

CREDIT OPINION

28 September 2026

Update



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RATINGS

Terega SAS

Domicile	Pau, France
Long Term Rating	Baa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Terega SAS

Update following rating affirmation

Summary

[Terega SAS'](#) (Baa3 stable) credit quality is supported by that of its operating subsidiary [Terega SA](#) (Terega, Baa2 stable), and the low business risk associated with Terega's monopoly-like gas transmission and storage activities in southwest France; and stable and predictable revenue under a supportive and transparent regulatory framework, as reflected by the recent change in the regulated asset base (RAB) computation to address inflation, higher funding costs and a likely decline in gas demand over the regulatory period that started in April 2024.

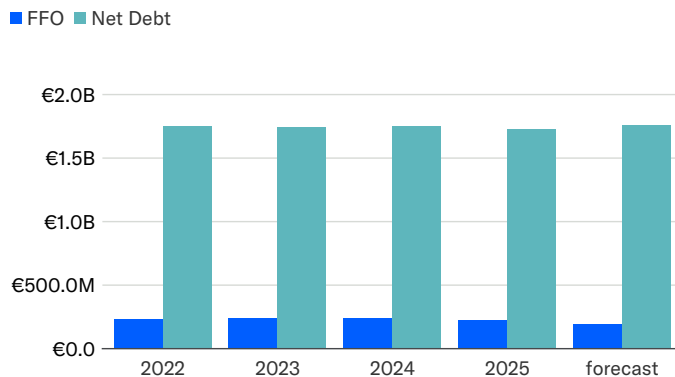
However, the rating is constrained by the cut in allowed returns since 2024 in the face of increased investments, which will strain financial flexibility; exposure to decarbonisation targets aiming to reduce gas demand substantially by 2050; increased funding costs, which is likely to create a mismatch with the regulated cost of debt embedded in the allowed returns; and potential future investment in hydrogen and carbon dioxide infrastructure, which could increase capital spending significantly and enhance business risk

Around 80% of the consolidated Terega SAS group debt is located at the level of Terega, following the issuance of €400 million in senior unsecured notes by the parent company, Terega SAS, in February 2020.

On 28 September 2026, we [affirmed Terega SAS' ratings](#) and stable outlook.

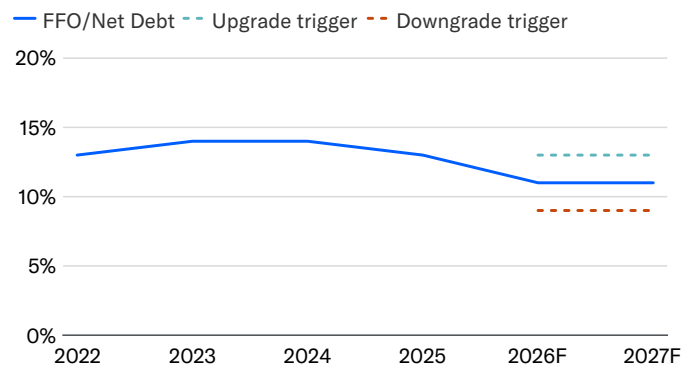
This report was republished on 29 September 2026 to replace references to GRTgaz with NaTran reflecting the company's name change.

Exhibit 1
FFO and net debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. Moody's forecasts are Moody's opinion and do not represent the views of the issuer. Forecast reflects the two-year average of 2026F and 2027F. Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 2
Adjusted FFO/net debt trajectory



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. Moody's forecasts are Moody's opinion and do not represent the views of the issuer. The forward view reflects the mid-point of Moody's expected range of credit metrics. Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

- » Low business risk of monopoly-like gas transmission and storage activities
- » Transparent and supportive regulatory framework
- » Supportive debt contractual features
- » Commitment of shareholders to maintaining credit quality

Credit challenges

- » Lower allowed returns since 2024 because of increased investments over the current regulatory period, which strain financial flexibility
- » Exposure to decarbonisation targets, resulting in a substantial reduction in natural gas demand by 2050
- » Rising funding costs, which are likely to create a mismatch with the regulated cost of debt embedded in the allowed returns
- » Future investment in hydrogen and CO₂ infrastructure, which could increase capital spending significantly and enhance business risk

Rating outlook

The stable outlook Terega SAS reflects Moody's expectation that Terega SAS's consolidated metrics will remain consistent with our guidance of FFO/net debt above 9%.

Factors that could lead to an upgrade

An upgrade of Terega SAS' ratings is unlikely as we expect Terega SAS' credit metrics to weaken over 2026-27 because of rising capital spending (capex) and increasing financial debt. Nevertheless, we could upgrade the ratings if the group maintains FFO/net debt comfortably in the low teens in percentage terms.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Factors that could lead to a downgrade

Terega SAS's ratings could be downgraded if Terega SAS's credit metrics appear likely to remain at or below 9%. This could result, for instance, from higher than anticipated distributions to shareholders or substantial underperformance.

The guidance could be tightened if the business risk profile deteriorates, for instance if significant investments in non-regulated activities were to alter materially the consolidated risk profile of the group.

Key indicators

Exhibit 3

Terega group

	2022	2023	2024	2025	2026F	2027F
(FFO + Interest Expense) / Interest Expense	8.4x	8.6x	6.9x	5.3x	4.5x - 6.5x	3.5x - 5.5x
Net Debt / Fixed Assets	69.3%	67.3%	66.3%	64.0%	62.0% - 64.0%	62.0% - 64.0%
FFO / Net Debt	13.4%	13.7%	13.6%	13.2%	10.0% - 12.0%	10.0% - 12.0%
RCF / Net Debt	11.3%	11.2%	8.9%	10.4%	6.5% - 8.5%	6.5% - 8.5%

2022-25 financial metrics and projections for 2026-27 are for the Terega group, including the €400 million issuance completed by Terega SAS.

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Terega SAS — headquartered in Pau, France — owns 100% of the shares of Terega, which is the owner and operator of about 13.5% of France's gas transmission network and 27% of its underground storage capacity, both in the southwest of the country. The transmission business, with about 5,106 km of pipelines transporting more than 90 terawatt-hours (TWh) of gas annually, generated 62% of the company's revenue in 2025. The storage business, which comprises two underground sites at Izaute and Lussagnet with a combined storage capacity of 34 TWh, generated the remaining 38%. The combined RAB of Terega was estimated at around €3.3 billion as of 31 December 2025.

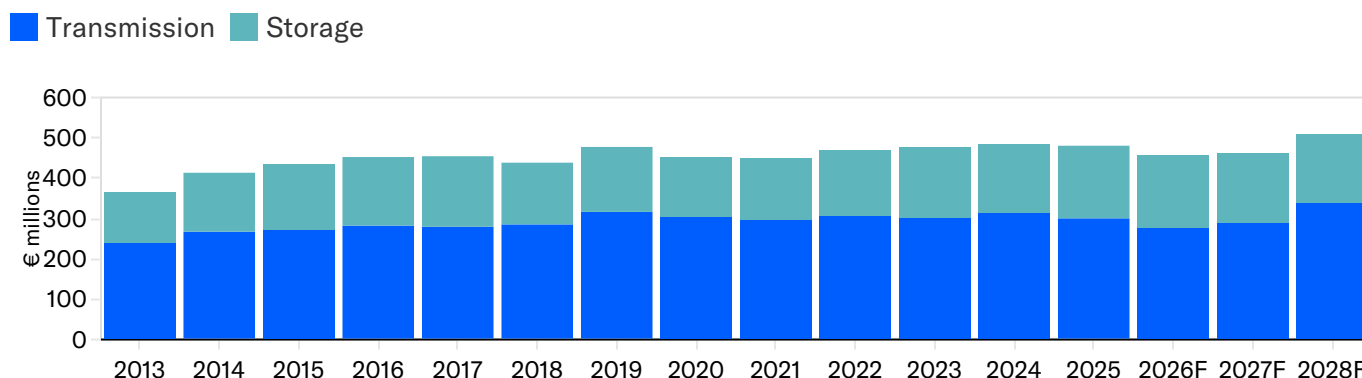
Terega SAS is owned by a consortium comprising Italian gas transport and storage operator [SNAM S.p.A.](#) (Baa1 stable), [Enagas S.A.](#) (Baa1 stable), EDF Invest and Credit Agricole Assurances, which indirectly hold 40.5%, 31.5%, 18% and 10% of the company's share capital, respectively.

In July 2026, Enagas S.A. completed the acquisition of Singaporean sovereign fund GIC's stake in Terega.

Exhibit 4

Regulated gas transmission and storage activities underpin Terega SAS' low business risk profile

Revenue breakdown



Revenue is presented excluding gas sales, subsidies and grants.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Company, Commission de Régulation de l'Energie (CRE) and Moody's Ratings forecasts

Detailed credit considerations**Gas transmission activities benefit from a well-established and transparent regulatory framework**

The revenue generated by Terega's gas transmission activities is regulated by a well-established regime overseen by an independent national regulator, the Commission de Régulation de l'Energie (CRE). The regulatory framework uses a building-block approach to determine revenue based on operating expenses, cost of capital and asset depreciation. Revenue has limited exposure to the gas volume transported because tariffs are based on the sale of capacity, payable even if not used. A backward-looking mechanism called Compte de Regularisation des Charges et Produits (CRCP) compensates for differences between collected and allowed revenue. Regulatory balances arising from the over- or under-recovery of revenue or costs will be clawed back in the following year under the CRCP mechanism, provided the impact on allowed revenue is not greater than 3% (if the 3% annual threshold is exceeded, the remaining regulatory balances will be clawed back in subsequent years).

The CRE's methodology and models are published and are transparent in terms of capex and operating spending targets/trajectories and RAB remuneration. Tariffs are set for four-year periods based on an assumption of efficient costs and a fair return on capital employed. Terega entered its eighth regulatory period (ATRT8) in April 2024.

The CRE's tariff determination for ATRT8 introduced substantial changes in the weighted average cost of capital (WACC) computation to maintain a fair return on assets, although to a lesser extent than the proposals included in the preliminary consultation document published in July 2023 (see [Regulator seeks to address declining gas demand, inflation and higher interest rates](#), published in September 2023). These changes aim to address the strain of higher interest rates on capital structures. Whereas the risk-free rate embedded in the WACC for the 2020-23 regulated period reflected the 10-year French bond average, this rate turned into a 20:80 weighted average, including a fixed 3.8% short-term rate and the 10-year French bond average over a longer period (15 years), for the new regulatory period. This adjustment aims to moderate the negative implications of the recent, long period of low interest rates and captures the recent rise in interest rates with a limited decrease in the WACC (real pretax) by 15 basis points (bp) to 4.10%. Also, the new regulatory period introduces a distinction in the return on the RAB. The return on the historical RAB continues to be based on a real, pretax WACC, while the RAB remains inflation-indexed. By contrast, for assets commissioned from 2024 onwards, the return will switch to a 5.4% nominal, pretax WACC, factoring in a 1.3% annual inflation rate over the period. However, this portion of the RAB will not be indexed for inflation. This modestly increases the allowed revenue on a cash basis, boosting short-term operating cash flow, but removes RAB indexation, leading to lower regulatory depreciation and reduced regulatory revenue in the future.

The CRE considered a capital investment programme of around €484 million over the period¹, which is likely to result in a 13.3% increase in nominal terms in the company's RAB between 1 January 2024 and year-end 2027; and an annual 2% increase in its operating expenditure allowance over 2024-27, which also includes dedicated expenses for cybersecurity and expansion into new gases.

Also, the CRE decided to pursue its total expenditure approach initiated in 2020 for Terega's spending on information systems. In that respect, the information technology (IT) assets are still included in the RAB based on an ex ante trajectory, depending on whether actual spending is made through capex or operating expenditure.

Exhibit 5

Lower allowed return for transmission incorporates the lower asset beta, reflecting the limited strain on transmission activities from the 2022 energy crisis, but factors in a higher interest rate

Cost of debt (nominal, pre-tax)	ATRT4	ATRT5	ATRT6	ATRT7	ATRT8		
Regulatory period	2009-2013	2013-2017	2017-2020*	2020-2023	2024-2027		
					Historical 80%	Short term 20%	Final
Risk-free rate real	2.3%	2.0%	1.6%	0.4%	0.1%	1.8%	0.5%
Nominal risk-free rate	4.2%	4.0%	2.7%	1.7%	1.3%	3.8%	1.8%
Debt spread	0.4%	0.6%	0.6%	0.9%	1.1%	0.5%	1.0%
Tax deductibility of cost of debt	100%	100%	75%	100%	100%	100%	100%
Tax rate	34.43%	34.43%	34.43%	28.02%	25.83%	25.83%	25.83%
Cost of debt (nominal, pre-tax)	4.6%	4.6%	3.7%	2.6%	2.4%	4.3%	2.8%
Gearing	40%	50%	50%	50%	50%	50%	50%
Asset beta	0.70	0.58	0.45	0.50	0.47	0.47	0.47
Equity beta	1.00	0.96	0.75	0.86	0.82	0.82	0.82
Market risk premium	4.5%	5.0%	5.0%	5.2%	5.2%	5.2%	5.2%
Cost of equity (nominal, post-tax)	8.7%	8.6%	6.5%	6.2%	5.5%	8.1%	6.0%
WACC (nominal, pre-tax)	9.8%	9.0%	6.8%	5.6%	4.9%	7.6%	5.4%
Inflation	1.9%	2.0%	1.1%	1.3%	1.2%	2.0%	1.3%
WACC (real, pre-tax)	7.25%	6.50%	5.25%	4.25%	3.70%	5.50%	4.10%

* The regulatory period for ATRT6 was shortened by one year to align with the regulatory periods for gas distribution and gas storage.

Values in blue italics have not been published by the regulator or its consultant but are extrapolated by us from published data.

Sources: CRE and Moody's Ratings

Gas storage entered the third regulatory period, which supports predictability of cash flow

Among other items, French Act No. 2017-1839 of December 2017 approved the regulation of domestic gas storage facilities, and in February 2018, the CRE published its final determination for gas storage tariffs for an initial two-year period from 1 January 2018 (ATS1). The introduction of regulation was credit positive for Terega, whose gas storage activities previously operated under a commercial model in a competitive environment.

Regulated tariffs apply to all gas storage facilities deemed necessary to ensure security of supply and allow for the proper functioning of the domestic gas network system. All of Terega's gas storage assets currently fall under the scope of regulation, but this could change if circumstances evolve. However, this risk is mitigated by the characteristics of Terega's storage assets, including strategic location, technical efficiency and a lower average cost than that of Storengy (a subsidiary of [ENGIE SA](#) [Baa1 stable]), the other main gas storage operator in France.

The key regulatory principles and mechanisms for storage are similar to those for gas transmission and gas distribution in France. Under the regulatory framework, gas storage operators auction their capacities. Any shortfall between the proceeds from these auctions and the allowed revenue set by the CRE is recovered subsequently from consumers through a surcharge on transmission tariffs. Conversely, any revenue surplus arising from auctions will be clawed back. As a result, Terega is not exposed to volume and price risk, a credit positive.

Allowed revenue comprises an allowance for operating costs, depreciation and a return on the RAB. The final price determination published by the CRE for ATS3 included an annual increase of 2.1% over the whole period (2024-27), which includes a 1% operating efficiency target, in line with gas transmission, compared with a 2.1% efficiency target in the previous regulatory period.

The WACC for gas storage continues to carry a 50-bp premium over the WACC for the gas transmission network in ATS3. This premium reflects the specific economic, technical and geological risks associated with gas storage. Mirroring the approach for gas transmission activities, ATS3 distinguishes the WACC applied to the historical RAB, based on a real WACC of 4.6%, which is 15 bp lower than that for the current regulatory period, and that applied to newly commissioned assets, which will be a nominal 5.9%. In addition, newly commissioned wells will depreciate over 30 years against 50 years for historical assets, a positive for Terega. The regulatory life for buffer gas will remain unchanged at 75 years.

Exhibit 6

Revenue building block for gas storage and underlying assumptions

	ATS1	ATS2	ATS3
	2018-2019	2020-2023	2024-2027
WACC (real, pre-tax)	5.75%	4.75%	4.60%
WACC (nominal, pre-tax)		6.10%	5.90%
Return on assets under construction (nominal, pre-tax)	4.20%	3.10%	3.30%

Sources: CRE and Moody's Ratings

Regulatory balances arising from the over- or under-recovery of revenue or costs will be clawed back in the following year under the CRCP mechanism, provided the impact on allowed revenue is not greater than 5% (if the 5% annual threshold is exceeded, the remaining regulatory balances will be clawed back in subsequent years).

Incentives related to the commercialisation of gas storage capacity are still based on the sum of a percentage of auction revenue and auction premiums (difference between the auction price and the seasonal value of storage), conditional upon the maintenance of security of supply. However, the ATS3 bonus was increased to 2% from 0.5% of auction revenue, and decreased to 2% from 5% of auction premiums.

In February 2026, France's third Multiannual Energy Plan (Programme Pluriannuel de l'Energie or PPE3) for 2026-2035 confirmed that Terega's gas storage facilities remain necessary to ensure security of supply and support the effective functioning of the French gas system through at least 2035, highlighting in particular the role of storage facilities given the uncertainties related to the reorganisation of the gas system following the reduction in Russian gas exports to the European Union. This provides greater visibility into the continued application of the current regulated framework for Terega's gas storage facilities, a credit positive given that gas storage activities are not natural monopolies.

Increased capex in the current regulatory period, along with rising cost of debt, will strain the group's financial flexibility

The regulatory determination for Terega for 2024-27 includes annual investments of €180 million-€200 million, of which around two-thirds are dedicated to the maintenance, strengthening and development of the transmission grid. Investment in transmission activities is likely to increase to €121 million in ATRT8 from €102 million in ATRT7 on average, while concurrently, investment in storage activities is likely to increase to €68 million in ATS3 from €49 million in ATS2 on average. This further increase in regulated investments in the new regulatory period is largely attributable to the planned regional pipeline renewal in transmission activities and the improvement in storage performance. However, total investments completed over ATRT7 and ATS2 were €50 million lower than those initially approved by the regulator, which reflects some flexibility for Terega.

In addition to the budget allocated for regulated activities, Terega SAS still aims to invest a limited amount over 2026-28 in unregulated activities that support the development of biogases in the context of energy transition.

Terega delivered solid performance in 2025, demonstrating the predictability and stability of its earnings. EBITDA, as reported by the company, decreased slightly to €301 million in 2025, from €305 million in 2024, mainly because of a decline in revenue from the Pirineos French-Spain interconnection point following the expiry of long-term booking contracts and the absence of premium revenue for transmission compared with 2024. This was partly compensated for by a decline in operating expenses and a slight increase in revenue from storage-related CRCP clearing.

As a result, the company's FFO/net debt decreased modestly to 13.2% in 2025, from 13.6% in 2024.

For the remainder of the current regulatory period, we expect the group to maintain its financial flexibility, but with FFO/net debt deteriorating to 10%-12%. Terega has faced weaker-than-expected capacity bookings at the Pirineos interconnection, reflecting the expiry of long-term booking contracts and less favourable market conditions. As a result, revenue from the Pirineos interconnection for 2026-27 is likely to be lower than previously expected. While the shortfall will be recovered through the CRCP mechanism, including in the following regulatory period, this will weigh on cash flow and FFO/net debt in 2026-27. In July 2026, the CRE launched a public consultation regarding the possibility of accelerating the CRCP recovery during the current regulatory period, including a proposal for a partial early recovery of around €20 million in 2027.

In addition, cash flow metrics will be affected by increased funding costs. This reflects the refinancing of a €550 million bond maturing in August 2025 with a 2.2% coupon by issuing a €600 million bond in September 2024 at a 4% coupon, as well as the upcoming maturity in February 2028 of a €400 million bond with a 0.63% coupon. These impacts should be partly offset by higher regulatory depreciation and RAB growth.

This reduced cash generation, combined with increased capex and continued dividend payments, is likely to result in modestly negative free cash flow over the coming years.

New businesses to adapt to the energy transition in France

In the context of the French government's 2020 intention to achieve a significant decline in natural gas consumption by 2050, Terega has been considering unregulated activities under its 100%-owned subsidiary, Terega Solutions.

From 2021, Terega initiated a series of investments in new gas developers, including a €10 million investment in HDF Energy, a listed hydrogen project developer.

The group also intends to invest to adapt its current transmission and storage infrastructure to new gases, focusing on green hydrogen and biomethane, whose expansion will be supported by the favourable European legal framework currently under discussion. In particular, Terega is one of the founding members of the European Hydrogen Backbone (EHB) initiative², alongside other European gas TSOs. In this context, in March 2023, Terega signed an agreement in the framework of the Green2TSO initiative to participate with a consortium of gas transmission companies — including Enagas, REN and NaTran— to reshuffle/construct the European network for transporting hydrogen. The first pillar of the EHB initiative is to construct an offshore pipeline to transport hydrogen from Barcelona to Marseille by 2032 (BarMar), for which Terega signed a memorandum of understanding in December 2022 with REN, Enagas and NaTran. The consortium expects the 400-km network to transport 2 mt of gas per year on average. The project is likely to cost around €2.1 billion and the business model is yet to be designed, subject to the remuneration scheme and the extent to which the project will benefit from European funds. Terega holds a 16.67% stake in the project. We do not expect any final investment decision on the project before the first half of 2029.

Terega is also independently developing a hydrogen project based in the southwest of France (HySoW), which will integrate a hydrogen network with hydrogen storage capacity. The total construction cost is estimated at around €1.2 billion, with commissioning likely in 2032. The project is still in an early stage. We do not expect a final investment decision on this project before a decision is made on BarMar.

Finally, Terega is also considering building and operating carbon capture, transport and storage infrastructure. With government support, the first project aims to capture up to 3 million tons (mt) of CO₂ annually by 2030 and up to 6 mt of CO₂ by 2035. The project has been granted a Project of Common Interest status, and feasibility studies have been finalised. Efforts to structure the project and formalise the partnership are currently underway. We do not expect any final investment decision on this project before 2030.

Our view of Terega's current credit profile excludes the risks related to such investments, because no final investment decision has been made and the extent of business risk exposure remains uncertain.

2020 financing increased leverage, but shareholders have maintained a balanced financial policy

After Terega SAS' issuance of €400 million in new notes, FFO/net debt fell to 11.6% as of 31 December 2020 from 16.5% as of 31 December 2019 at the group level, in line with the guidance for the current rating at the time (FFO/net debt above 10%). The new debt issuance followed a relaxation of lockup ratios in September 2019, after which we expected shareholders to take advantage of the opportunity to increase gearing.

Amendment of lockup ratios allowed for an increase in leverage

Terega SAS' and Terega SA's bond documentations include two lockup ratios, which prevent distributions to the shareholders of Terega SAS, including principal and interest payments on shareholder debt (including the €470 million 8% bonds mandatorily redeemable in shares, or Obligations Remboursables en Actions [ORAs]).

The lockup ratios were amended following a consent process launched in September 2019 and are now set as follows:

- » Interest cover (EBITDA/net financial charges) not less than 4.0x, where net finance charges exclude interest on shareholder debt.
- » Total net leverage (net debt/EBITDA) below 7.25x in 2019-20 and 7.0x from 2021 onwards because of ORA principal repayment and other restricted payments; net debt excludes shareholder debt.

These ratios are calculated at the level of Terega SAS. Restricted payments, while in breach of the lockup ratios, constitute an event of default under the bond documentation.

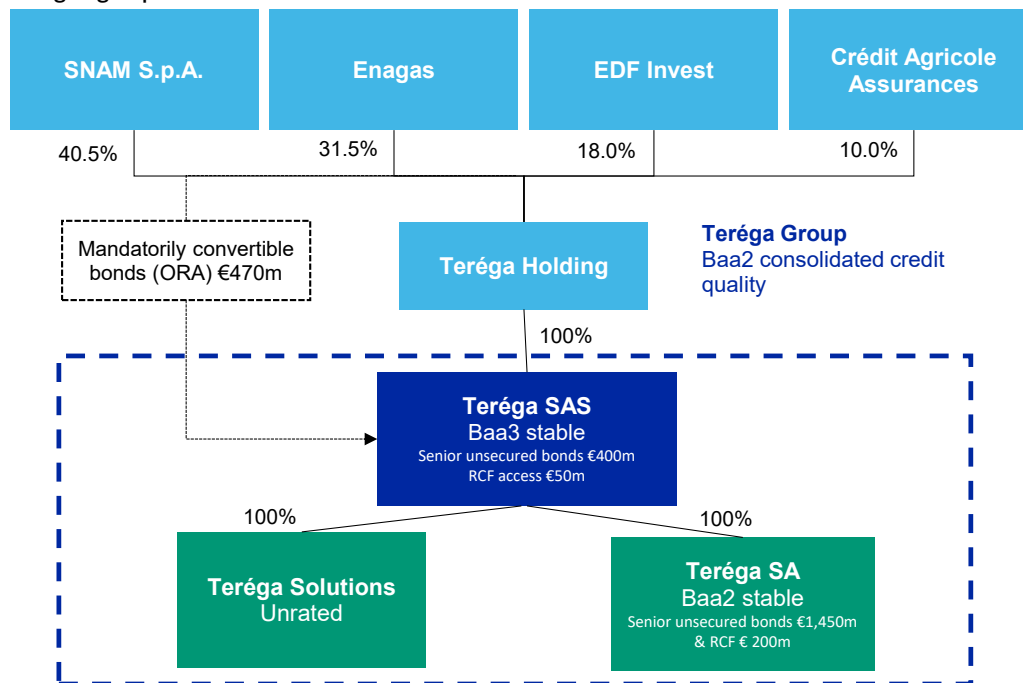
The company intends to maintain at least 0.25x capacity against its lockup ratios, which should mitigate a sustained decline in credit metrics below our ratio guidance. More broadly, the current rating incorporates our assumption that shareholders will act in accordance with their stated intention to maintain the current credit quality and take measures to bolster balance-sheet strength, if necessary, to support financial metrics in line with the guidance for the current rating.

Supportive debt contractual features

Our assessment of Terega SAS' leverage excludes the €470 million 8% bonds mandatorily redeemable in shares (ORAs) due 2043, issued by Terega SAS (see Exhibit 5), because of their strong equity-like characteristics. These include the mandatory conversion of principal into shares at maturity or, in case of insolvency, the option to defer perpetually the payment of coupons, and the deep subordination to all other present and future instruments. Terega repaid €200 million of the ORAs in 2020 using part of the proceeds from its €400 million bond issuance at the Terega SAS level. Shareholders received extraordinary dividends of €192 million from the remaining proceeds.

Exhibit 7

Terega's group structure



Sources: Company and Moody's Ratings

Our assessment of Terega's financial profile also takes into account the terms and conditions of the notes, and an undertaking agreement from the holders of the ORAs and Terega Holding to Terega and Terega SAS. These, in combination with the ORAs and the consortium's prudent financial policy, provide a financial framework that is consistent with the current ratings.

Noteholders benefit from events of default if Terega SAS makes certain payments to its shareholders while not complying with the financial covenant of consolidated net debt/EBITDA of 7.0x and EBITDA/interest of 4.0x; makes certain changes to the subordination provisions, payment restrictions or mandatory conversion provisions of the ORAs; or breaches, terminates or significantly amends the undertaking agreement — whose main purpose is to mirror these terms and conditions — entered into by, inter alia, Terega, its parent, and some of the parent's shareholders or their affiliates.

The restrictions incorporated into the financing terms limit the calls on the cash flow of Terega and Terega SAS. In addition, the restrictions against changes in the ORAs' terms and conditions, and the notification requirements in the public notes and in the undertaking agreement should maintain the ORAs' credit-supportive qualities with respect to the notes, notwithstanding the private nature of the instrument.

ESG considerations

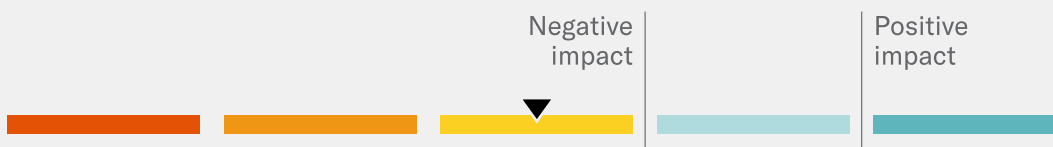
Terega SAS' ESG credit impact score is CIS-3

Exhibit 8

ESG credit impact score

CIS-3

Score



ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time.

Source: Moody's Ratings

Terega's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. This primarily reflect moderate environmental risk linked to carbon transition, albeit partially mitigated by our expectation of some regulatory support, as demonstrated by a faster recovery of gas new investments in the new regulatory period, and the potential for usage of the natural gas network to transport hydrogen, to the extent this becomes significant in France. the **CIS-3** also captures a moderate exposure to social and low to neutral governance risks.

Exhibit 9

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Terega's **E-3** is driven by the group's concentration on gas transmission and storage infrastructure in France whereas the energy transition law plans a gradual, material decline in natural gas consumption by 2050, which will reduce demand for Terega's core services. Biogases, including hydrogen, might offer a possible future, and Terega, along with sector peers, is preparing this shift, despite the absence of visibility on the extent to which regulation could include biogases. The score also takes into account the group's low to neutral exposure to physical climate, water management, waste & pollution and natural capital risks.

Social

Terega's **S-3** reflects the fundamental utility risk that demographics and societal trends could include public expectation that utilities act as public service, utility's reputational risk. These pressures could turn into adverse political intervention as evidenced by the intention of the French government to gradually shed natural gas by 2050. Terega also has moderately negative exposure to risk to public safety as a gas leak or explosion, although unlikely, could have significant negative impact on the company's reputation and financial situation.

Governance

Governance is similar to peers and does not pose a particular risk (**G-2** issuer profile). This is supported by neutral to low scores on financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting and board structure policies and procedures, as well as, to some extent, a diversified shareholding structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

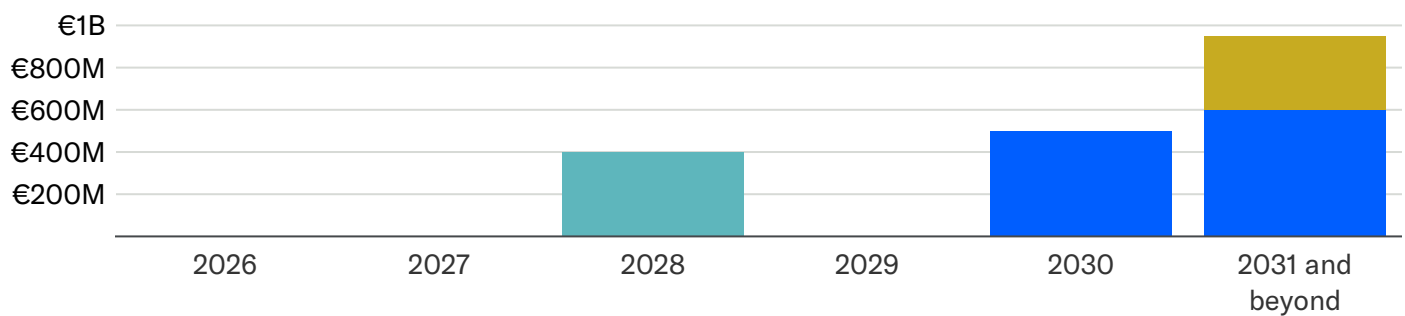
Terega SAS' liquidity is excellent, underpinned by €134 million of cash and cash equivalents as of December 2025 and a committed €200 million revolving credit facility, which will mature in October 2030. Terega SAS is a co-borrower on the facility for an amount that cannot exceed €100 million.

In addition, stable and predictable operating cash flow in excess of €200 million over 2026-27 is sufficient to cover annual capex requirements of €160 million-€200 million. As of December 2025, debt maturities included the €400 million notes due 2028, the €500 million notes due 2030, the €600 million notes due 2034 and a €350 million private placement due 2035.

Exhibit 10

Debt maturity profile for the Terega group as of 31 December 2025

■ Terega SA bonds ■ Terega SAS bond ■ Private placement



Sources: Company and Moody's Ratings

Structural considerations

We assess the consolidated Terega group's credit quality as commensurate with the Baa2 rating. The documentation of Terega's bonds includes covenants that are calculated at the Terega group level, and provides no ring-fencing between Terega and its direct parent. In the absence of ring-fencing, the Baa2 rating of Terega is in line with the group's consolidated credit quality. The Baa3 rating of Terega SAS is one notch below the consolidated rating of the group to reflect structural subordination.

Methodology and scorecard

Terega SAS is rated in accordance with our Regulated Electric and Gas Networks rating methodology. The assigned Baa3 rating is three notches lower than the scorecard-indicated outcome of A3. This reflects Terega SAS' structural subordination, and the longer term risks around gas storage regulation in France in the context of a decline in gas consumption and uncertainties around the long-term need for such facilities, particularly aquifers that cannot store hydrogen.

Exhibit 11

Rating factors

Terega group

Regulated Electric and Gas Networks Industry Scorecard		Current FY Dec-25	Moody's 12-18 month forward view	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	Measure	Score	Measure	Score
a) Stability and Predictability of Regulatory Regime	Aa	Aa	Aa	Aa
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	A	A	A	A
Factor 3 : Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	6.7x	Aa	3.5x - 6.5x	A
b) Net Debt / Fixed Assets (3 Year Avg)	65.8%	Baa	62.0% - 64.0%	Baa
c) FFO / Net Debt (3 Year Avg)	13.5%	Baa	10.0% - 12.0%	Baa
d) RCF / Net Debt (3 Year Avg)	10.2%	Baa	6.5% - 8.5%	Baa
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		A2		A3
Rating Lift				
a) Scorecard-Indicated Outcome		A2		A3
b) Actual Rating Assigned				Baa3

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 12

Peer comparison

Terega group

(In € millions)	Terega SAS			Enagas S.A.			SNAM S.p.A.		
	Baa3 Stable			Baa1 Stable			Baa1 Stable		
	FY Dec-23	FY Dec-24	FY Dec-25	FY Dec-24	FY Dec-25	LTM Mar-26	FY Dec-23	FY Dec-24	FY Dec-25
Revenue	489	486	480	906	960	976	4,244	3,548	3,852
EBITDA	302	311	309	769	678	662	2,765	3,151	3,130
Total Debt	1,811	2,414	1,858	3,699	3,201	3,028	16,673	18,891	20,055
Net Debt	1,744	1,748	1,724	2,403	2,474	2,456	15,291	16,735	18,014
(FFO + Interest Expense) / Interest Expense	8.6x	6.9x	5.3x	8.0x	9.8x	9.3x	8.0x	5.3x	5.4x
Net Debt / Fixed Assets	67.3%	66.3%	64.0%	47.6%	51.7%	51.6%	65.1%	65.4%	65.0%
FFO / Net Debt	13.7%	13.6%	13.2%	31.1%	25.1%	24.3%	12.5%	12.0%	12.9%
RCF / Net Debt	11.2%	8.9%	10.4%	15.3%	14.5%	13.7%	6.4%	6.3%	7.4%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 13

Moody's-adjusted net debt reconciliation

Terega group

(in € millions)	2022	2023	2024	2025
As reported debt	1,812.1	1,811.0	2,414.4	1,858.4
No Adjustments	-	-	-	-
Moody's-adjusted debt	1,812.1	1,811.0	2,414.4	1,858.4
Cash & Cash Equivalents	(60.3)	(66.8)	(666.4)	(134.0)
Moody's-adjusted net debt	1,751.8	1,744.2	1,748.0	1,724.5

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted EBITDA reconciliation

Terega group

(in € millions)	2022	2023	2024	2025
As reported EBITDA	297.7	302.3	314.8	312.5
Capital Development Costs	-	-	(4.2)	(3.4)
Moody's-adjusted EBITDA	297.7	302.3	310.5	309.1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Exhibit 15

Overview of select historical Moody's-adjusted financial data

Terega group

(in € millions)	2022	2023	2024	2025
INCOME STATEMENT				
Revenue	488	489	486	480
EBITDA	298	302	311	309
EBITDA Margin	61.0%	61.9%	63.9%	64.4%
EBIT	189	190	205	200
EBIT Margin	38.7%	38.9%	42.3%	41.6%
Interest Expense	32	32	40	53
Net income	104	105	111	97
BALANCE SHEET				
Total Debt	1,812	1,811	2,414	1,858
Cash & Cash Equivalents	60	67	666	134
Net Debt	1,752	1,744	1,748	1,724
Net Property Plant and Equipment	2,526	2,593	2,637	2,694
Total Assets	3,193	3,268	3,883	3,408
CASH FLOW				
Funds from Operations (FFO)	235	239	238	227
Cash Flow From Operations (CFO)	242	227	250	230
Dividends	38	44	83	49
Retained Cash Flow (RCF)	198	196	155	179
Capital Expenditures	164	175	152	163
Free Cash Flow (FCF)	40	9	16	19
INTEREST COVERAGE				
(FFO + Interest Expense) / Interest Expense	8.4x	8.6x	6.9x	5.3x
LEVERAGE				
FFO / Net Debt	13.4%	13.7%	13.6%	13.2%
RCF / Net Debt	11.3%	11.2%	8.9%	10.4%
FCF / Net Debt	2.3%	0.5%	0.9%	1.1%
Debt / EBITDA	6.1x	6.0x	7.8x	6.0x
Net Debt / EBITDA	5.9x	5.8x	5.6x	5.6x
Net Debt / Fixed Assets	69.3%	67.3%	66.3%	64.0%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Ratings

Exhibit 16

Category	Moody's Rating
TEREGA SAS	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
Senior Unsecured -Dom Curr	Baa3
TEREGA SA	
Outlook	Stable
Issuer Rating -Dom Curr	Baa2
Senior Unsecured -Dom Curr	Baa2

Source: Moody's Ratings

Moody's related publications

Issuer Comment:

- » [TIGF SA: Proposed regulation of gas storage is credit positive; impact to depend on final deliberation and financial policy](#), 15 January 2018

Sector Comments:

- » [Power generation projects – France: Government action to reduce early solar tariffs is credit negative for affected projects](#), 12 February 2021
- » [Regulated gas networks - France: Cut in allowed returns for gas transport and storage from 2020 is credit negative](#), 19 December 2019
- » [Regulated Electric & Gas Networks - France: France's proposal to significantly cut allowed returns for gas transport and storage from 2020 is credit negative](#), 29 July 2019
- » [Electric & gas utilities - EMEA: Regulation of gas storage in France will enhance cash flow visibility](#), 28 February 2018

Sector In-Depth:

- » [Regulator seeks to address declining gas demand, inflation and higher interest rates](#), 7 September 2023

Outlook:

- » [Regulated Electric & Gas Networks – Europe – Outlook changed to negative as large investments for energy transition weigh on key credit metrics](#), 10 April 2025

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

- 1 Capex is approved by the CRE at the end of each year throughout the regulatory period. Upon approval, it becomes eligible for inclusion in the RAB at commissioning.
- 2 The plan will consist of a 53,000-km network of dedicated hydrogen pipelines to be built by 2040. Around 60% of the network is likely to be made up of repurposed natural gas infrastructure, with the remaining 40% being new pipelines.

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