



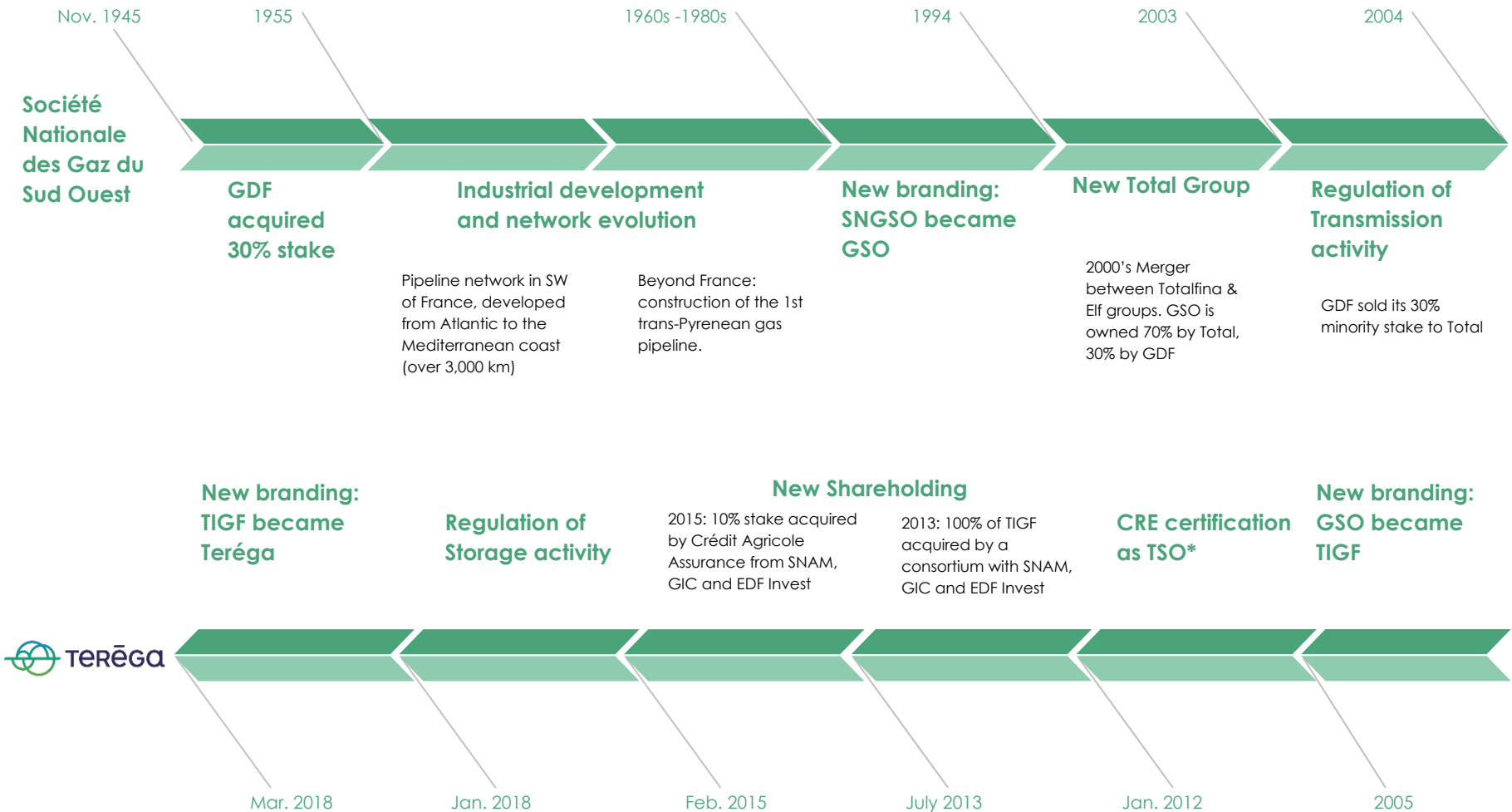
Investors Presentation

November 2020

01

Teréga Group Overview

1 History and Development of Teréga Group

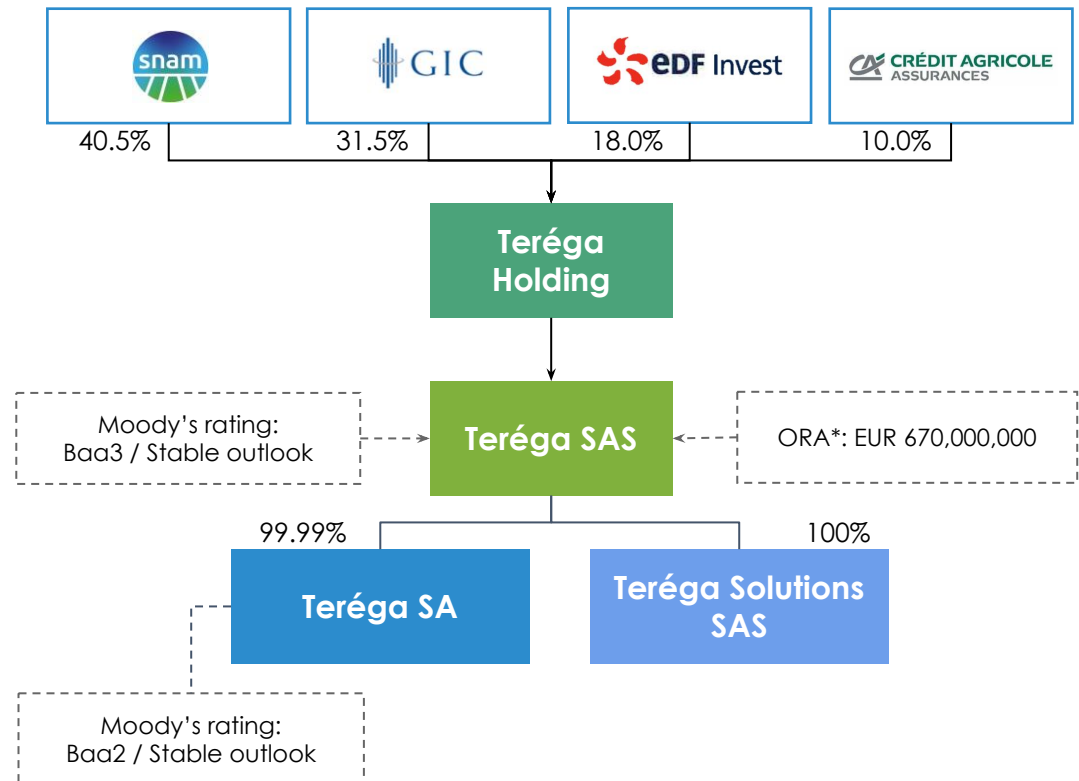


1 Teréga Group Overview

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

Current Corporate structure



1 A Strong Shareholding Structure

SNAM – 40.5%



Ratings*
Baa2/BBB+/BBB+

Snam is one of Europe's leading gas utilities, first in Europe by transport network and storage capacity. Founded in 1941, it has been building and managing sustainable and technologically advanced infrastructure guaranteeing energy security ever since. Snam operates in Italy and, through subsidiaries, in Albania, Austria, France, Greece and the United Kingdom. Since 2001 it is listed on the Italian Stock Exchange and currently employs over 3,000 people

GIC – 31.5%



Ratings*
-/-/-

GIC is a leading global investment firm with well over US\$100 billion in assets under management in over 40 countries worldwide. Established in 1981, the firm manages Singapore's foreign reserves and is uniquely positioned for long-term and flexible investments across a wide range of asset classes, including public equities, fixed income, real estate, and private equity. GIC operates across offices in Singapore, Beijing, London, Mumbai, New York, San Francisco, Sao Paulo, Seoul, Shanghai, and Tokyo

EDF – 18%



Ratings*
A3/BBB+/A-

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. EDF, through its investment vehicle EDF Invest targets investments in three asset classes: Infrastructure, Real Estate and Private Equity. Its Infrastructure portfolio already includes a 50% stake in RTE, the French electricity transmission company, as well as a minority stake in Porterbrook, one of three main rolling stock companies (ROSCOs) in the UK acquired in 2014

Crédit Agricole Assurances – 10%



Ratings*
-/A-/-

Leader in Europe, Crédit Agricole Assurances, a 100% subsidiary of Crédit Agricole S.A., is the first bancassururer in France and in Europe. The CAAG offers a range of savings, retirement, health, personal protection and property insurance products and services to individuals, professionals, farmers and businesses. These products and services are distributed by the Group's retail banking networks in France and in Europe and by financial advisers and multi-line insurance managers around the world. Crédit Agricole Assurances had €285.2 billion in AUM, 4,600 employees and €33.5 billion in IFRS revenues at year-end 2018

1 A Unique Infrastructure Asset - Two Regulated Activities

- **Teréga's strategic goal is to develop activities that will improve fluidity in the European gas markets and contribute to security of gas supply, in particular by improving the performance of its transmission and storage infrastructures**
- **Teréga is focused on providing new customer-oriented services and reinforcing its positioning as a high-value partner in the gas chain**
- **Teréga is also determined to make gas an accelerator of energy transition and adapts its 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
- 15.8% of France's main transport network
- More than 5.135 kms of pipelines
- 119 delivery points for industrial consumers
- 324 delivery points for public distribution
- 2 biomethane connections
- 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 Gm³ of storage capacities
- Two underground gas storage sites at Izaute and Lussagnet. They are the only 2 storage sites in the South West of France

1 2019 Key Figures

TRANSMISSION

27.5 TWh

Consumption
(climate corrected data)

-3.5%
vs. 2018

+1

Biomethane
Unit

12

Biométhane
Prospects



STORAGE

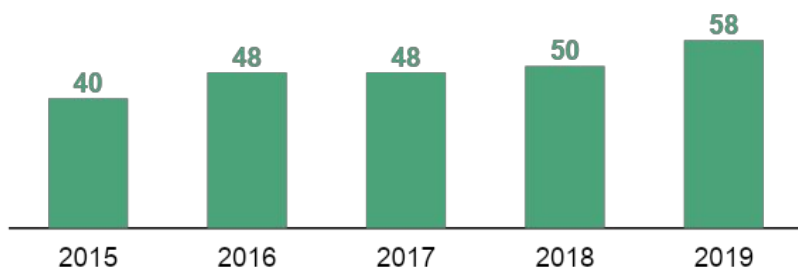
100%
Availability rate

100%
Sold capacities

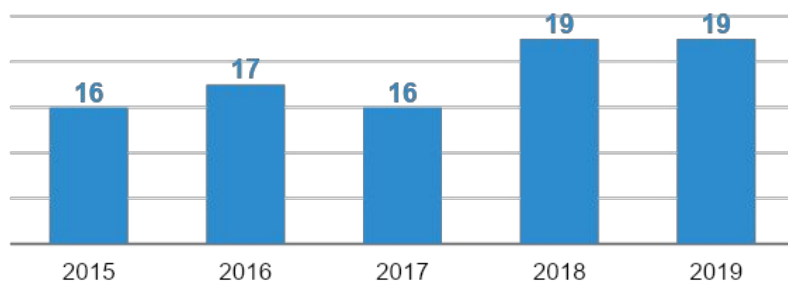
1 A Large and Diversified Customer Base

- Number of customers increased by around 50% in the last 4 years
- Customers are mostly industrial players

Transmission activity (# of customers)



Storage activity (# of customers)



Teréga's main customers



1 Covid 19 – Impact & management of the sanitary crisis

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

During the 1st lockdown period, starting mid-March, Terega has :

- **activated a Crisis Coordination Cell** aiming at supervising the situation in light of the national authorities prescriptions.
- **deployed a Continuity of Activities Plan (PCA)** focusing on essential operations of gas storage and transmission. These operations were carried out in fully satisfactory conditions thanks to mobilization of all members of staff and management, and reliability of information systems.
- **implemented an Activity Recovery Plan (PRA)** with the restart of activities on priority projects.
- **reinforced external relationship** with regular meetings and communications to the national and local authorities : French Ministry of Energy (DGECD/DREAL) and Energy Regulator (CRE)
- **adapted the internal relationship, well managed through digitalisation** (100% of staff available through teleworking).

For the 2nd lockdown, benefiting from the previous experience and the constraints being smoother on the operational activities, a unique **Covid Coordination Cell** has been put in place to monitor the activities, redeploy the office staff at 100% teleworking and ensure the reinforced external and internal relationships.

- **Impact of the Covid 19 crisis on revenues is immaterial**
- **Main impact relates to temporary postponement of certain technical costs and investments**

1 Teréga "Impacts 2025" Strategic Plan



1 **AXIS 1: Orientate consumers and markets**
✓ **Objectives:** foster our current clients loyalty and win over new customers

2 **AXIS 2: Improve efficiency and responsibility**
✓ **Objectives:**

- Achieve the "Business Excellence" in our operations
- BE+: positive impact on environment in terms of CO₂ emissions
- Maximise the safety and security of our people and assets

3 **AXIS 3: Improve our recognition**
✓ **Objectives:** achieve a stronger presence at regional, national and European levels, in order to be "in the right place at the right time"

4 **AXIS 4: Secure and accelerate**
✓ **Objectives:**

- Secure our core business
- Optimize technical investments on transmission and storage activities
- Develop our business perimeter

5 **AXIS 5: Reinvent the company's DNA**
✓ **Objectives:**

- Employees as key players in the transformation of the company
- Flexible and agile organisation
- Digital transformation

1 Teréga Main Strategic Goals at the Heart of Energy Transition

SECURE OUR GAS TRANSMISSION AND STORAGE CORE BUSINESS

- ✓ Foster our good relationship with all stakeholders
- ✓ Maximise efficiency and reliability of operations
- ✓ Enhance assets' integrity and performance



ACCELERATE THE DEVELOPMENT OF NEW GASES AND EMERGING USES

- ✓ Interconnection of biomethane production plants and CNG stations for a new green mobility
- ✓ Integration of different energy grids (Impulse 2025)
- ✓ Research for hydrogen transmission and storage

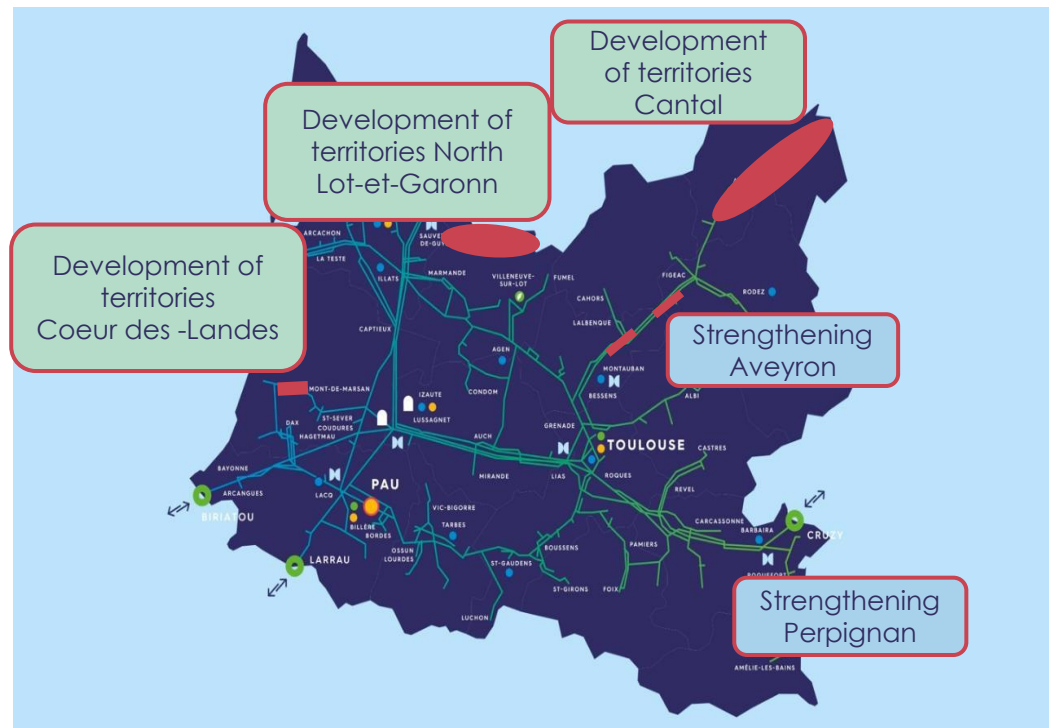
1 Secure our Core Business

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

- **Rational investments in order to 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**

Teréga's investments in its regional transmission network are based on projects of:

- **Reinforcement of dynamic and near-saturation antennas** (Antenne de l'Aveyron)
- **Development of new unserved geographical areas** (Coeur des Landes project)



1 Biomethane : Connection to production sites & First step developing methanation

❖ CONNECTION

Biomethane production sites on Teréga's network

- 2 sites in production
- 5 ongoing projects (signed contracts)
- 12 prospects

Teréga is involved in several working groups at local and national level

BIOMETHANE

1 BIOVILLENEUVOIS

2 METHALAYOU

3 TRIFYL

4 PROMETER

5 ARSEME

6 MELUSINE

7 CAP VERT BIO.

PROSPECTS



❖ TECHNOLOGY



Teréga has initiated a partnership with Dualmetha with the aim of developing methanation.

- Securing the technology through the acquisition of a minority stake in the technology company, DualMetha - May 2020
- Validating the technical and commercial offer with a project pilot (2020-2021)
- Deploying the commercial phase (>2021).

1 Hydrogen initiatives

Teréga has initiated H2 projects at several levels

- in transmission and storage assets : H2 injected in existing infrastructure (blended) and dedicated H2 network
- multi-energy optimization services

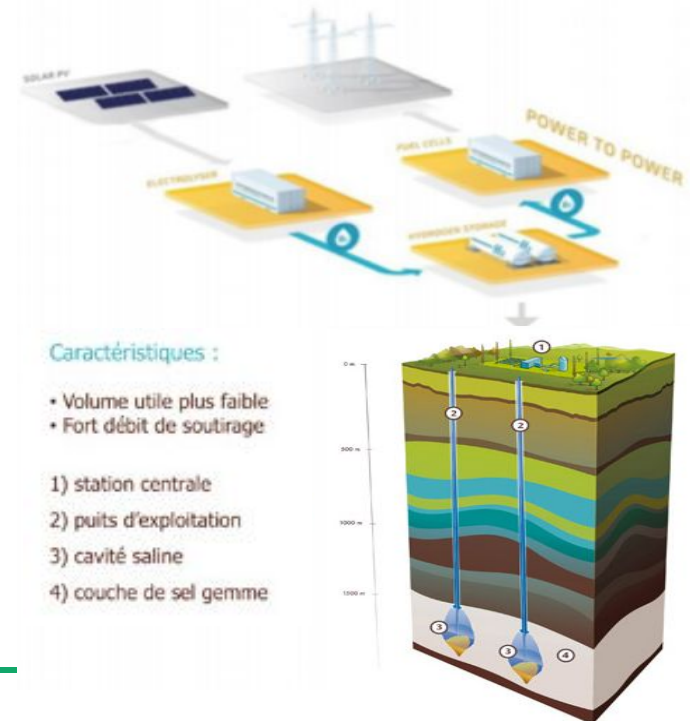
Teréga has joined with other TSOs **a European dynamic** to contribute to the development of hydrogen transport infrastructures within the European Union (“the hydrogen backbone”).

Initiative launched - HyGéo

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

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

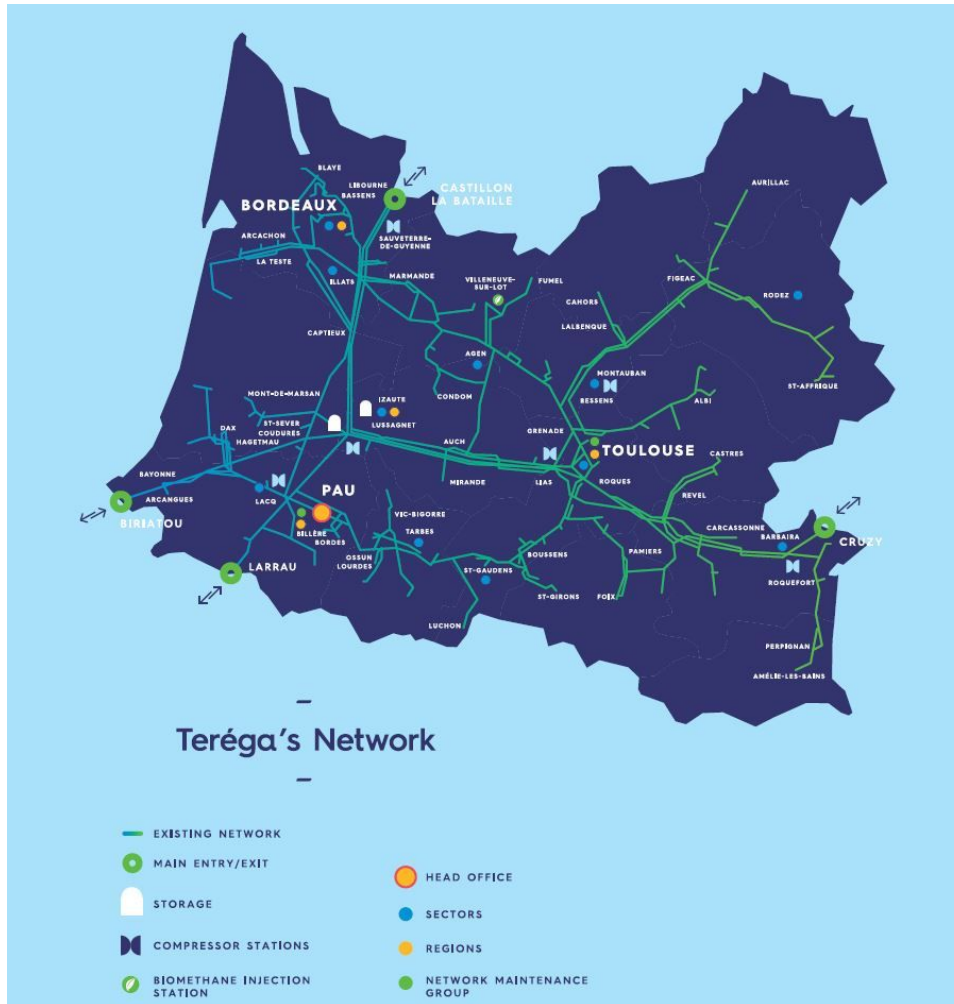
- Study the retrofit of a former propane salt cavern storage for a 100% H2 Power To Power application.
- Definition of required conditions for acceptability (technical, environmental, human, societal).



02

2.1 Teréga Business Overview - Transmission Activity

2.1 Transmission Activity Overview



1 Trading Region

1 Balancing zone

1 VIP (Virtual Interconnection Point) **with Spain**

2 Physical interconnection points with GRTgaz

2 Physical interconnection points with ENAGAS

119 Delivery points (industrials)

324 Delivery points (distribution)

2 Biomethane injection points



2.1 Well-structured Regulatory Framework

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% (granted for a 10-year period on a case by case analysis)	3% (granted for a 10-year period on a case by case analysis)	3% (granted for a 10-year period on a case by case analysis)	3% (granted only to selected investments)	3% (granted only to selected investments)	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

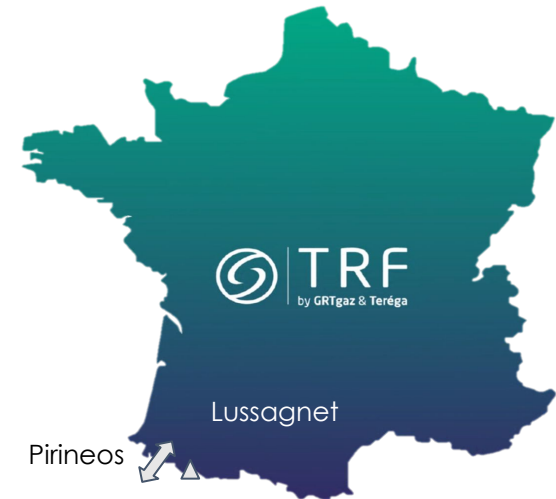
Source: CRE, Management information, European Commission

* Investments benefiting from the 1.25% premium will continue to benefit from this bonus over their useful life

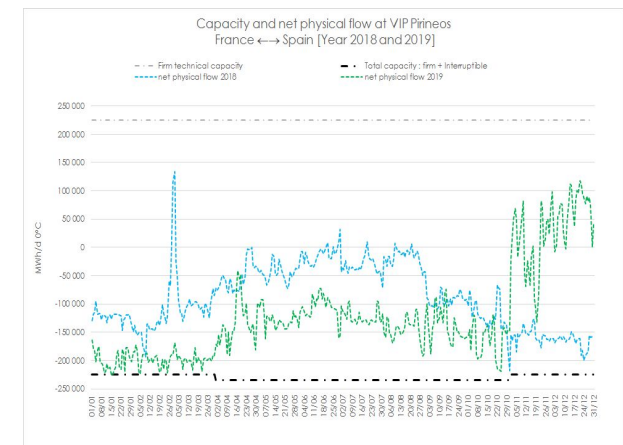
** CRCP = Claw back account aimed to adjust for differences between forecasted and actual figures

2.1 Successful First Full Year for Trading Region France

- **Gas transits in the network in 2019 reached 156.7 TWh (+27 % vs 2018)**
- At the **Pirineos interconnection point**, the flows considerably increased:
 - In the direction of France → Spain: 47 TWh in 2019 (versus 31.8 TWh in 2018)
 - In the direction of Spain → France: 2.7 TWh in 2019 (versus with 0.3 TWh in 2018), i.e. a physical flow multiplied by 9
- From November 1st, 2019, the **flow direction reversed with a rise in gas from Spain**, within a European context of massive arrival of LNG and high level of take-up of storage facilities



- **A French market more liquid, more competitive and more integrated to the european market thanks to the TRF**
- **Pirineos interconnection point confirmed as an efficient infrastructure**

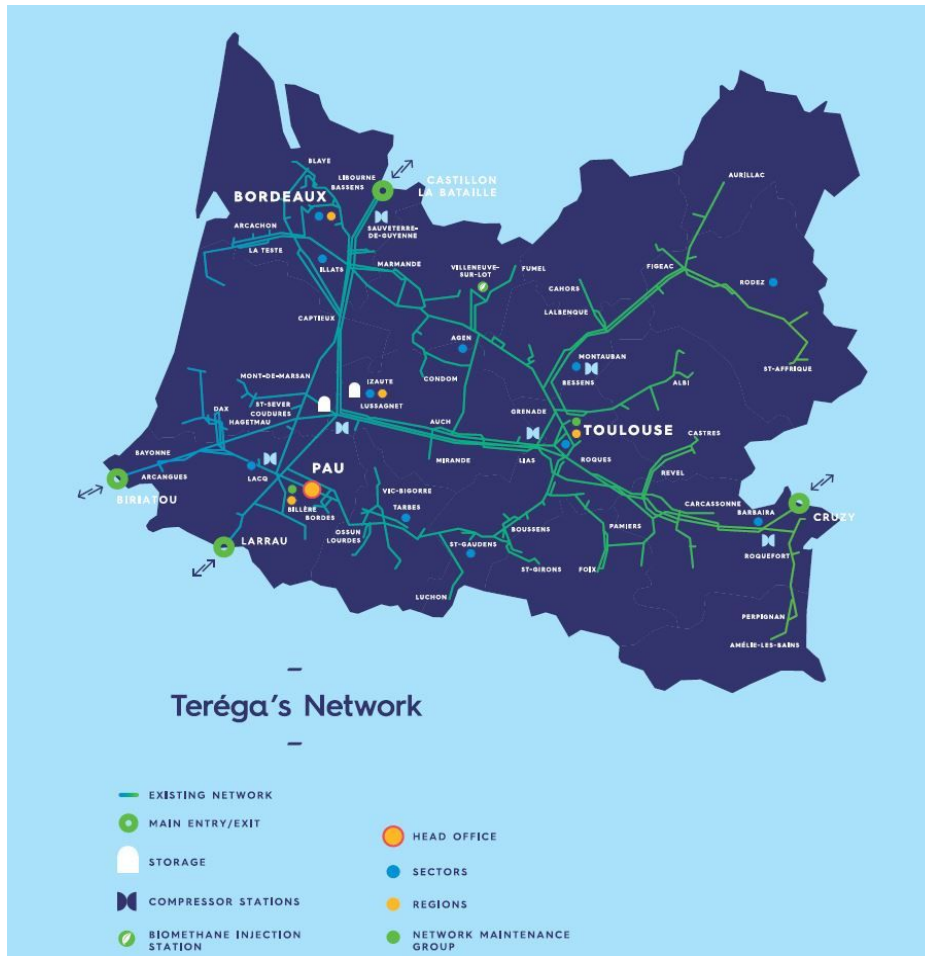


02

2.2 Teréga Business Overview - Storage Activity

Now Fully Regulated

2.2 Sole Gas Operator in the South West Region



2 storage sites in Izaute and Lussagnet (the only 2 storage sites in the South West of France)

26% of France's underground natural gas total storage capacity

33.1 TWh storage tradable capacities



2.2 Storage Activity Fully Regulated since January 1st 2018

Stability of Regulatory Framework and similar to Transmission

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 ⁽¹⁾ based revenue**


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

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

2.2 New Supply Rules for Storage Capacities

Key takeaways

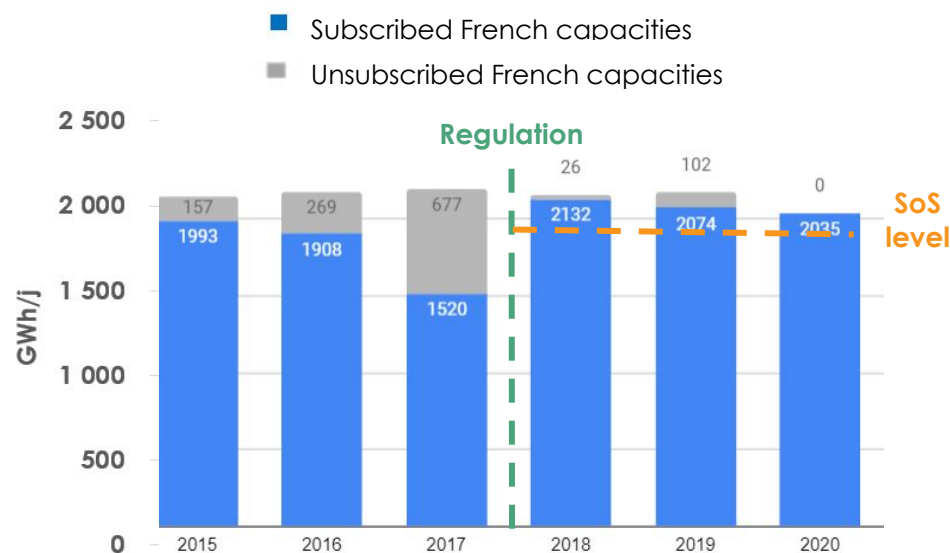
- The CRE (Commission de régulation de l'énergie - the French energy regulator) defined the **commercialisation framework** in order to maximise the filling of the storage facilities, necessary for granting the security of gas supply in France
- Storage capacity is offered through **public auctions** according to arrangements set by the CRE
- Any difference between auction revenues and the storage allowed revenues is **offset by a specific tariff component**, included into the tariff for using the natural gas transmission network
- Introduction of an **incentive mechanism** to encourage storage operators to improve the fluidity of the system

- 
- **Revenues of storage operators are now fully regulated**
 - **Storage capacities are sold through public auctions**
 - **The new regulation on the storage activity fully eliminates exposure to volume and price risk**

2.2 Storage Contribution to Security of Supply and Market Demand Confirmed

Objective to reinforce French Security of Supply achieved through higher subscription levels

Successful Teréga auctions for storage year 2020-2021



35

Participants to Teréga auctions for SY20

100%

Capacity booking rate

+25%

Participation versus SY19

~10x

Demand/Offer ratio

6

New Customers for SY20

4.30

Average auctions price (€/MWh) versus 2.22 for SY19

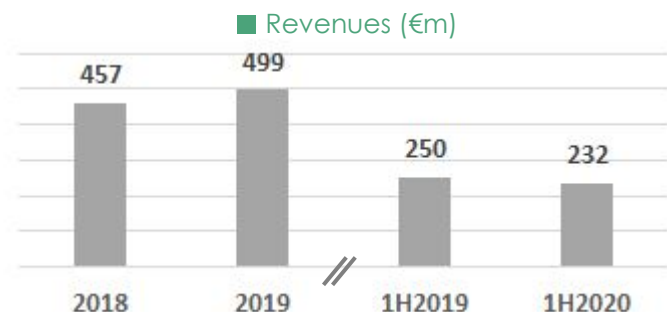
- Storage regulation positive contribution to Security of Supply in France confirmed
- Teréga's storage capacity remains 100% subscribed in 2020, such as in 2018, 2019 and also before regulation

03

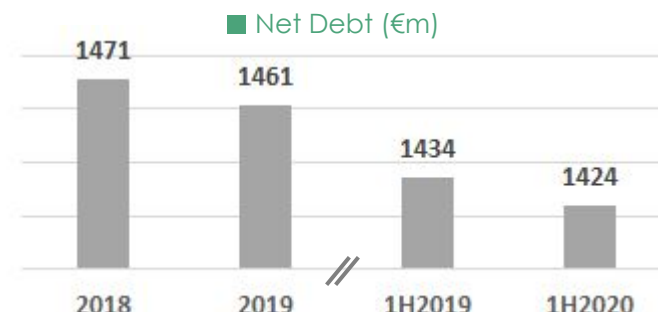
Financials Overview

3 Teréga SAS Key Financial Consolidated Figures

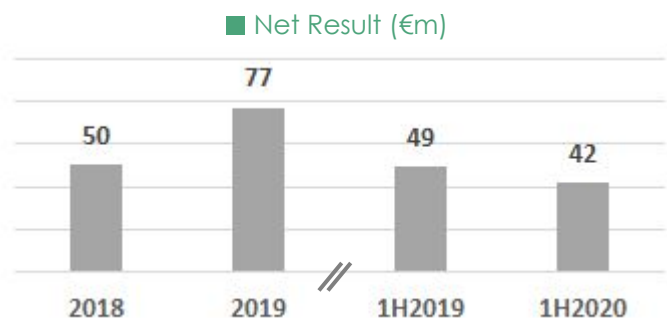
Revenues



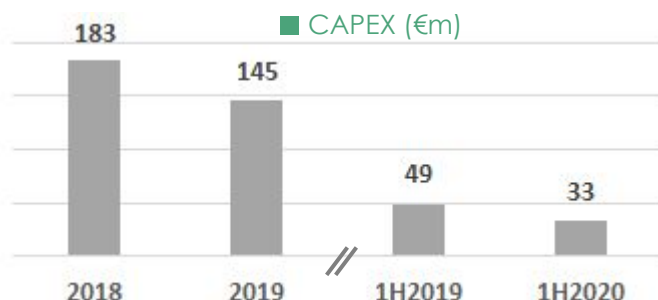
Net Debt



Net Result



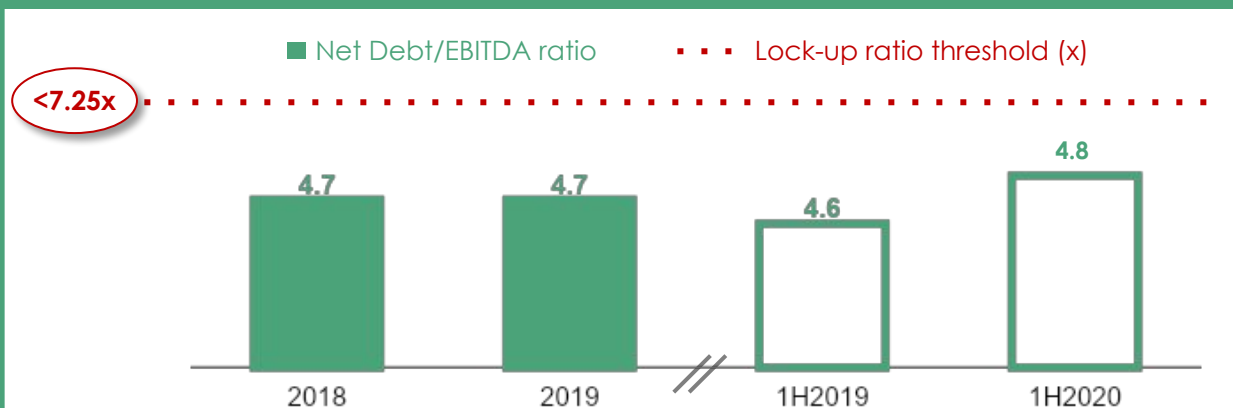
CAPEX



- H1 2020 Revenues and Net Result mainly impacted by price effect related to the implementation of the ATR7 and ATS2 tariffs which came into force in 2020 and the decrease of subscriptions at entry point Spain
- Capex decrease in H1 2020 due to works on buildings, security & maintenance postponed owed to Covid 19 effect recovered by year end

3 Lock-up Levels of outstanding Bonds at consolidated level

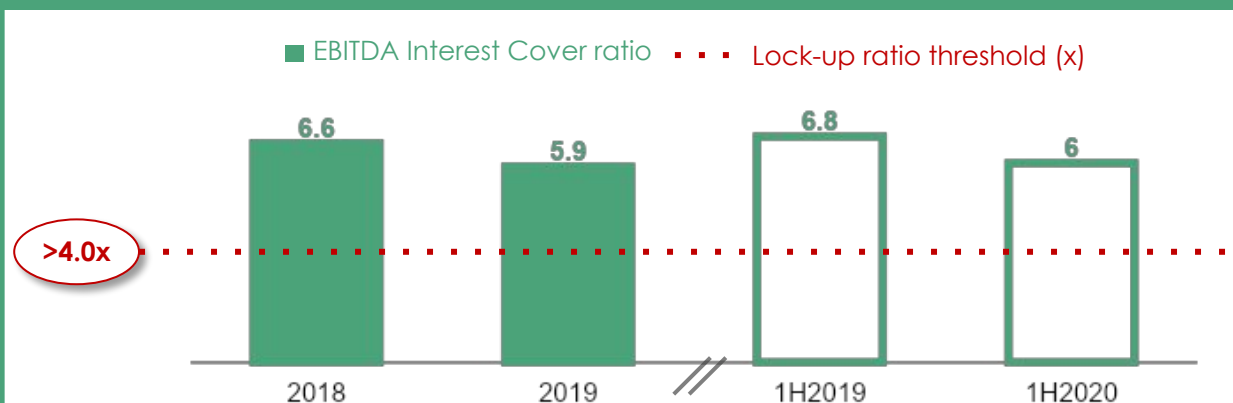
Net Debt/EBITDA ratio*



Highlights

- Comfortable headroom vs. the lock-up levels of outstanding bonds:
 - Net Debt/EBITDA ratio around 4.7x over the past two years vs. a threshold set at <5.25x*, now increased to <7.25x for 2020 and <7.0x from 2021 onwards
 - EBITDA Interest Cover ratio largely above the 4x threshold over the past two years

EBITDA Interest Cover ratio

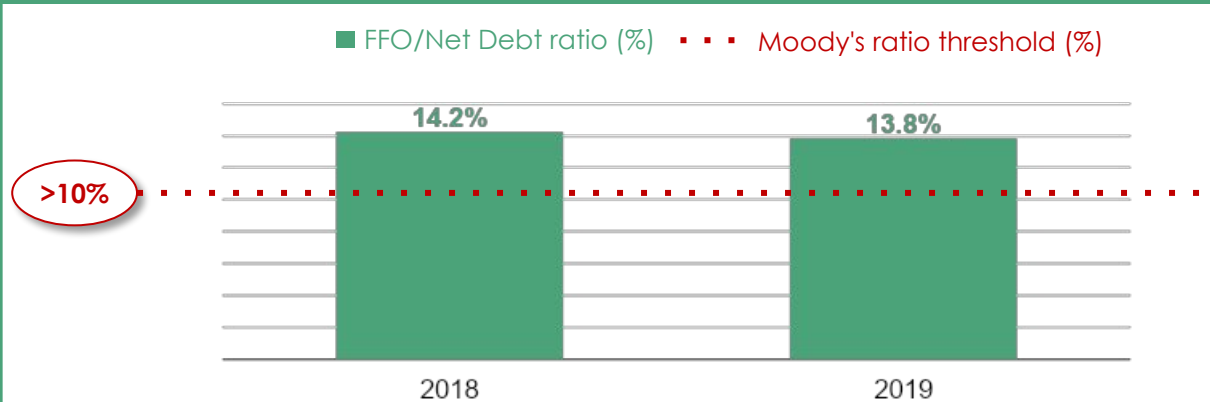


Outlook from year end 2020

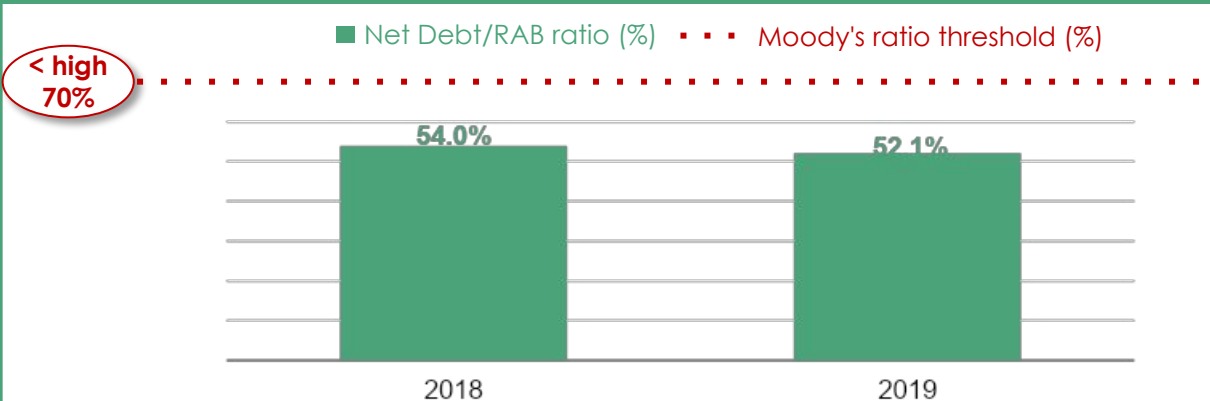
- Re-leverage the Group by partially repaying the ORA and by distributing dividends with the proceeds raised in February at SAS level, using the additional financial flexibility granted by the new storage regulation (100% regulated company), while maintaining the current solid investment grade rating (Baa2 by Moody's)

3 Moody's Core Ratios

FFO/Net Debt ratio



Net Debt/Regulated Asset Base (RAB) ratio



Highlights

Comfortable headroom vs. Moody's core ratios:

- FFO/Net Debt above Moody's threshold in each of the past two years
- Net Debt/RAB ratio largely below "high 70%" over the past two years

04

Financial Policy / Financial Structure

4 A strong and stable financial policy

Rating Terega SA

On 20 February 2020, Moody's affirmed Baa2 rating to Teréga SA with stable outlook

- "Teréga SA's rating is underpinned by the low business risk of its monopoly-like gas transmission and storage activities in the Southwest of France and by the stable and predictable revenue under a supportive and transparent regulatory framework
- **The 2018 introduction of regulation for gas storage was credit positive... Teréga is no longer exposed to price and volume risk"**

Rating Terega SAS

On 20 February 2020, Moody's rated Terega SAS Baa3 with stable outlook

- "The rating is based on it being the direct parent company of Teréga SA, holding 100% of its shares.
- **The rating is one notch below the issuer rating of Teréga SA to reflect the structural subordination of creditors at Teréga SAS relative to those at its subsidiary**

Stable outlook

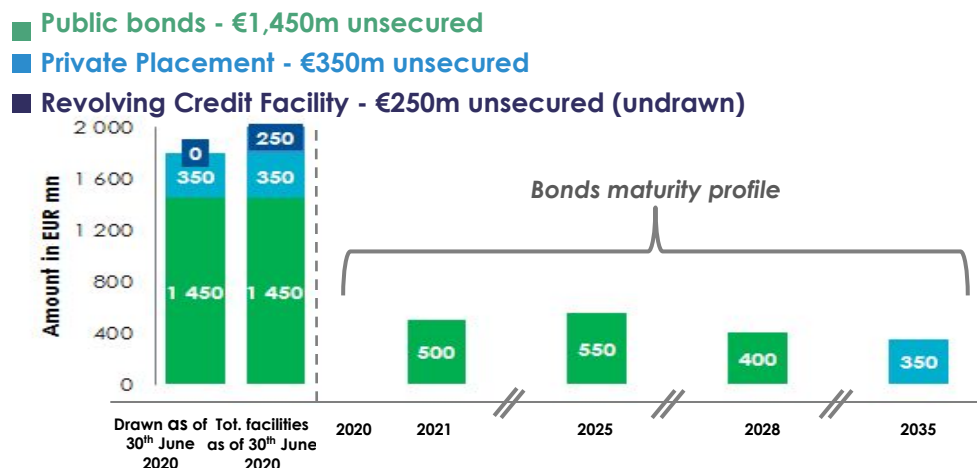
"The outlook is stable on all ratings reflecting Moody's expectation that metrics for the Teréga group will remain in line with the rating agency's current guidance of:

- **FFO/Net Debt above 10%**
- **Net Debt/Regulated Asset Base (RAB) not above the high 70s in percentage terms"**

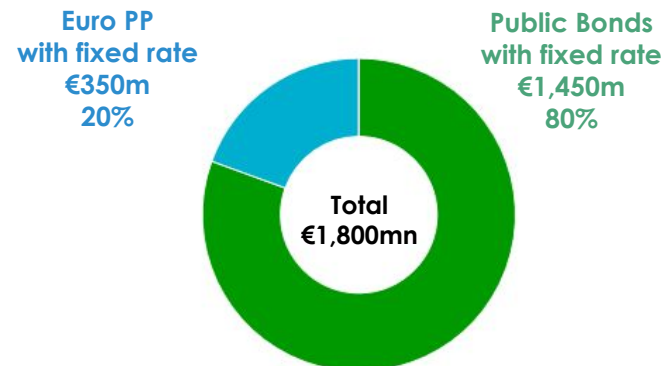
- **A cornerstone of the shareholders' strategy for Teréga is to preserve a solid Baa2 rating at Teréga SA level with a stable outlook, and an Investment Grade rating for Teréga SAS**
- **In order to protect Teréga group's ratings, shareholders are committed to maintain sufficient headroom above the ratios and lock-up thresholds**

4 Teréga SAS Group Financing Structure Overview

Financial debt maturity profile as of 30th June 2020



Gross financial debt breakdown as of 30th June 2020



Details of net debt

In €m	End of June 2020
Bonds 2011 - TERÉGA SA	(500.0)
Bonds 2015 - TERÉGA SA	(550.0)
Private Placement 2015 - TERÉGA SA	(350.0)
Bonds 2020 - TERÉGA SAS	(400.0)
Interest	(28.7)
Other	(17.2)
Total Debt	(1,845.9)
Cash & cash equivalents TERÉGA SA	422.3
Cash & cash equivalents	422.3
Net Debt	(1,423.6)

Highlights

Liquidity lines

- €250m RCF refinanced in July 2019 with a 5-year maturity plus two 1 year extension options through a pool of Tier1 international banks, 1st option exercised, new maturity (26th July 2025)

Debt maturity

- Strong liquidity profile
- Average debt maturity of around 6.1 years

Ratings:

- Teréga SA: Moody's Baa2 / stable outlook
- Teréga SAS: Moody's Baa3 / stable outlook

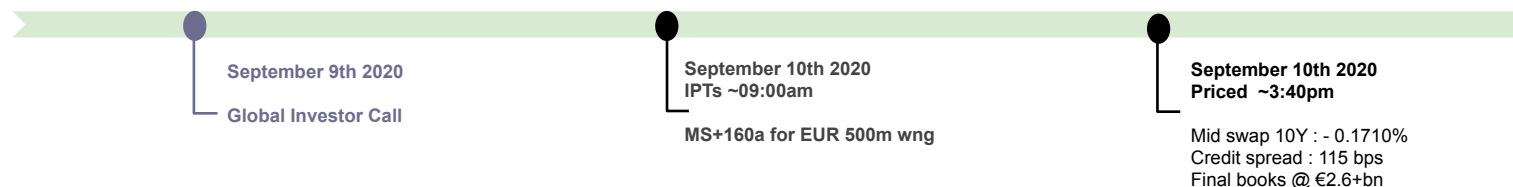
4 Focus on Terega SA recent and successful issuance

Issuer	Teréga SA (Baa2 - Moody's)
Format	Senior, Unsecured, Reg S Bearer
Amount	EUR 500 million
Settlement date	17 th September 2020
Maturity	17-Sept-30 (10 year maturity)
Coupon	0.875% Fixed, Annual, Act/Act (ICMA)

Bond issuance to secure the re-financing strategy, according to Moody's liquidity policy.

Total proceeds are kept on liquid investments until the maturity of the 500m€ Terega SA bond - July 2021.

■ 2 days process



■ Launch and execution process

Despite a busy day with five euro corporate issuers issuing a total of €3.9bn, 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% implying an excellent **final NIP -25bps**.

■ 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, dominated by **Germany & Austria (37%), UK & Ireland (27%) and France (19%)**

05

Key takeaways

5 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

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

A strong and stable shareholding structure, committed to maintain the current solide credit profil

