

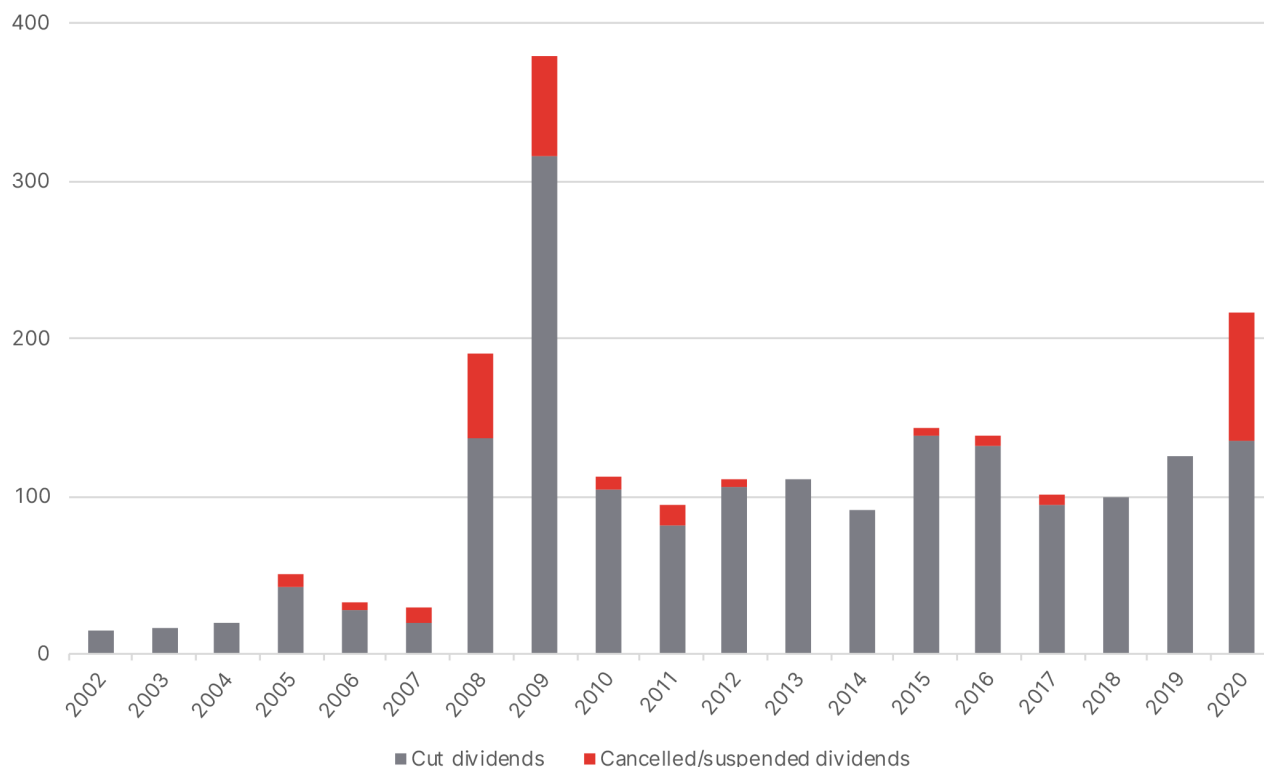


ITI Capital: Suspension of dividends in response to crisis (Global markets + Russia)

U.S. AND GLOBAL DIVIDENDS CANCELLED AT FASTEST PACE SINCE 2009

- Companies all over the world cut or cancel dividend payouts, especially financial (banks and insurance agencies) and state-owned companies in line with recommendations from governments and central banks.
- Many companies that have always made stable dividend payouts, even when oil prices dropped to single digits, have slashed dividend per share - for example, Royal Dutch Shell cut its dividend for the first time since 1945 - by as much as 66%.
- We expect the payouts to resume not sooner than the end of 3Q20.
- More than 140 U.S. companies have reduced their payouts to shareholders so far this year, with most of them (more than 80 companies) in April, on pace for the worst year since 2009 when there were 316 such cuts.
- GM, Ford, Delta, Carnival, Boeing, Macy and others were among the first to announce the cuts.
- In the previous 10 years, 55 companies eliminated their dividends.
- All the dividend actions so far add up to savings of about \$23 bln, according to S&P Dow Jones Indices, roughly 5% of all dividend payouts in the U.S. last year.

U.S. COMPANIES DIVIDEND ACTIONS



Source: S&P Capital IQ

AGAINST THIS BACKGROUND, THE RUSSIAN MARKET LOOKS EVEN MORE ATTRACTIVE

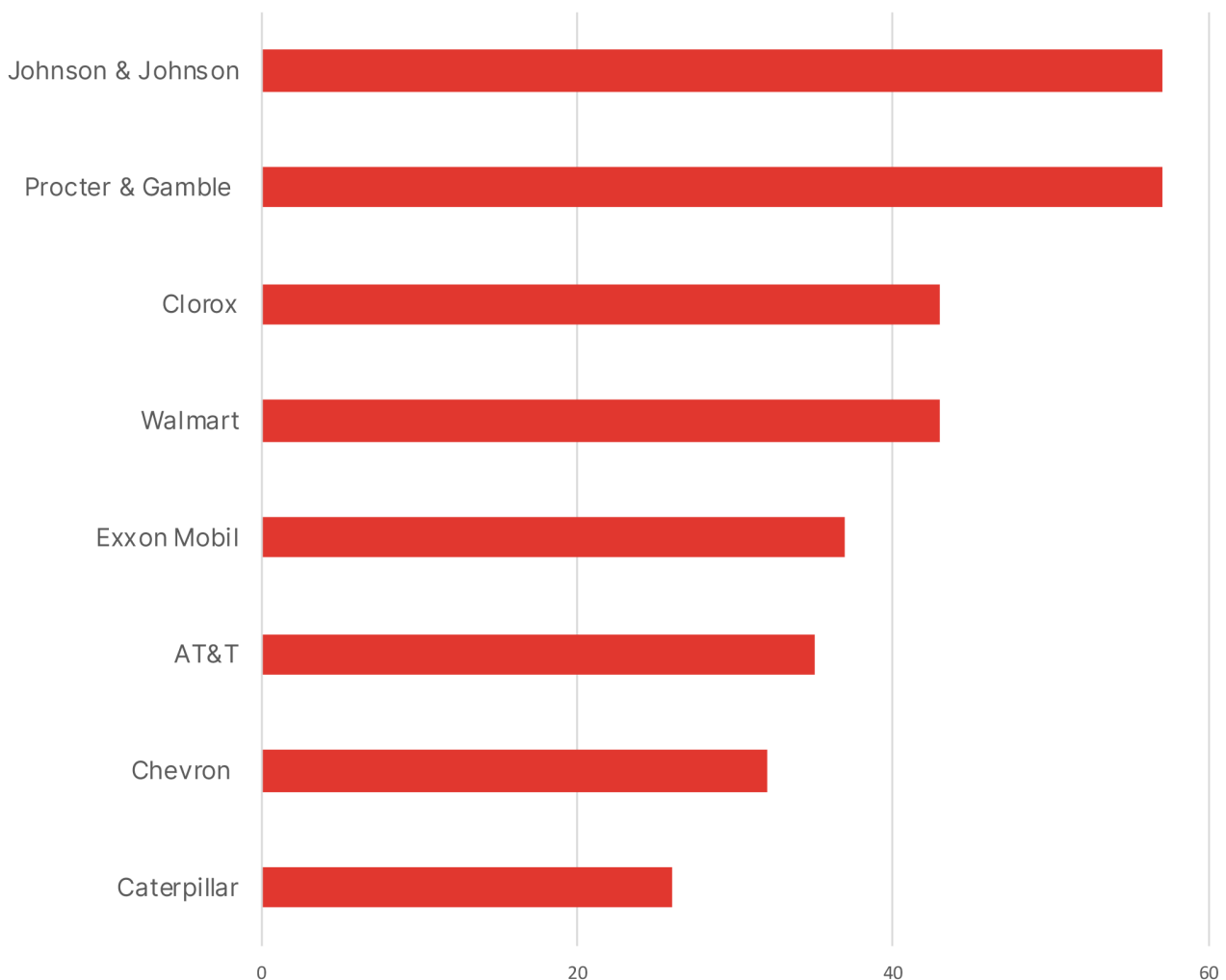
- Some 70% of the dividend actions worldwide account for suspension of dividends, with the bulk of them in the U.S. On average dividend payouts in the U.S. amount to \$450-500 bln per year (last year - \$491 bln), which is the world's highest due to high dividend/net profit ratio (about 70%) and therefore is very important for the market, given high free float (about 80%). In Russia, the average dividend/net profit ratio is 42% (slightly above average), while free float stands at 33% (one of the world's lowest).
- Meanwhile, the U.S. average dividend yield is one of the world's lowest (about 2%) due to high share prices, which is reflected in multipliers, while Russia's dividend yield is five times higher. However, due to stock market crash in March, the U.S. dividend yield rose to 2.6% from 1.73% at the beginning of the year.
- Dividends and buy-backs account for 40% of the return investors get from the U.S. equities, a gauge that has always been steady or on the rise, unlike this year. Therefore, we believe that this is a short-term suspension and the payments are on track to resume in the third quarter. See the annex.
- Overall, most of the dividend actions affected the oil and gas, financial and industrial sectors.
- In Russia, before the start of the dividend season, as few as seven companies

announced dividend changes and only five cancelled payouts (Tatneft, Headhunter, IDGC Center, IDGC of Volga and TMK). The other five have only suspended decisions on dividend payouts.

COMPANIES THAT INCREASE DIVIDEND PAYOUTS

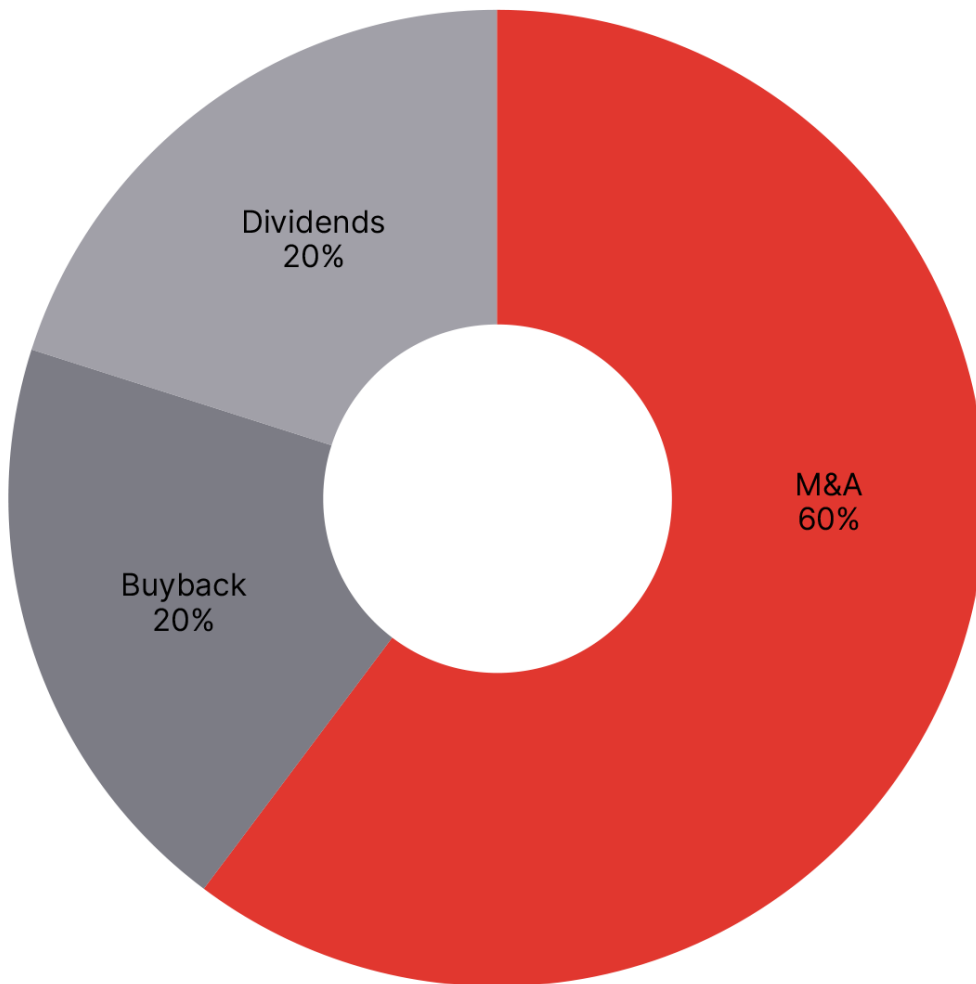
- “If you increase your dividend, you are pounding the table that you have confidence.”
“If you're cutting, you are capitulating. You are saying times are going to be bad for a little while.”
- ExxonMobil, Chevron, Johnson & Johnson and Procter & Gamble are known as dividend aristocrats, firms that have increased their shareholder payouts every year for at least 25 years. S&P has an index that tracks 64 companies in its benchmark index that meet the criteria.

DIVS ARISTOCRATS, NUMBER OF CONSECUTIVE YEARS OF INCREASING DIVS



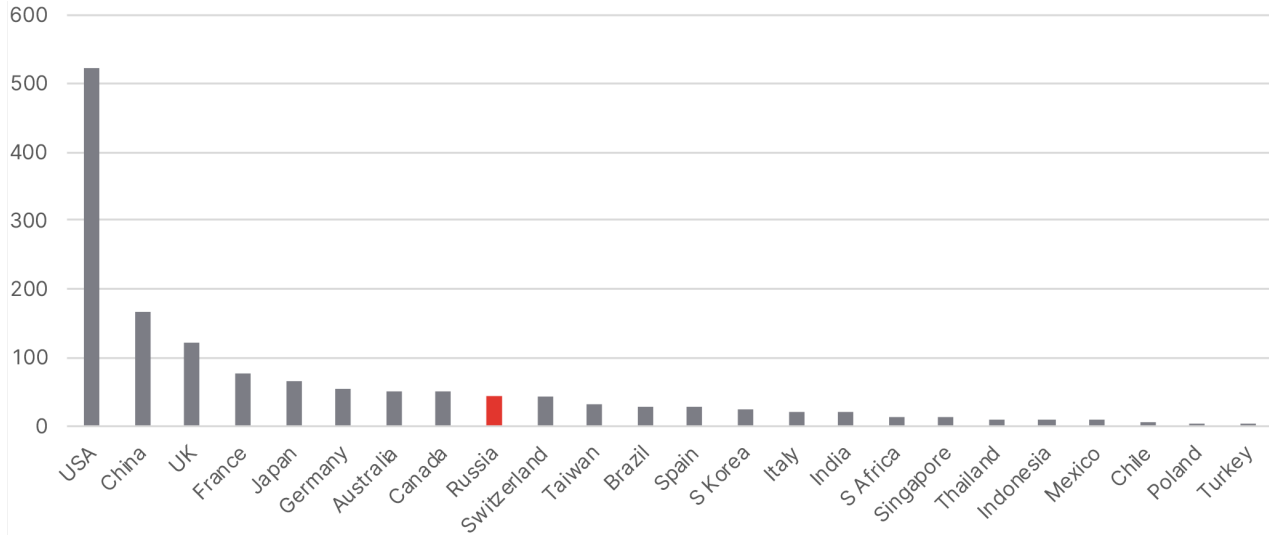
Source: S&P Dow Jones Indices

KEY SOURCE OF LIQUIDITY FOR INVESTORS IN THE U.S. EQUITY MARKET



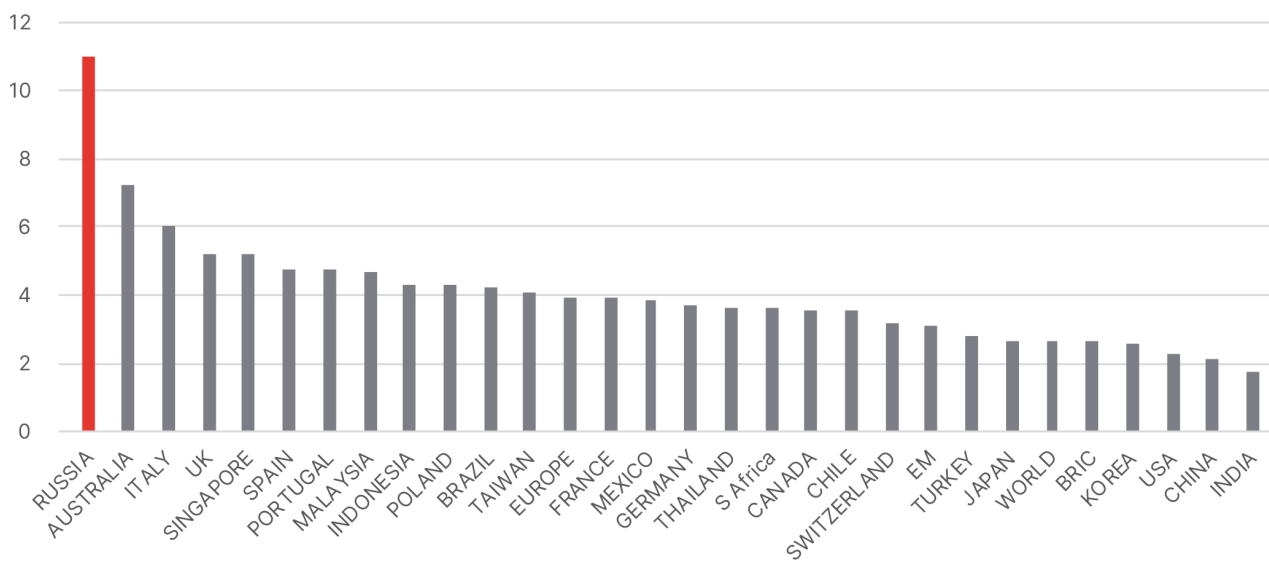
Source: Bloomberg, ITI Capital

DIVIDEND PAYMENTS IN CASH, \$ BLN, IN 2019 FOR 2018



Source: Bloomberg, ITI Capital

ANNUALISED DIVIDEND YIELDS WORLDWIDE, %



Source: Bloomberg, ITI Capital

BEST ANNUALISED DIVIDENDS AMONGST S&P 500

Company	Sector	Price change since February 23	Annual div yield, %	12M upside, %
HELMERICH & PAYNE	Energy	-62.61	17.51	18%
GAP INC/THE	Consumer Discretionary	-57.36	13.40	34%
ONEOK INC	Energy	-61.39	13.02	17%
IRON MOUNTAIN INC	Real Estate	-34.34	11.42	51%
CENTURYLINK INC	Communication Services	-25.13	10.10	17%
DOW INC	Materials	-31.56	8.74	14%
WELLS FARGO & CO	Financials	-44.40	8.03	22%
HALLIBURTON CO	Energy	-55.08	7.48	-9%
AT&T INC	Communication Services	-22.97	7.16	14%
PHILIP MORRIS INTERNATIONAL	Consumer Staples	-17.43	6.72	18%
VIACOMCBS INC - CLASS B	Communication Services	-47.90	6.36	31%
CHEVRON CORP	Energy	-15.41	5.73	3%
AMERICAN INTERNATIONAL GROUP	Financials	-49.68	5.47	42%
INTL BUSINESS MACHINES CORP	Information Technology	-18.94	5.31	2%
US BANCORP	Financials	-38.80	5.04	21%
HP INC	Information Technology	-34.58	4.84	35%
CITIGROUP INC	Financials	-43.81	4.77	30%
CATERPILLAR INC	Industrials	-20.46	3.86	19%
PROCTER & GAMBLE CO/THE	Consumer Staples	-8.35	2.75	13%
JOHNSON & JOHNSON	Health Care	0.76	2.71	8%
WALMART INC	Consumer Staples	5.98	1.73	5%

Source: Bloomberg, ITI Capital

DIVIDENDS IN RUSSIA (ANNOUNCED)

Company	Ticker	Sector	Currency	Price	Change YTD	Annual div per share	Period	Annual div yield	Record date
NLMK	NLMK RX	Metal	RUB	124.82	-13%	17.36	4Q19	13.91%	06.05.2020
MMK	MAGN RX	Metal	RUB	39.33	-6%	5.34	4Q19	13.57%	11.06.2020
MTS	MTSS RX	Telecom	RUB	318.75	4%	42.50	2H2019	13.33%	09.07.2020
Severstal	CHMF RX	Metal	RUB	873.00	-7%	115.88	4Q19	13.27%	16.06.2020
Nizhnekamskneftekhim, pref	NKNCP RX	Petrochemistry	RUB	77.84	-9%	9.07	2019	11.65%	22.06.2020
Gazprom Neft	SIBN RX	Oil and Gas	RUB	332.60	-21%	37.96	2H2019	11.41%	26.06.2020
Lenenergo	LSNGP RX	Utilities	RUB	119.95	-2%	13.62	2019	11.36%	11.06.2020
Sberbank pref	SBERP RX	Financial	RUB	180.02	-21%	18.70	2019	10.39%	09.06.2020
Rosseti	RSTIP RX	Utilities	RUB	1.90	17%	0.19	2019	9.96%	-
Rosneft	ROSN RX	Oil and Gas	RUB	336.15	-25%	33.41	2H2019	9.94%	15.06.2020
Gazprom	GAZP RX	Oil and Gas	RUB	187.34	-27%	18.45	2019	9.85%	18.07.2020
IDGC of Volga	MRKV RX	Utilities	RUB	0.07	-26%	0.01	4Q19	9.84%	09.06.2020
Norilsk Nickel	GMKN RX	Mining	RUB	20 062.00	5%	1948.02	2H2019	9.71%	25.05.2020
Sberbank ao	SBER RX	Financial	RUB	195.53	-23%	18.70	2019	9.56%	09.06.2020
Enel Russia	ENRU RX	Utilities	RUB	0.93	1%	0.09	2019	9.17%	22.06.2020
Transneft	TRNFP RX	Oil and Gas	RUB	135 350.00	-23%	11 200	2019	8.27%	16.07.2020
Phosagro	PHOR RX	Chemistry	RUB	2 757.00	14%	195	4Q19	7.07%	10.06.2020
Rostelecom pref	RTKMP RX	Telecom	RUB	71.30	2%	5.00	4Q19	7.01%	09.07.2020
Rosseti	RSTI RX	Utilities	RUB	1.30	-6%	0.09	2019	6.82%	-
Moscow Exchange	MOEX RX	Finance and banking	RUB	12.61	14%	7.93	2019	6.47%	15.05.2020
Rostelecom pref	RTKM RX	Telecom	RUB	81.64	4%	5.00	4Q19	6.12%	09.07.2020
Tattelecom	TTLK RX	Telecom	RUB	0.34	48%	0.02	2019	5.92%	13.05.2020
FGC	FEES RX	Utilities	RUB	0.18	-9%	0.01	2019	5.21%	16.07.2020
X5	FIVE RX	Retail	RUB	2 142.00	0%	110.47	2019	5.16%	09.06.2020
Kazanorgsintez ord	KZOS RX	Petrochemistry	RUB	91.20	-13%	4.55	2019	4.99%	06.05.2020
LSR	LSRG RX	Real Estate .	RUB	616.20	-19%	30.00	2019	4.87%	12.05.2020
Magnit	MGNT RX	Retail	RUB	3 690.00	8%	157.00	2019	4.25%	12.05.2020
Chelpipe	CHEP RX	Industrial	RUB	200.00	-3%	8.18	2019	4.09%	15.06.2020
Inter RAO	IRAO RX	Utilities	RUB	4.90	-3%	0.20	2019	4.00%	01.07.2020
Polymetal	POLY RX	Mining	RUB	1 541.80	61%	58.84	2019 final	3.82%	11.05.2020
Polyus	PLZL RX	Mining	RUB	11 935.50	68%	389.2	2H2019	3.26%	16.05.2020
Raspadsкая	RASP RX	Mining	RUB	104.94	-2%	2.83	2019	2.70%	08.06.2020
MOESK	MSRS RX	Utilities	RUB	1.02	-14%	0.03	2019	2.45%	10.06.2020
Kazanorgsintez pref	KZOSP RX	Petrochemistry	RUB	12.69	40%	0.25	2019	1.97%	06.05.2020
Lenenergo	LSNG RX	Utilities	RUB	5.66	-20%	0.09	2019	1.67%	11.06.2020
Transcontainer	TRCN RX	Transport	RUB	8 205.00	-1%	53.27	2019	0.65%	24.05.2020

Source: Bloomberg, ITI Capital

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