russia is an equal-weighted index compiled of 18-20 Russian value plays selected using Bernstein's proprietary long-term value screening indicators.

MICEX The MICEX Index is a capitalization-weighted composite index of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers with economic activities related to the main sectors of the Russian economy.



Index constituents news

Ticker	Name	Date	Recent Key News and Events
AKRN:RM	Acron	9.02.2017	Acron increases 2016 domestic mineral fertiliser sales by 20%
SIBN:RM	Gazprom Neft	22.02.2017	Russia's Gazprom Neft back to profit in Q4 after loss a year earlier
CHZN:RM	Chelyabinsk Zinc Plant	6.03.2017	Chelyabinsk Zinc Plant is the leading Russian zinc and zinc alloys producer. In 2016 the plant produced 174,803 tonnes of salable SHG zinc.
KZOS:RM	Kazanorgsintez		
MVID:RM	M Video		
MGNT:RM	Magnit		
MTSS:RM	Mobile Telesystems	22.02.2017	Mobile TeleSystems: The Best Russian Income Story. MBT pays out 9.0% dividend, buys back shares, and has huge upside in case of economic recovery.
NKNC:RM	Nizhnekamskneftekhim		
NVTK:RM	Novatek	22.02.2017	2016 revenue was 537.5 billion roubles, up from 475.3 a year earlier. Its net profit last year reached 133.8 billion roubles, up from 132.5 a year earlier.
TATN:RM	AO Tatneft		
LKOH:RM	Lukoil	6.03.2017	Russian oil producer Lukoil said its oil production for 2016 was 8.6% lower than in 2015, but higher for the fourth quarter by roughly 2.5%
PLZL:RM	Polyus Gold	6.03.2017	Polyus is the world's lowest cost major gold producer, producing gold for less than half today's ruling price on an all-in cost basis.
SBER:RM	Sberbank	2.03.2017	Sberbank, Russia's largest bank, said on Thursday it made a record net profit of 541.9 billion roubles (\$9.3 billion) last year after a strong fourth quarter that exceeded analysts' forecasts.
AFKS:RM	Sistema		
SNGS:RM	Surgutneftegaz		
TRNFP:RM	Transneft	22.02.2017	Moody's changes outlook to stable on 4 Russian utility companies and their affiliates following Russian outlook change to stable; affirms ratings
YNDX:RM	Yandex		For the year, the company reported profit of \$112 million, or 34 cents per share. Revenue was reported as \$1.25 billion. Yandex shares have climbed 16 percent since the beginning of the year. The stock has increased 72 percent in the last 12 months.



Index constituents performance

Ticker	Name	Industry	Last	Performance				Mcap EURb	Net Debt EURb	EV/EBITDA TTM	P/E			P/B TTM	EBITDA% TTM	Div yld N12M
			28.02.17	LTM Low	LTM High	% off L	% off H				TTM	2017F	TTM			
AKRN:RM	Acron	Agricultural Chemicals	3 379	2 464	3 945	37%	-14%	2.2	1.0	6.6x	8.1x	5.4x	2.1x	30.8%	4.7%	
SIBN:RM	Gazprom Neft	Integrated Oils	229	145	240	58%	-5%	17.8	11.4	5.1x	5.4x	4.3x	0.8x	22.5%	0.3%	
CHZN:RM	Chelyabinsk Zinc	Base Metals	675	260	679	160%	-1%	0.6	0.0	4.5x	6.5x		2.0x	23.4%	0.0%	
KZOS:RM	Organichesky sintez	Diversified Chemicals	48	35	52	37%	-6%	1.4	-0.2	2.3x	3.7x		2.4x	38.8%	6.5%	
MVID:RM	M Video	Consumer Elec	374	243	414	54%	-10%	1.1	-0.1	7.0x	15.1x	12.5x	5.3x	5.6%	5.3%	
MGNT:RM	Magnit	Food & Drug Stores	9 133	8 003	11 476	14%	-20%	14.2	0.4	9.4x	16.4x	12.5x	5.1x	10.7%	4.1%	
MTSS:RM	Mobile Telesystems	Telecom Carriers	276	212	284	30%	-3%	9.0	2.8	2.8x	7.6x	9.9x	4.2x	38.7%	9.0%	
NKNC:RM	Nizhnekamskneft	Diversified Chemicals	71	46	83	54%	-14%	1.9	-0.2	1.2x	1.9x	3.7x	1.1x	26.4%	6.5%	
NVTK:RM	Novatek	Expl & Prod	754	581	801	30%	-6%	37.5	2.8	9.5x	8.9x	13.0x	3.5x	48.3%	1.9%	
TATN:RM	OAo Tatneft	Integrated Oils	341	300	449	14%	-24%	12.2	-0.4	4.9x	7.8x	5.9x	1.1x	26.4%	3.1%	
LKOH:RM	Lukoil	Integrated Oils	3 135	2 523	3 582	24%	-12%	43.7	6.9	2.6x	5.9x	5.8x	0.8x	12.3%	6.1%	
PLZL:RM	Polyus Gold	Precious Metal Mining	4 260	3 627	4 950	17%	-14%	13.3	3.2	9.9x	8.7x		-26.3x	62.5%	0.0%	
SBER:RM	Sberbank	Banks	156	103	185	51%	-16%	55.2			6.2x	5.5x	1.2x		1.2%	
AFKS:RM	Sistema	Telecom	23	17	25	34%	-10%	3.6	3.2	2.4x			1.2x	23.2%	3.4%	
SNGS:RM	Surgutneftegaz	Integrated Oils	29	27	41	9%	-29%	17.2	-10.6	1.3x		7.9x	0.3x	33.2%	2.1%	
TRNFP:RM	Transneft	Midstream Oil	184 950	132 600	226 400	39%	-18%	4.7	4.1	1.4x	0.9x		0.2x	44.5%	0.5%	
YNDX:RM	Yandex	Internet Media	1 330	973	1 543	37%	-14%	6.0	-0.7	15.8x	54.0x	25.4x	4.8x	27.0%	0.0%	
FIVE:LI	X5 Retail Group NV	Supermarkets	30	18	35	72%	-12%	7.9	1.8	8.4x	22.0x	13.2x	0.1x	7.2%	0.0%	
Bernstein Value Index Russia										4.9x	7.7x	7.9x	1.2x	26.4%	2.6%	

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