



# INVESTORS PRESENTATION

June 2021

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## 2020 Highlights

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- ★ **Teréga's strategic plan "Impacts 2025"** materializing :
  - Two stake acquisitions in the biomethane world
  - Launch of numerous initiatives for hydrogen
  - Creation of a digital business unit
  - Partnership for CNG stations
- ★ **2020 results reflecting new ATRT7 and ATS2 Tariff period** : revenues reduction due to WACC decrease and lower level of subscriptions at interconnexion point with Spain. Storage remains 100% subscribed in 2020/21 and 2021/2022.
- ★ **The resilience of the business model of Teréga** confirmed by the COVID-19 sanitary crisis : very minor impacts on key financials and no adaptation of the ATRT7 or ATS2 tariff framework
- ★ **Carbon neutrality : Teréga achieved its greenhouse gas emission reduction** target by 2020 thanks to the "Avoid Reduce & Offset" approach
- ★ **Two successful bond issuances** : **400 M€** by Teréga SAS in February 2020 and **500M€** by Teréga SA in September 2020 for refinancing purposes allowing the **cost of debt to reduce drastically**
- ★ Management and shareholders **fully committed to preserve solid Baa2 and Baa3 ratings** at Teréga SA and Teréga SAS levels respectively

# 01

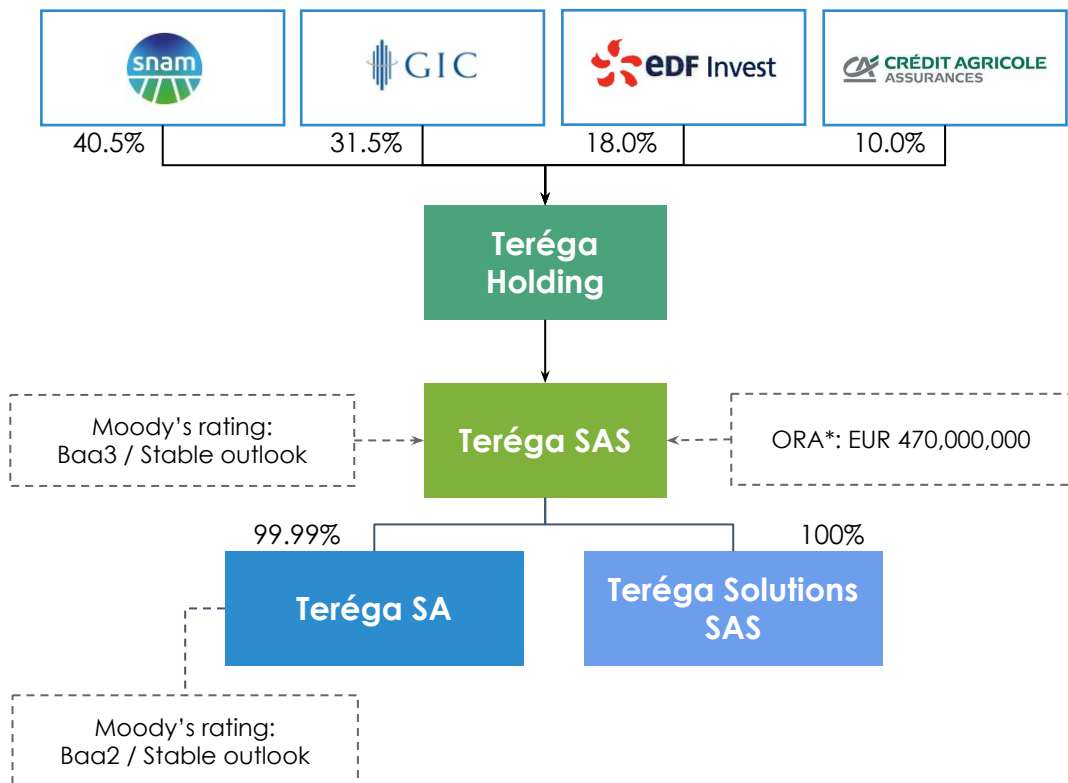
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## Teréga Group Overview

Business, Regulation and Energy Transition Strategy

# 1 Teréga Group Overview

## Current Corporate structure



## Key considerations

- In July 2013, Teréga (formerly "TIGF") was acquired by a consortium constituted by Snam, GIC and EDF
- In Q1 2015 Snam, GIC, and EDF entered into an agreement with Crédit Agricole Assurances-CAA for its entry into the share capital of Teréga with a 10% stake
- Snam, GIC, EDF and CAA now hold respectively 40.5%, 31.5%, 18.0% and 10.0% of the share capital of Teréga

## Teréga's shareholders

	Snam is one of Europe's leading gas utilities, first in Europe by transport network and storage capacity
	GIC is a leading global investment firm with well over US\$100 billion in assets under management. the firm manages Singapore's foreign reserves and is uniquely positioned for long-term and flexible investments
	EDF is one of the world's leading electric utilities, serving more than 39.8 million customers around the world, counting more than 165,790 employees
	Crédit Agricole Assurances, a 100% subsidiary of Crédit Agricole S.A., is the first bancassurer in France and in Europe

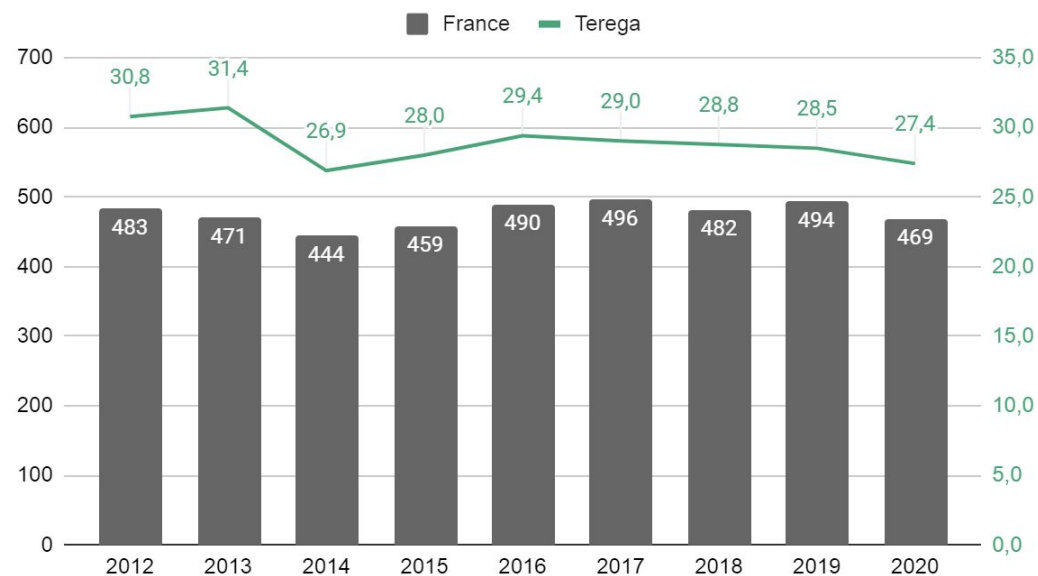
\* ORA: "Obligation remboursable en action" (Bond redeemable in shares), considered as equity in IFRS accounting and by Moody's

# 1 Context : Gas demand outlook France

## Historical

### Stable consumption

Gas Demand



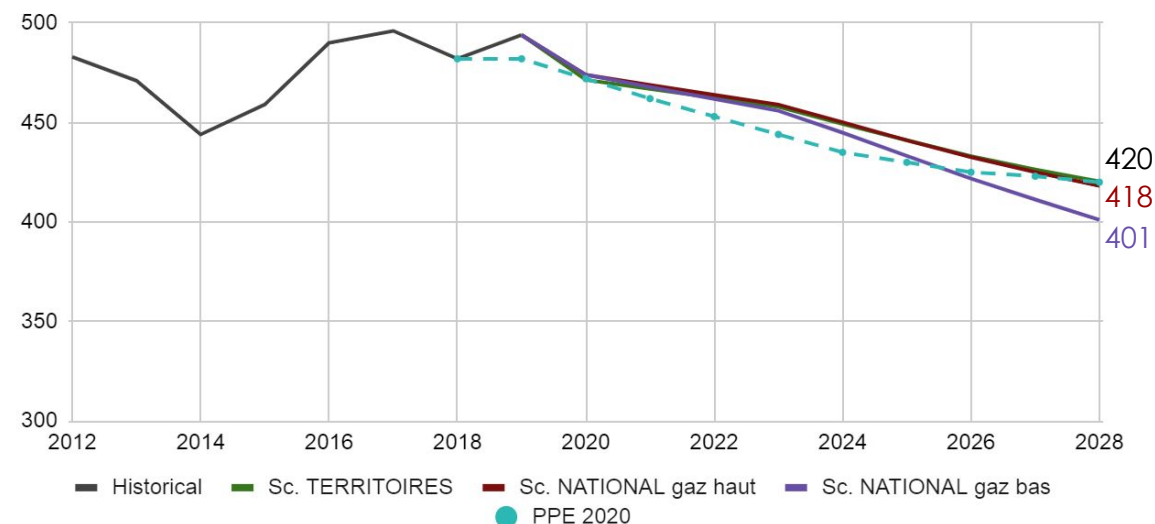
(weather corrected data, in TWh PCS, incl. power generation)

sources: Terega, GRTgaz

## Forecast

### Different scenarios showing slight decrease trends without impact on the infrastructures

Gas demand forecasts (fossile + biogas, weather corrected, TWh PCS)



source: Perspectives Gaz 2020, PPE 2020



# 1 Teréga "Impacts 2025" Strategic Plan

## IMPACTS 2025



**1. Orientate consumers and markets**

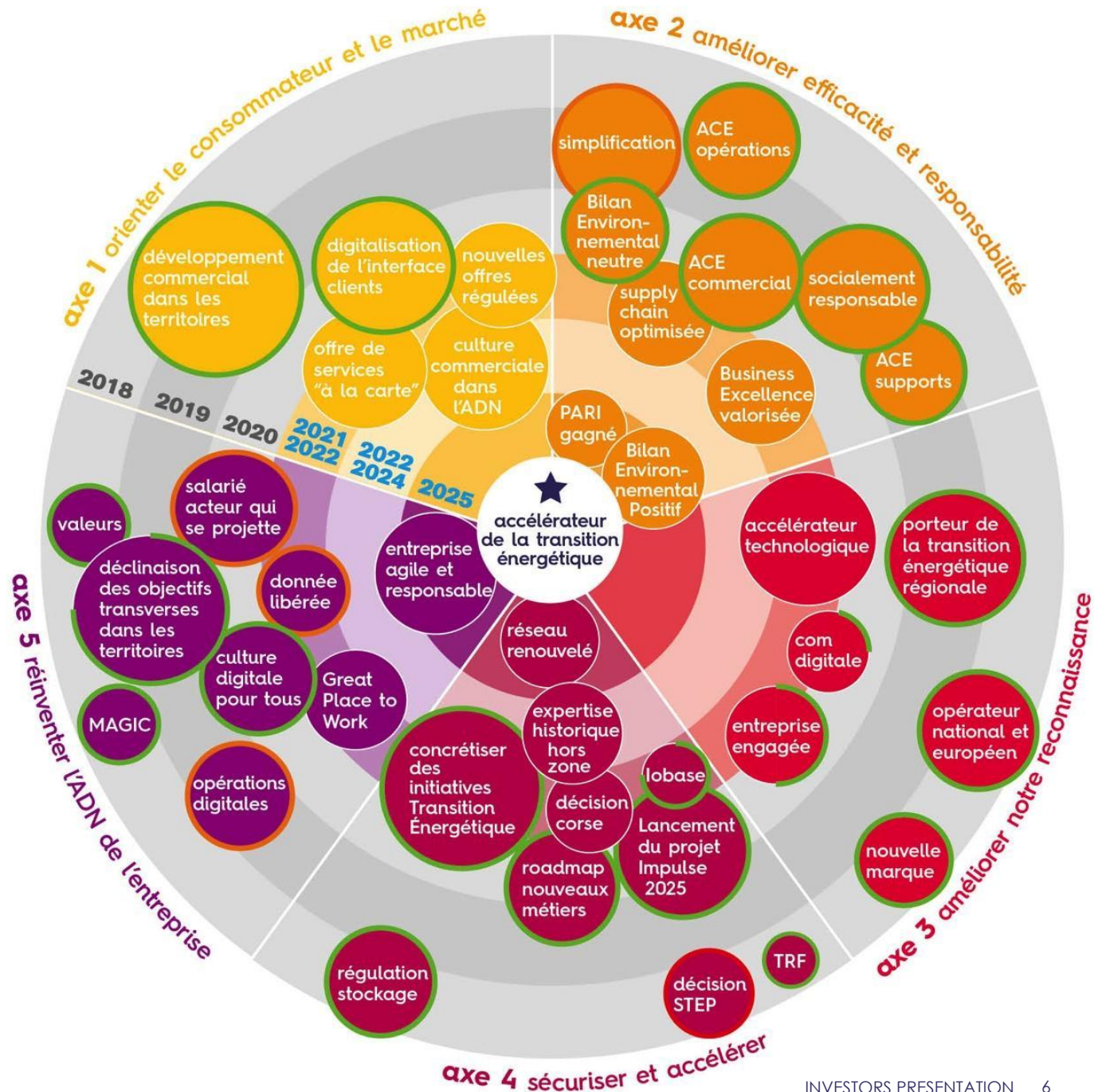
**2. Improve efficiency and responsibility**

**3. Improve our recognition**

**4. Secure and accelerate**

- Secure our gas transmission and storage business
- Accelerate the development of new gases and emerging uses

**5. Reinvent the company's DNA**



# 1 A Unique Infrastructure Asset - Two Regulated Activities

- Improving the performance of the infrastructures to serve the fluidity in the European gas markets and contribute to security of gas supply
- Provide new customer-oriented services and reinforcing positioning as a high-value partner in the gas chain
- Determined to make gas an accelerator of energy transition and adapt infrastructures consequently

## Gas Transmission

Teréga's grid is composed of two parts: the **Main Grid** and the **Regional Grid**

- The Main Grid provides a two-way link between the grids operated by adjacent TSOs in France and Spain and enables access to the two Teréga's gas storage sites
- The Regional Grid enables the gas to be transferred from the Main Grid to directly connected consumers (generally high-consumption industrial sites) or to the distribution grids supplying consumers in urban areas. It also enables to connect biomethane injection sites

### Main characteristics:

- #2 TSO\* in France by network size
- 16% of France's main transport network
- More than 5.127 kms of pipelines
- 2 links with Spain

## Gas Storage

Teréga operates and develops two storage infrastructures at the heart of its network and at the crossroads of European gas exchange. These sites help to respond to seasonal demand and subsequently guarantee a continuous energy supply

### Main characteristics:

- 26% of France's underground natural gas total storage capacity
- 6.5 Gm<sup>3</sup> of storage capacities
- Two underground gas storage sites at Izaute and Lussagnet.

## 2020 key figures

### TRANSMISSION

**27.4 TWh Consumption**  
(climate corrected data)

-3,7%  
vs. 2019

**+2 Biomethane Unit ongoing**

13 Biométhane Prospects

5 CNG prospects

### STORAGE

**100% Availability rate**

**100% Sold capacities**

## Teréga's main customers



# 1 ATRT7 & ATS2 Authorised Revenue - Stability of the regulatory framework 1/2

Transmission regulatory framework – Main parameters							
	ATR T1	ATR T2	ATR T3	ATR T4	ATR T5	ATR T6	ATR T7
Remuneration Rate	7.75%	7.75%	7.25%	7.25%	6.50%	5.25%	4.25%
New Investment incentive*	1.25%	1.25%	1.25%	No	No	No	No
Strategic/ Fluidity Network Investments	3%*	3%*	3%*	3%**	3%**	No	No
Assets Under Construction Remuneration	No	No	7.25%	4.60%	4.60%	3.7%	2.6%
Adjustment Mechanisms	No	No	CRCP**	CRCP	CRCP	CRCP	CRCP
CRE Efficiency Requirements	No	No	No	No	Yes	Yes	Yes
	2004	2005 - 2006	2007 - 2008	2009 - 2012	2013 - 2016	2017 - 2019	2020 - 2023

Publication of CRE Deliberations on **annual updates** for transmission and storage tariffs in January 2021 for an **application date of April 1st 2021**.

This updates **remain within the framework** of 2020-2023 ATRT7 and ATS2 Decisions.

**Solidity of the system** tested and proved through the COVID crisis => **tariff 2021 unchanged**.



# 1 ATRT7 & ATS2 Authorised Revenue - Stability of the regulatory framework 2/2

Storage regulatory framework – Main parameters				
		ATS1	ATS2	
Remuneration Rate	Negotiated regime	5.75%	4.75%	
New Investment incentives		No	No	
Strategic/ Fluidity Network Investments		No	No	
Assets Under Construction Remuneration		3.7%	3.1%	
Adjustment Mechanisms		CRCP	CRCP	
CRE Efficiency Requirements		No	Yes	
		Before 2018	2018-2019	2020 - 2023

- CRE is the regulator for both transmission and storage activities
- Similar regulatory framework for Transmission and Storage activities : **RAB<sup>(1)</sup> based revenue**

$$\begin{aligned}
 \text{Allowed revenue} &= \text{Remuneration} && \text{RAB} * \text{WACC}; \text{ RAB based on current economic costs} \\
 &+ \text{Depreciation} && \text{Linear depreciation based on technical asset life} \\
 &+ \text{Operating costs} && \text{Forecasted operating costs approved by CRE} \\
 &+ \text{CRCP} && \text{Claw back mechanism}
 \end{aligned}$$

- Initial 2-year transition period for storage (ATS1), followed by a 4-year regulatory cycle, in line with transmission

(1) RAB : Remuneration Asset Base

# 1 Update on European Commission ATS Investigation

- ❖ On 28<sup>th</sup> February 2020, the European Commission adopted a decision to initiate a **State aid investigation on the gas storage remuneration mechanism in France.**
- ❖ French authorities were notified on March 2<sup>nd</sup> 2020.
- ❖ **Teréga submitted its observations to the Commission on 15 June 2020.**

## *Extracts from the press release dated 28th June 2021*

The European Commission has concluded that the regulatory mechanism for the storage of natural gas implemented by France since 2017 complies with EU rules on State aid. The measure will contribute to the security and diversification of the energy supply in France without unduly distorting competition.

France has undertaken to submit a report to the Commission by the end of 2024 with information on the impact of the measure on competition, in particular on natural gas storage facilities in neighbouring Member States, on interconnections and on French methane terminals, taking into account potential developments in these markets.

## **Decision on June 28th 2021 - European Commission officialised their decision**

- **State aid mechanism confirmed with no further consequences.** The European commission has concluded that the regulatory mechanism implemented by France since 2017 complies with EU rules on State Aid.
- In 2024, France will issue a report giving its analysis of the impact of the mechanism on competition.

# 1 Secure our Core Business

The main objectives of Teréga's investments in its Transmission infrastructures:

- Take into account the new local dynamics of consumption trends (including gas mobility) and renewable gas production.
- Investments built around the themes of operating maintenance and security as well as development of territories.

## Ondes Albi

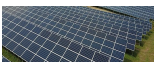
- Abandonment of Ondes-Albi segment due to coating detachment, with corrosion underneath.
- Construction of a new pipeline (68km) between Villaries and Albi and modification of existing delivery pipelines (4,4km)
- Start-up **2026**
- Budget **76,6 M€**

## Secure Lug PhaseA

- Project to secure gas injection and withdrawal rates from the Lussagnet and Izaute reservoirs.
- Start-up **2024**
- Budget **58,5 M€**

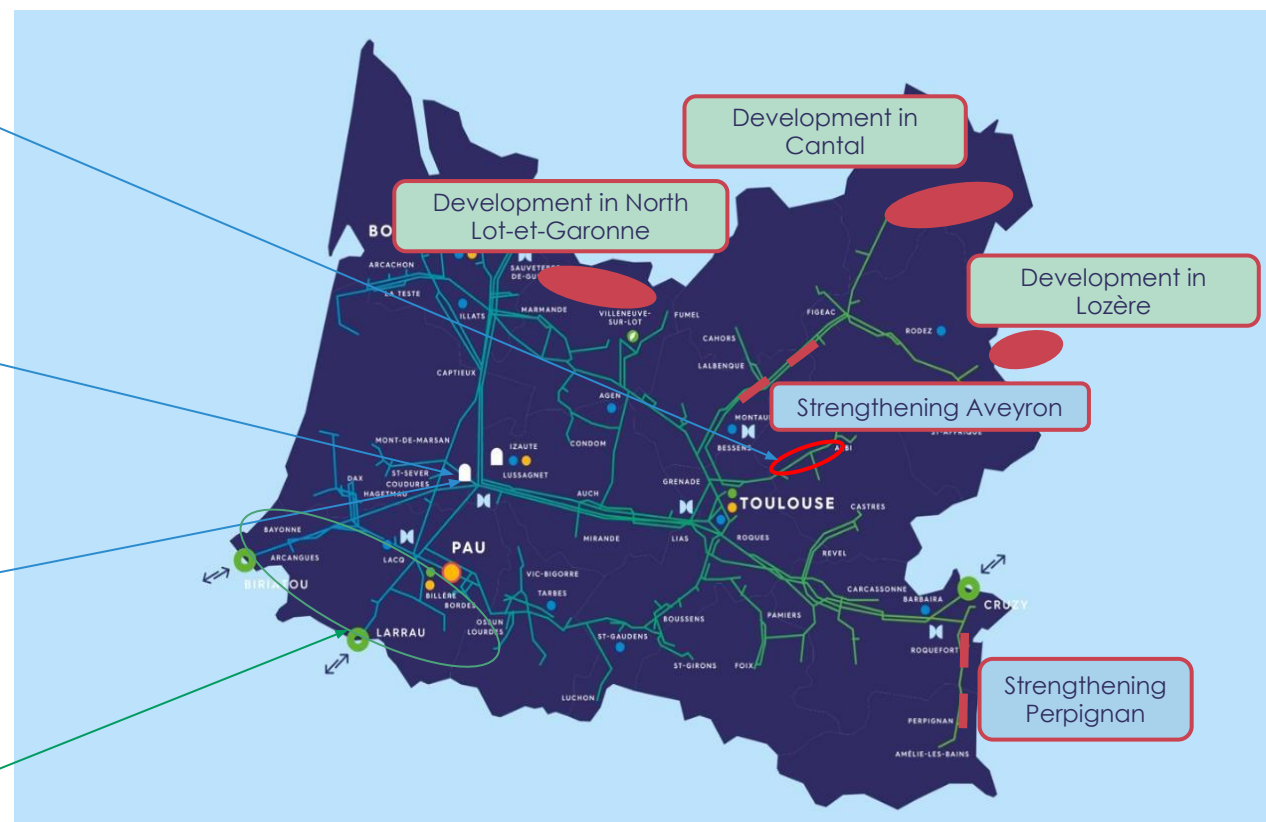
## Solus

- Solar energy production for Lussagnet facilities : 8,5 MW solar plant directly related to the electrical local network
- Start-up **2023**
- Budget **7,4 M€**



## CNG stations

- Teréga's focus is on public fast charging stations (heavy and light vehicles) across Pyrénées-Atlantiques
- Start-up **2021**



# 1 Terega key player of the energy transition

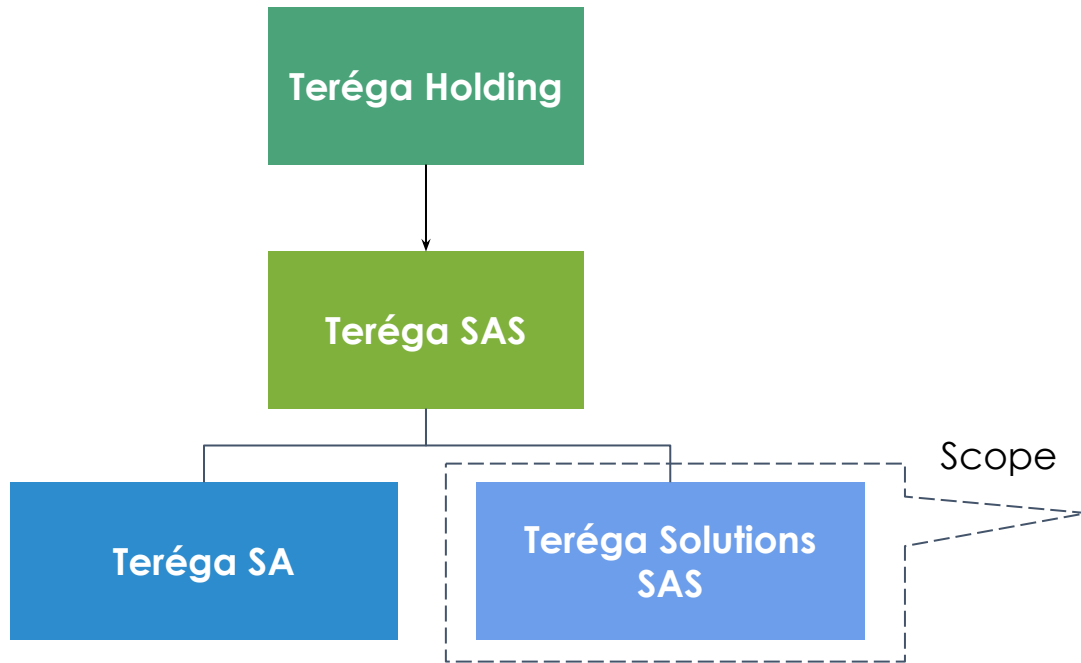
## New Biomethane Production Sites and CNG Stations connected to Teréga's network

2	Biomethane sites in production	BIOVILLENEUVOIS
7	Ongoing biomethane projects (signed contracts)	METHALAYOU
1	operating CNG site	① ARSEME
1	CNG ongoing projects (signed contracts)	② PROMETER
		③ TRIFYL
		④ CAP VERT BIOENERGIE
		⑤ MELUSINE
		⑥ AGRIENERGIE
		⑦ BIOBEARN
		① DAMAZAN
		② SAINT SULPICE
		13 biomethane prospects
		5 CNG prospects

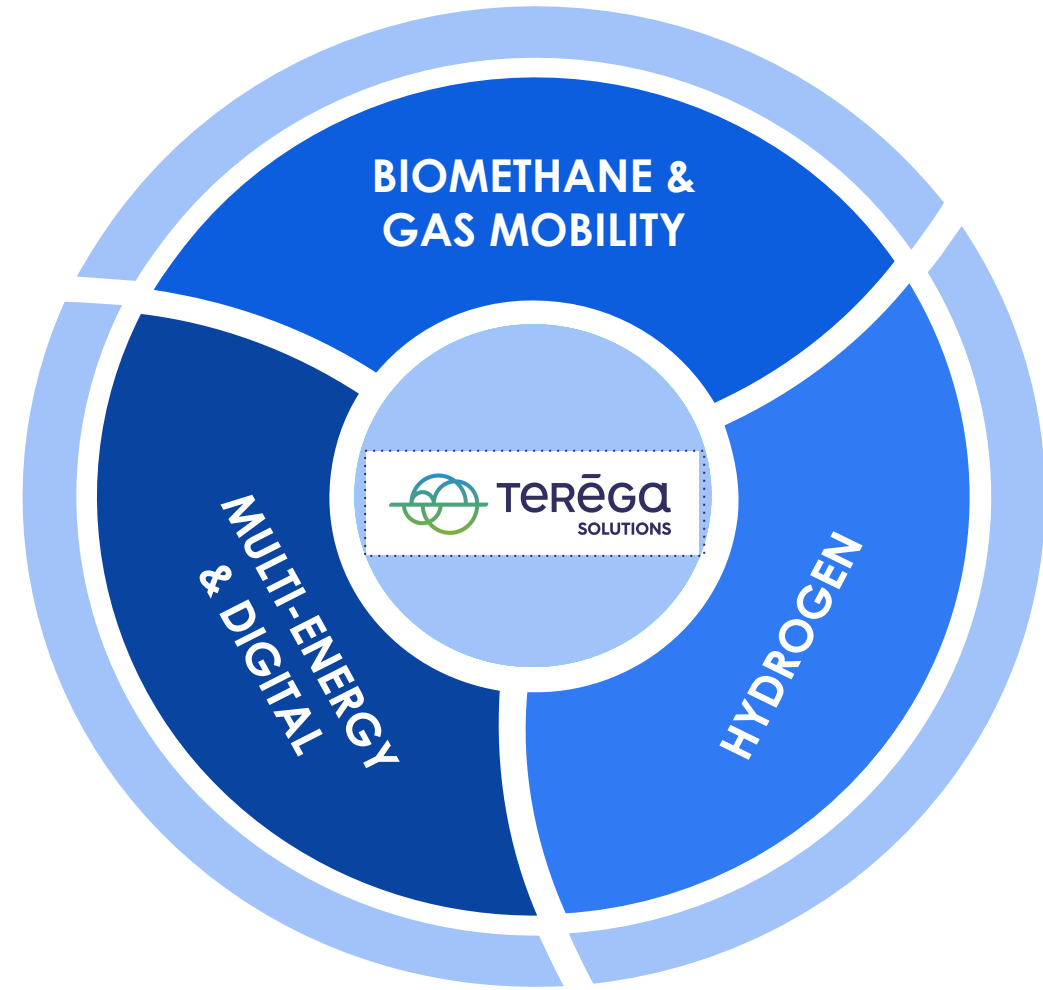


# 1 Teréga Solutions at the heart of the energy transition

Accelerate the development of new gases and emerging uses



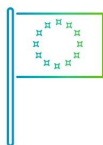
**Teréga Solutions deploys the non regulated energy transition activities**





# 1 Hydrogen initiatives

## ➤ Hydrogen backbone



**Teréga has joined** with other TSOs **a European dynamic** to contribute to the development of hydrogen transport infrastructures.

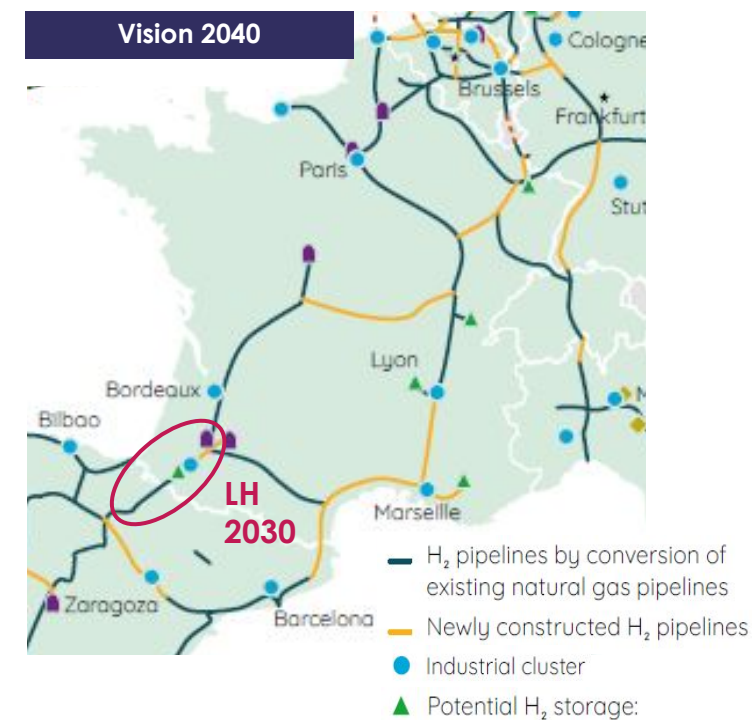
- Twelve European gas TSOs from eleven European countries have joined the initiative
- The group presents a vision for a 39,700km hydrogen pipeline infrastructure in 21 countries for 2040
- Two-thirds of the network is based on repurposed natural gas pipelines

## ➤ Lacq Hydrogen

Teréga, Enagás, GazelEnergie, and DH2 Energy will cooperate to study the development of the value chain of renewable hydrogen between Spain and France, being a part of the backbone.

## ➤ HyDeal Ambition

30 energy players initiate an integrated value chain to deliver green hydrogen across Europe at the price of fossil fuels, with the aim of delivering 100% green hydrogen across Europe before 2030.



# 1 Hydrogen - Structuring partnership with HDF



## ➤ HyGéo project - July 2020

July 2020, HDF and Teréga join forces in the geological storage of green hydrogen.

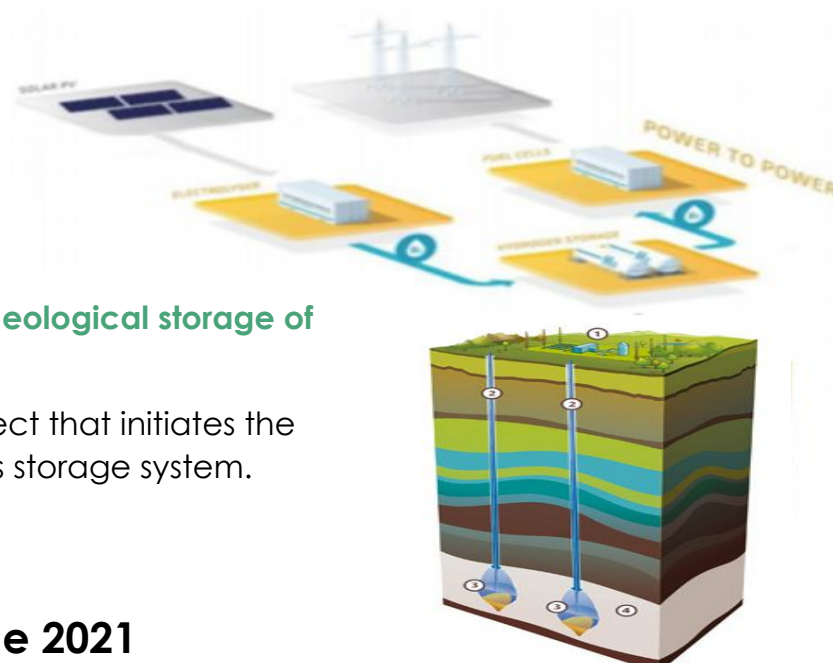
HyGéo is a National and European pilot project that initiates the deployment of a new hydrogen energy mass storage system.

## ➤ Participation to HDF IPO - June 2021

Teréga Solutions has participated to the Initial Public Offering of HDF Energy for a 10M€ investment acquiring 2,3% of the shares

HDF Energy develops high-capacity Hydrogen-to-Power plants that will provide firm or on-demand electricity from renewable energy sources, thanks to high power multi-megawatt fuel cells supplied by HDF Energy. HDF Energy has developed two types of turnkey Hydrogen-to-Power plants:

- Renewable (POWER-TO-POWER) multi-megawatt turnkey power plants producing firm renewable electricity. These power plants are composed of an intermittent renewable source and a long-term on-site hydrogen energy storage;
- HyPower (GAS-TO-POWER) plants that produce "on demand" electricity using green hydrogen or decarbonized hydrogen harnessed from transport network.



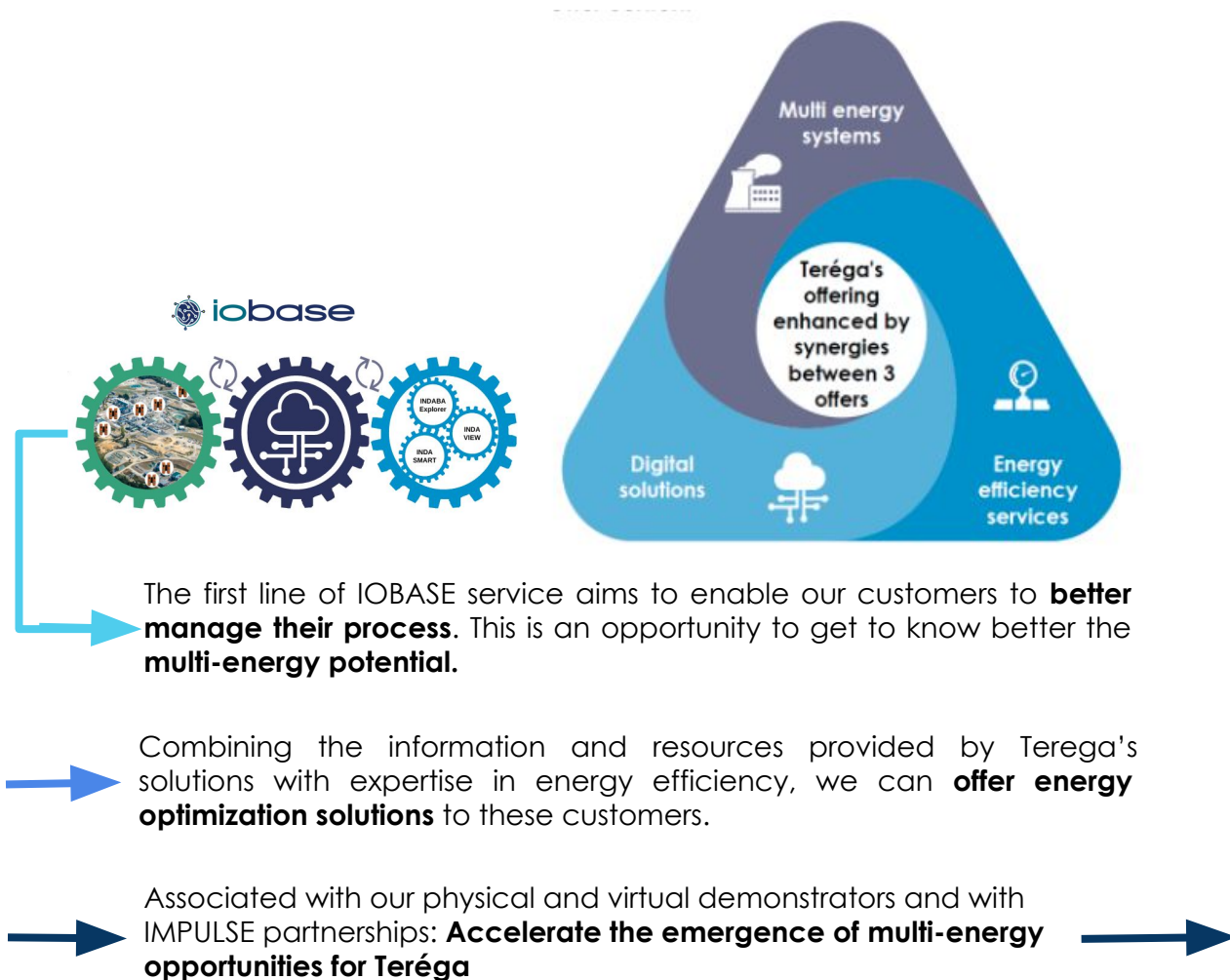
## ➤ Strategic Partnership - June 2021

Teréga and HDF Energy initiates a strategic partnership for H2 Development

This partnership aims at designing low-carbon solutions for the energy, industry and mobility sectors through :

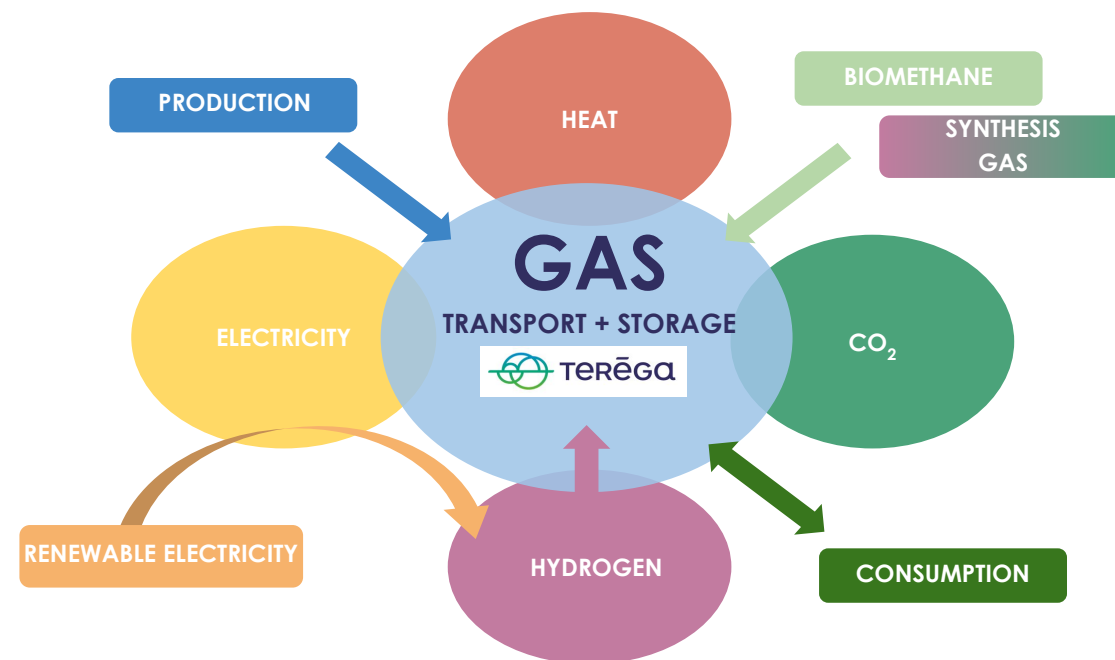
- Identifying & developing projects in France and in Europe to build first references
- Ensuring the development by Teréga of large scale H2 infrastructures to allow the development of HDF HyPower solutions

# 1 BU Multi Energy and Digital - Ambition and foreseen objectives



## Innovating and Mobilising to Unify Power Systems

Develop and deploy **a smart system to optimize** the interaction between **all energy vectors on industrial site scale & manage the performance** of this system **in real time**.



# 1 BU Biomethane and Gas Mobility

Teréga Solutions has initiated several partnerships with the aim of developing methanisation units through shares acquisitions of companies dedicated to methanisation technology and CNG stations.

Teréga implements a gradual approach to develop these partnership, in order to balance market position securitization and risk exposure.



Unique anaerobic digestion process which combines dry discontinuous process and continuous liquid route.

**Market** : autonomous farming

- May 2020 : **20 % minority stake acquisition**
- 2021 : Pilot project
- Commercial Joint-Venture



Develops, builds and operates anaerobic digestion units through dry discontinuous process, particularly suitable for solid animal waste.

**Market** : territorial farming

- Déc. 2020 : **40 % minority stake acquisition**
- 2025 : controlling possibility



CNG is the dominant format of gas fueling for vehicles with a growing number of stations (+15% p.a. by 2025)

Teréga's focus is on public fast charging stations (heavy and light vehicles)

- 2020 : Partnership
- 2021 : Common Joint-Venture

➡ The ambition : **become a key player in agricultural biomethane in France**  
2021 ambition : **launch the construction of production units**

➡ 2021 ambition : **launch of a refueling station**

# 1 An environmental responsible organization



**Net ZERO  
for 2020**

Teréga achieved its greenhouse gas emission reduction target by 2020 thanks to the "Avoid Reduce & Offset" approach

**Greenhouse gas**

**2020 figures**

**97 573 T<sub>eq</sub>CO<sub>2</sub>**

**Evolution  
since 2017**

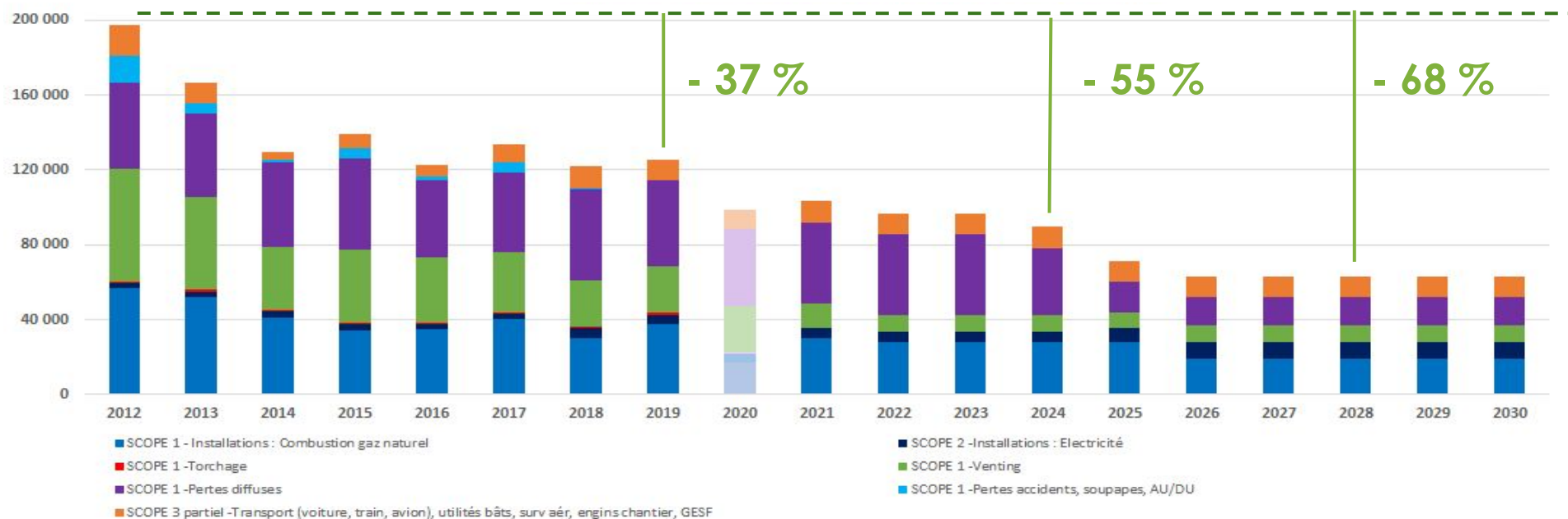
↘ **26%**

**Methane emissions**

**2014 tons**

↘ **16%**

**Annual  
Greenhouse  
gas projections  
(T<sub>eq</sub> CO<sub>2</sub>)**





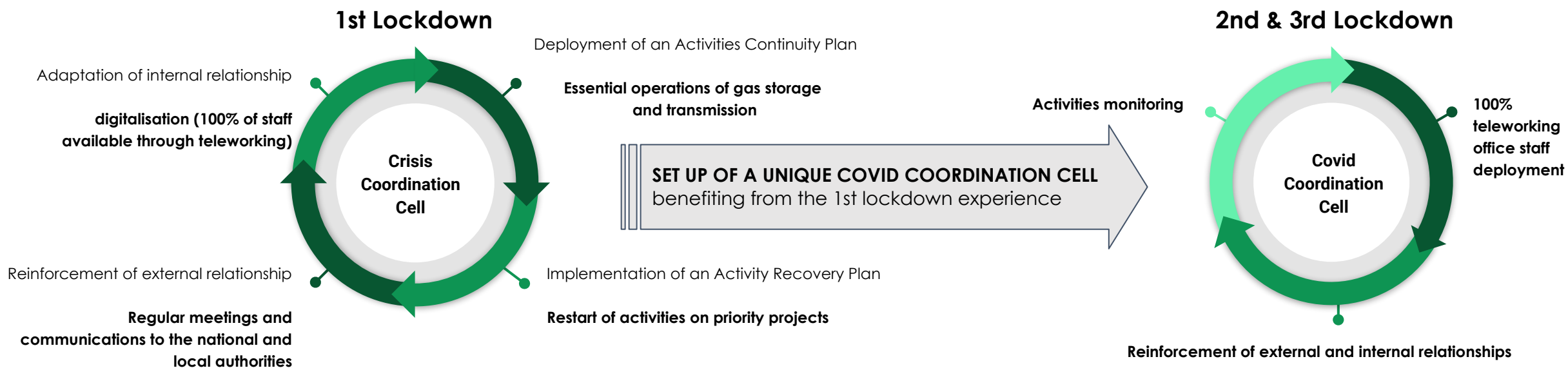
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## 2020 Main achievements and Financials performance

## 2 Covid 19 – Impact & management of the sanitary crisis

Situation well managed through a strong and dedicated organisation, the monitoring and continuity of commercial, operational and functional activities.

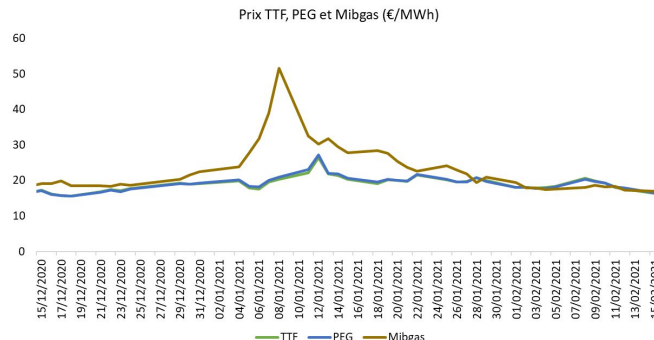
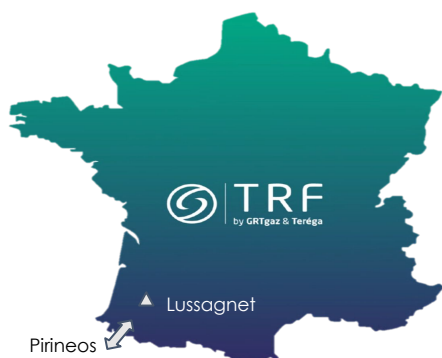


- Impact of the Covid 19 crisis on revenues is immaterial - 5M€ OPEX positive impact out of which 3M€ delayed
- Main impact on 2020 are related to temporary postponement of certain investments (11M€ delayed)
- No impact on the tariffs, even improvement of the quality of service (materialised through dedicated CRE KPI)

## 2 Transmission & Storage achievements

### TRANSMISSION

- **PEG (Point Echange Gaz) very much correlated with TTF (Title Transfer Facility), beneficial for the French market with increased liquidity**
- TRF (Trading Region France) has benefited from LNG global surplus, absorption of LNG possible thanks to storages and interconnection points
- **Less physical congestions in 2020 than in 2019 - less associated costs**, TRF is in a continuous improvement process (operational optimization, maintenances)
- **Pirineos interconnection point is an efficient infrastructure**



- **A French market more liquid, more competitive and more integrated to the european market thanks to the Trading Region France (TRF)**
- **Pirineos interconnection point confirmed as a flexible asset for arbitrage**

### STORAGE

French Security of Supply still comfortably achieved through maximized subscription levels

**36**

Participants to Teréga auctions for SY21

**100%**

Capacity booking rate

**Stable participation**

**+1** versus SY20

**~9x**

Demand/Offer ratio

**4**

New Customers for SY21

**2.36**

Average auctions price (€/MWh) versus 4.30 for SY20

- **Positive storage regulation contribution to supply security in France confirmed**
- **Teréga's storage capacity remains 100% subscribed in 2021**

## 2

## Teréga Bonds issuances

Financial Markets support Teréga's business model & strong debt cost reduction

Two successful financing operations in 2020 with optimal issuances conditions enabling :

- diversification of financing with a first issue at Teréga SAS level in line with the strategic development of Terega Group.
- the extension of the debt average maturity from 6.5 to 8 years to finance our future investments
- the sharp decrease in the average cost of debt to reach a rate of less than 2% against 3.2%.

Since the end of the 1st lockdown COVID period, we have assisted to a sharp tightening of our credit spread and a return to post crisis credit conditions in 2021 in line with our peers in Europe.

**TEREGA SA**  
€ 500,000,000 0.875 % Notes due 17 September 2030

**TEREGA SAS**  
€ 400,000,000 0.625 % Notes due 27 February 2028



## 2 Teréga SAS inaugural EUR 400m 8Y Execution Highlights

Issuer	Teréga SAS (Baa3 - <a href="#">MOODY'S</a> )
Format	Senior, Unsecured, Reg S Bearer
Amount	EUR 400 million
Settlement date	27-Feb-2020
Maturity	27-Feb-2028 (8 years)
Coupon	0.625% Fixed, Annual, Act/Act (ICMA)
Re-offer price	99.349%
Re-offer yield	0.709%
Re-offer spread	m/s + 90 bps

### Bond issuance to optimise the capital structure.

Proceeds use to :

- Partially reimburse the ORA (200M€) and
- Pay exceptional dividends to shareholders (192M€)

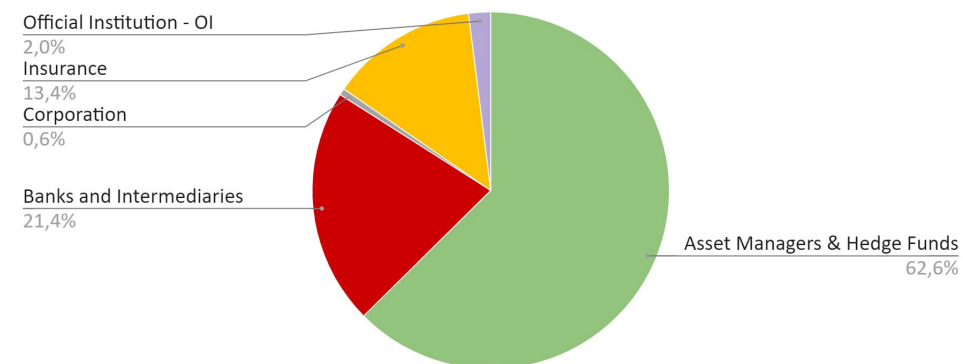
#### ■ Road show feedback

Successful roadshow where 60+ investors have been met, of which ~60% placed an order and represented ~45% of the final allocation

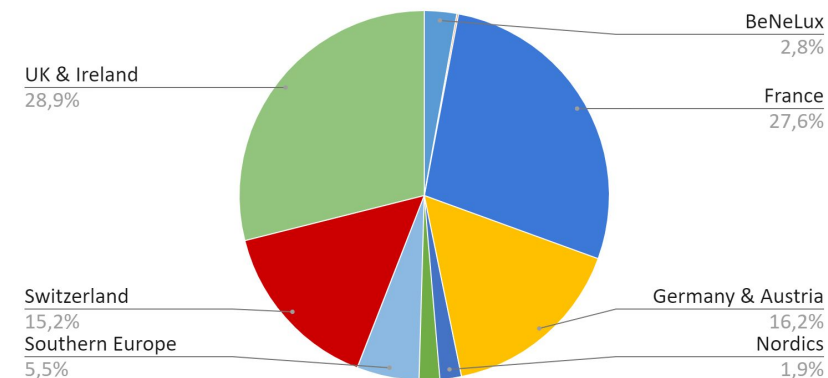
#### ■ Distribution:

The deal benefited from a well diversified geographical participation all across Europe. The deal closed with a high quality orderbook of EUR 3.9bn with an oversubscription rate of 9.9x, Real money accounts led the transaction.

### DISTRIBUTION BY INVESTORS



### DISTRIBUTION BY GEOGRAPHY



Source Joint bookrunners



## 2 Teréga SA EUR 500m 10Y Execution Highlights

Issuer	Teréga SA (Baa2 - <a href="#">Moody's</a> )
Format	Senior, Unsecured, Reg S Bearer
Amount	EUR 500 million
Settlement date	17-Sept-2020
Maturity	17-Sept-2030 (10 years)
Coupon	0.875% Fixed, Annual, Act/Act (ICMA)
Re-offer price	99.014%
Re-offer yield	0.979%
Re-offer spread	m/s + 115 bps

**Bond issuance to secure the re-financing strategy and reduce cost of debt  
(from > 3% to < 2%)**

Total proceeds to refinance € 500 million Teréga SA bond - July 2021.

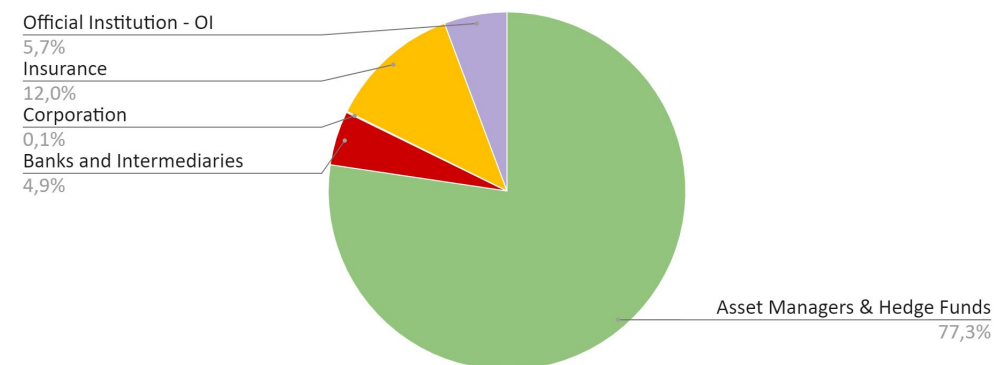
### ■ Launch and execution process

Teréga SA took advantage of the excellent market conditions on September 10th, with **a tightening of 45bps between IPTs and final terms** and a reoffer yield of 0.979% and a coupon of 0.875%.

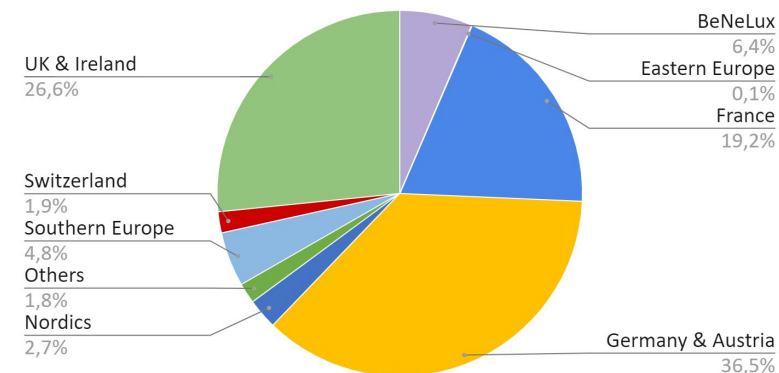
### ■ Distribution

The deal closed with a **high quality orderbook of EUR 2.6bn**. With an **oversubscription rate of 5.2x**. The transaction, attracted high quality institutional investors and a highly geographically diversified investor base.

### DISTRIBUTION BY INVESTORS



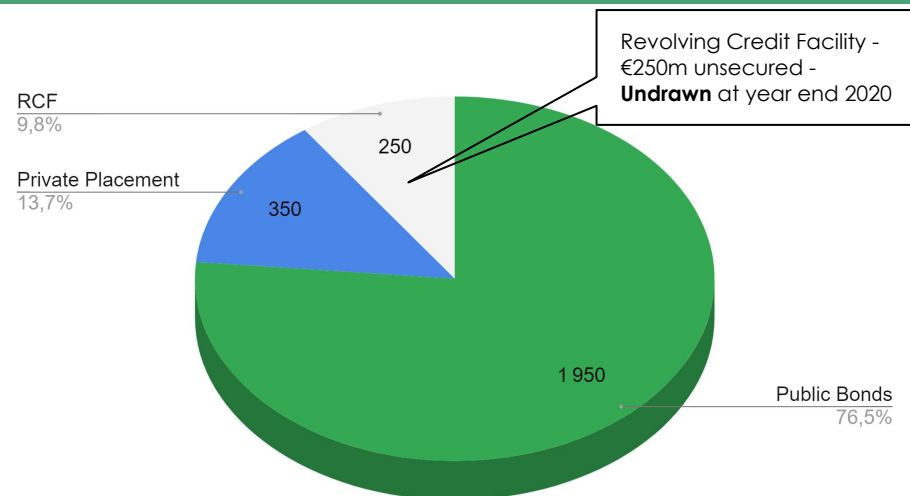
### DISTRIBUTION BY GEOGRAPHY



Source Joint bookrunners

## 2 Teréga Group Financial Structure Overview

### Gross financial debt breakdown as of 31<sup>st</sup> Dec. 2020 (€ M)



### Net financial debt as of 31<sup>st</sup> Dec. 2020

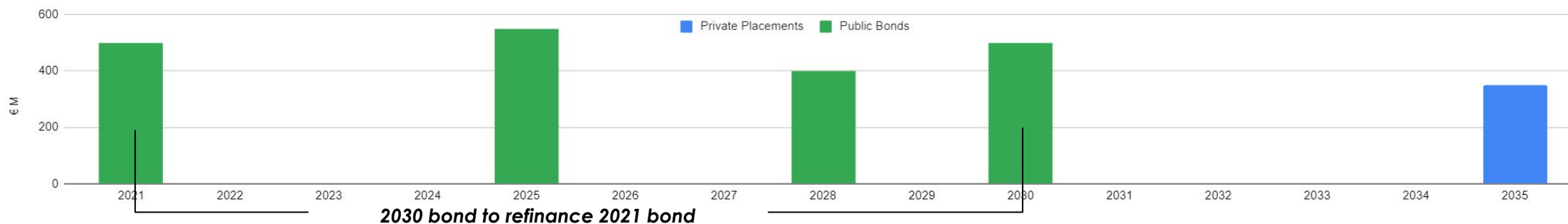
The level of the **net debt at year end 2020** for Terega Group is **1 826 M€**.  
The 500 M€ liquidity of the september bond issuance is kept on liquid placement for the July 2021 bond refinancing.

#### Liquidity risk management

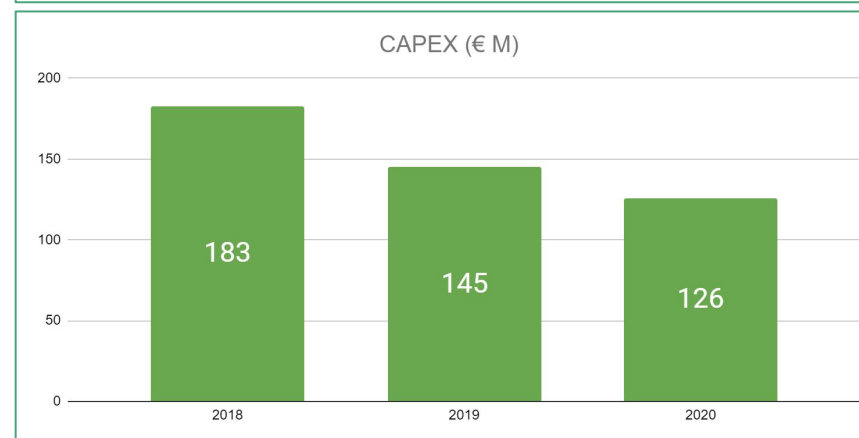
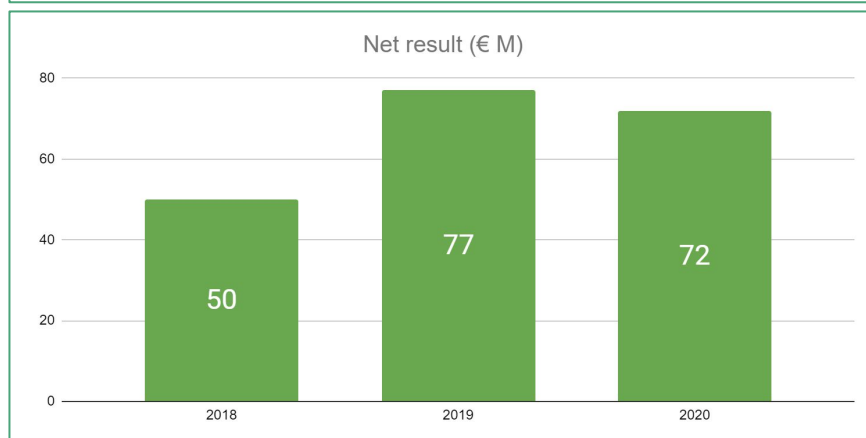
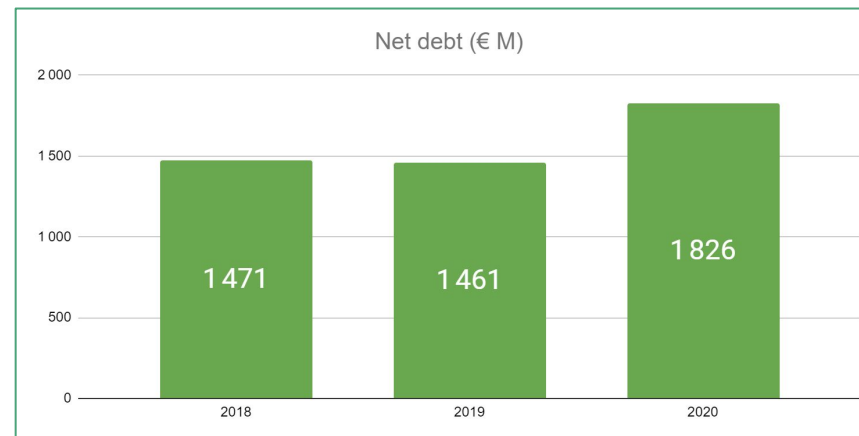
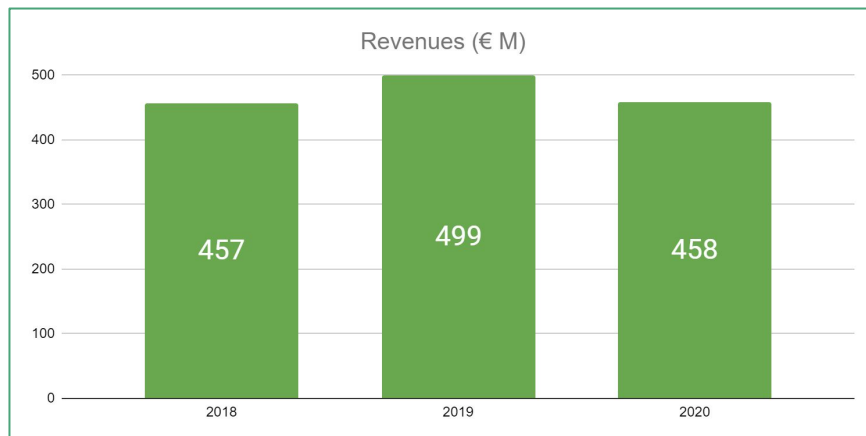
##### Ensure at all times adequate liquidity headroom

- Well spread maturity profile with > 8 years average life
- Adequate level of unused committed backstop facility 250M€ (RCF)
- DCM at > 81% of outstanding debt
- Well balance banking relationships with leading international banks

### Debt maturity profile



## 2 Teréga SAS Key Financial Consolidated Figures



- 2020 Revenues and Net Result mainly impacted by price effect related to the implementation of the ATRT7 and ATS2 tariffs which came into force in 2020 and the decrease of subscriptions at entry point Spain
- Capex decrease in 2020 due to works on buildings, security & maintenance postponed owed to Covid 19

## 2 Covenants & Moody's ratios

### Strong Shareholders' Commitment to Support Teréga SA and SAS Ratings

#### Evolution of the ratios

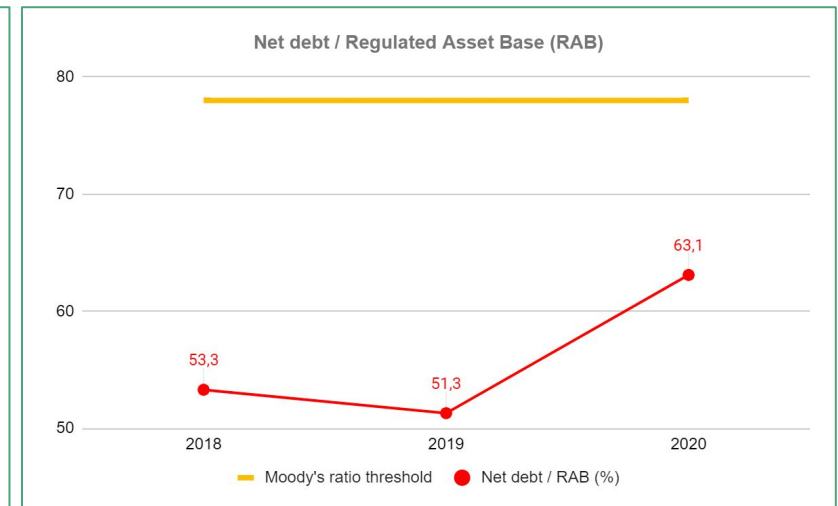
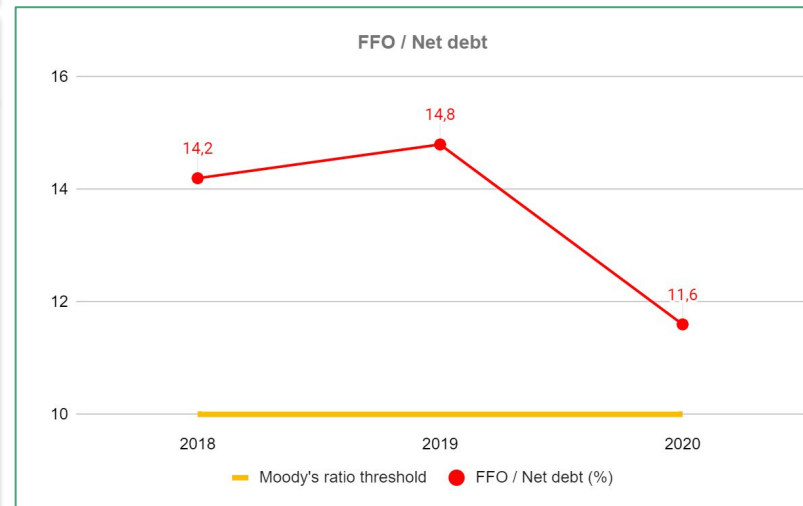
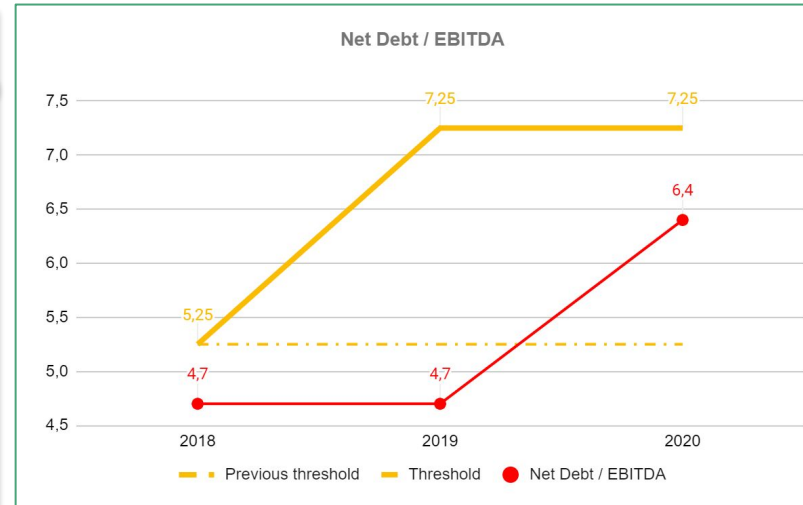
**Higher Net Debt** : new issuance at Terega SAS level for 400 M € in February 2020 in the frame of capital structure optimization project.

**Higher financial charges in 2019 IFRS consolidated accounts** mainly due to 2019 consent fees.

#### Preservation of Teréga SA & Teréga SAS ratings

A cornerstone of the shareholders' strategy for Teréga is to **preserve solid Baa2 and Baa3 ratings at Teréga SA and Teréga SAS level respectively, with stable outlook.**

The shareholders recognise the importance of having these ratings resilient throughout a range of operational assumptions and sound financial policy guidelines.



# 03

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## Key Takeaways



## Teréga Key Strengths



**A key player in Gas Transmission and Storage in France with a Resilient Business Model supported by a Transparent and Mature Regulatory and Legal Framework**

**Delivering a Strong Financial Track Record with Stable and Predictable Cash-Flows**

**Strategic Position in the European Gas Market which has Attractive Long-Term Fundamentals**

**Committed to be an accelerator of the energy transition with a strong ESG engagement**

**Solid credit profile : Baa2 for the operational company Terega SA, Baa3 for Terega SAS**

**A strong and stable shareholding structure**

