CREDIT OPINION
18 July 2025

Update

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RATINGS

Terega SA

Domicile	Pau, France
Long Term Rating	Baa2
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 SA

Update to credit analysis

Summary

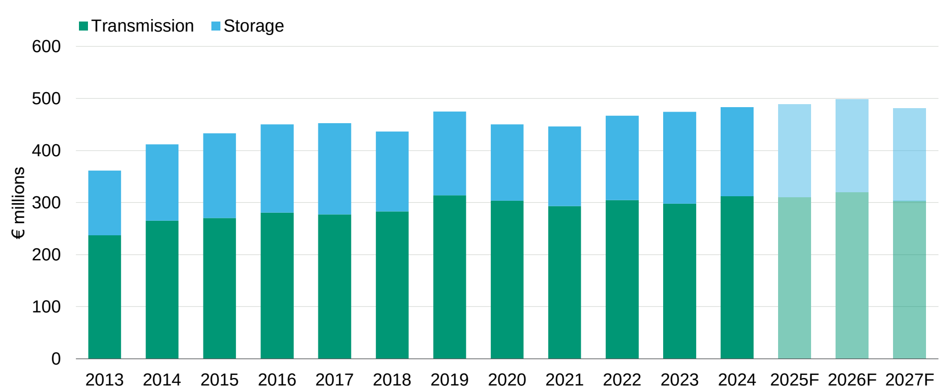
Terega SA's (Terega, Baa2 stable) credit quality is underpinned by the low business risk associated with its monopoly-like gas transmission and storage activities in southwest France; and its stable and predictable revenue under a supportive and transparent regulatory framework, reflected by the recent 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.

Conversely, key constraints to the ratings include the new cut in allowed returns from 2024 in the face of increased investments, which will strain financial flexibility; exposure to decarbonisation targets, resulting in a substantial decline in gas demand by 2050; and increased funding costs, which are likely to create a distortion with the regulated cost of debt embedded in the allowed returns.

Around 80% of the consolidated Terega group debt is located at the level of Terega, following the issuance of €400 million in senior unsecured notes by its parent company, Terega SAS (Baa3 stable), in February 2020.

Exhibit 1

Regulated gas transmission and storage activities underpin Terega's low business risk profile
Revenue in € million



Revenue is presented excluding gas sales, subsidies and grants. The forecasts are our opinion and do not represent the views of the issuer.
Sources: Company, Commission de Régulation de l'Energie (CRE) and Moody's Ratings forecasts

Credit strengths

» Low business risk profile of monopoly-like gas transmission and storage activities

» Transparent and supportive regulatory framework

» Supportive debt contractual features

» Commitment of shareholders to maintain credit quality

Credit challenges

» Lower allowed returns since 2024 in the face 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

» Increase in funding costs, which are likely to create a distortion with the regulated cost of debt embedded in the allowed returns

Rating outlook

The stable outlook on Terega's ratings reflects our expectation that, over the next 18-24 months, the group's consolidated metrics will remain in line with the current rating guidance of funds from operations (FFO)/net debt above 10%.

Any significant move into non-regulated activities could result in a revision to the ratio guidance for the current rating.

Factors that could lead to an upgrade

Upward pressure on Terega's ratings is unlikely because we expect Terega group's credit metrics to weaken over 2025-2027, because of rising capital spending and an increase in financial debt. Nevertheless, we could upgrade the ratings if the group sustains FFO/net debt comfortably in the midteens in percentage terms.

Factors that could lead to a downgrade

We could downgrade Terega's ratings if FFO/net debt appears likely to remain at or below 10%. This could result from higher-than-anticipated distributions to shareholders, business acquisitions or substantial underperformance.

Key indicators

Exhibit 2
Terega group

(in € millions)	2020	2021	2022	2023	2024	2025F	2026F	2027F
(FFO + Interest Expense) / Interest Expense	6.1x	6.6x	8.4x	8.6x	7.1x	4.5x-6.5x	4.5x-6.5x	4.5x-6.5x
Net Debt / Fixed Assets	74.8%	72.6%	69.3%	67.3%	66.3%	63%-65%	63%-65%	63%-65%
FFO / Net Debt	11.6%	12.1%	13.4%	13.7%	13.9%	11%-13%	11%-13%	11%-13%
RCF / Net Debt	-2.0%	10.0%	11.3%	11.2%	9.1%	7.5%-9.5%	7.5%-9.5%	7.5%-9.5%

2020-24 financial metrics and projections for 2025-27 are for the Terega group, including the €400 million issuance completed by Terega SAS. Terega SAS paid a special dividend of €192 million in 2020.
All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
The forecasts are our opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Headquartered in Pau, France, Terega SA is the owner and operator of about 16% of France's gas transmission network and 26% of its underground storage capacity, both in the southwest of the country. The transmission business, with about 5,094 kilometers (km) of pipelines transporting more than 90 terawatt-hours (TWh) of gas annually, generated 65% of the company's revenue in 2024. The storage business, which comprises two underground sites at Izaute and Lussagnet with a combined storage capacity of 34 TWh, generated the remaining 35%. The combined RAB of Terega was around €3.3 billion as of 31 December 2024.

Terega is fully held by Terega SAS, which is owned by a consortium comprising Italian gas transport and storage operator SNAM S.p.A. (Baa2 stable), Singaporean sovereign fund GIC, EDF Invest and Credit Agricole Assurances, which indirectly hold 40.5%, 31.5%, 18% and 10%, respectively, of the company's share capital.

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 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 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). Those changes aim to address the strain of higher interest rates on capital structures. Although the risk-free rate embedded in the WACC for the 2020-23 regulated period reflected a 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 extended over a 15-year period for the new regulatory period. This 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 (bps) to 4.10%. Additionally, the new regulatory period introduces a distinction in the return on RAB. The return on historical RAB continues to be based on a real, pretax WACC, while the RAB remains inflation-indexed. In contrast, for assets commissioned from 2024 onward, the return will switch to a 5.4% nominal, pretax WACC, factoring in an annual inflation rate of 1.3% over the period. However, this portion of the RAB will not be indexed for inflation. This modestly increases allowed revenue on a cash basis, boosting short-term operating cash flow, but removes RAB indexation, leading to lower regulatory depreciation and lower regulatory revenue in the future.

The CRE considered a capital investment programme of around €484 million over the period[1], 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. Further, the CRE decided to pursue its total expenditure approach initiated in 2020 for Terega's spending on information systems. In that respect, the 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 3

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%*	*8.8%*	*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 enters third regulatory period, which supports predictability of cash flow

Among other things, 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 the first 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. The risk is, however, 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 bps 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 4
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 reduced to 2% from 5% of auction premiums.

Increased capex in the new regulatory period likely to 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 investment in storage activities is likely to increase to €68 million in ATS3 from €49 million in ATS2 on average. This further step-up 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, the investments completed over ATRT7 and ATS2 were, in total, €50 million lower than those initially approved by the regulator, indicating some flexibility for Terega.

Terega delivered solid performance in 2024, demonstrating the predictability and stability of its earnings. EBITDA, as reported by the company, rose to €305 million in 2024, from €299 million in 2023, because of the implementation of the parameters from the new regulatory period for transmission and storage activities, as well as reduced energy costs stemming from a decline in storage withdrawals and gas flow. This more than compensated for the impact of higher personnel expenses and costs associated with studies on major infrastructure projects. As a result, the company's FFO/net debt increased modestly to 13.9% in 2024, from 13.7% in 2023.

Over the current regulatory period, we expect the group to maintain its financial flexibility, reflected by its FFO/net debt of 11%-13%. We expect cash generation to deteriorate modestly on higher funding costs. This follows the refinancing of a €550 million bond maturing in August 2025 with a 2.2% coupon, through the issuance of a €600 million bond in September 2024 at a 4% coupon, and the upcoming maturity in February 2028 of a €400 million bond with a 0.63% coupon. However, the impact of these events should be partially offset by increased regulatory depreciation and an increase in the RAB.

This reduced cash generation, along with higher investments and dividend payment, will result in modest negative free cash flow over the next four years. This will drive a gradual deterioration in credit metrics by 2027.

New businesses to adapt to the energy transition in France

In the context of the French government's 2020 decision to phase out natural gas by 2050, Terega is considering new activities, partially unregulated.

In this respect, the group 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) initiative[2], 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 S.A. (Baa1 stable), REN – Redes Energeticas Nacionais, SGPS S.A. (Baa2 stable) and GRTGaz, to reshuffle or 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 2030 (BarMar), for which Terega signed a memorandum of understanding in December 2022 with REN, Enagas and GRTgaz. The consortium expects the 700 km network to transport 79 TWh of gas per year on average, or about 10% of the European consumption estimated in 2030. The project is likely to cost around €2.5 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 2027.

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. Total construction is estimated at around €1.2 billion, and commissioning is expected in 2030. The project is still at an early stage. We do not expect a final investment decision on this project before one is taken 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 CO_2 annually by 2030 and up to 6 mt of CO_2 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 2027.

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

Following Terega SAS' issuance of €400 million of 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 (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' bond documentation includes 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 onward because of ORA principal repayment and other restricted payments; net debt excludes shareholder debt

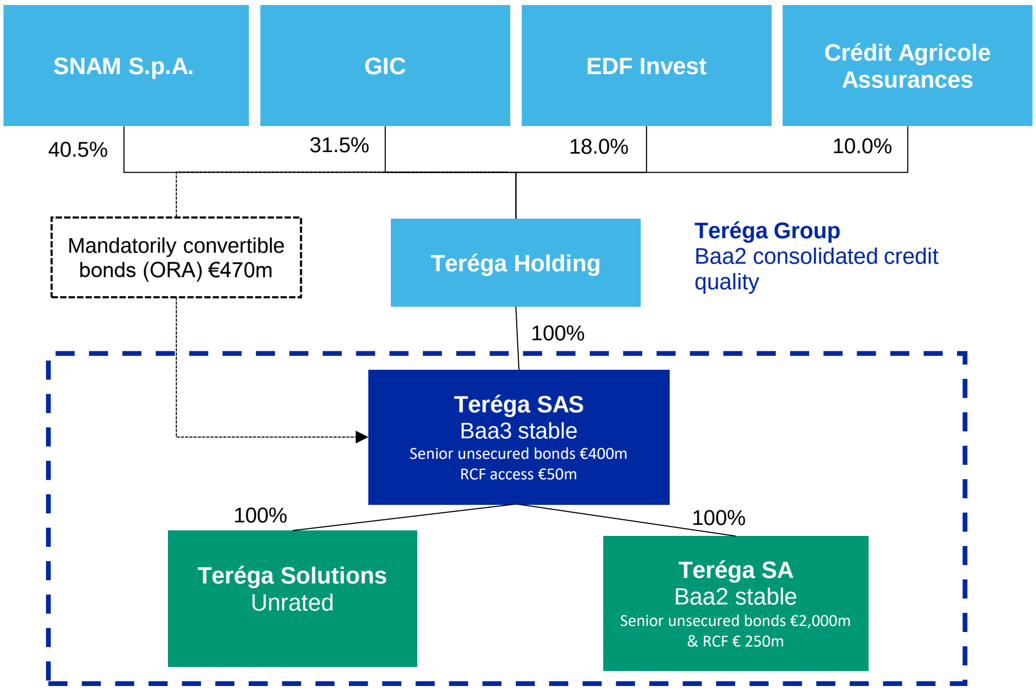
These ratios are calculated at the level of Terega SAS. Restricted payments, while in breach of the lockup ratios, is an event of default under the bond documentation.

The company intends to maintain capacity of at least 0.25x-0.5x against its lockup ratios, which should mitigate a sustained decline in credit metrics below our ratio guidance. More broadly, the current rating assumes 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 group's 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 group level. Shareholders received extraordinary dividends of €192 million with the rest of the proceeds.

Exhibit 5
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.

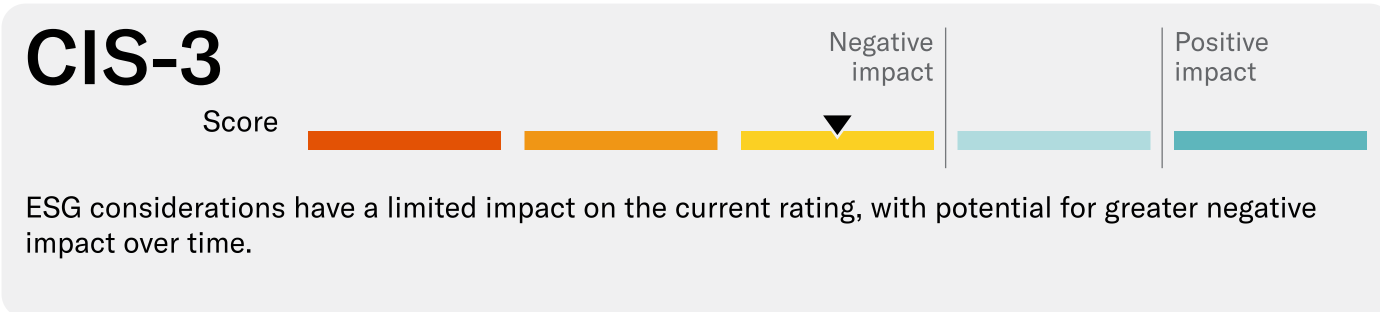
Noteholders benefit from events of default if Terega SAS makes certain payments to its shareholders while not complying with the financial covenant of consolidated net debt/EBITDA of 7.0x and EBITDA/interest of 4.0x; makes certain changes to the subordination provisions, payment restrictions or mandatory conversion provisions of the ORAs; or breaches or terminates, or makes a significant amendment to, the undertaking agreement — the main purpose of which 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 in 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 SA's ESG credit impact score is CIS-3

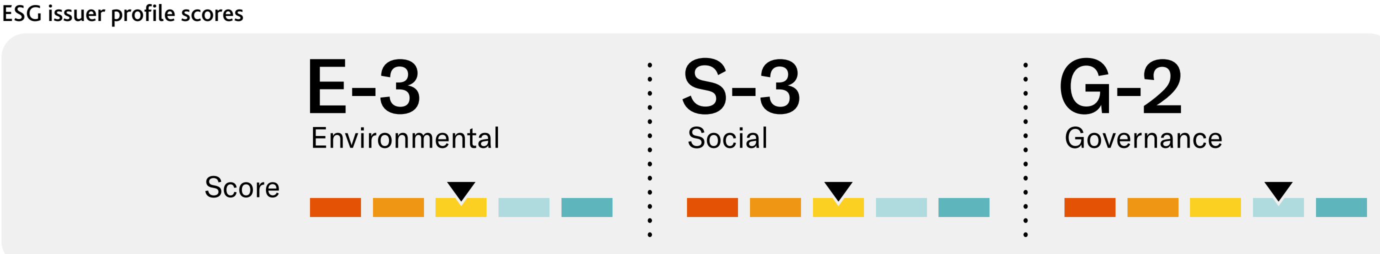
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

ESG scores and narratives are aligned with those of Terega SAS. 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 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

ESG scores and narratives are aligned with those of Terega SAS. 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

ESG scores and narratives are aligned with those of Terega SAS. 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

ESG scores and narratives are aligned with those of Terega SAS. 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.

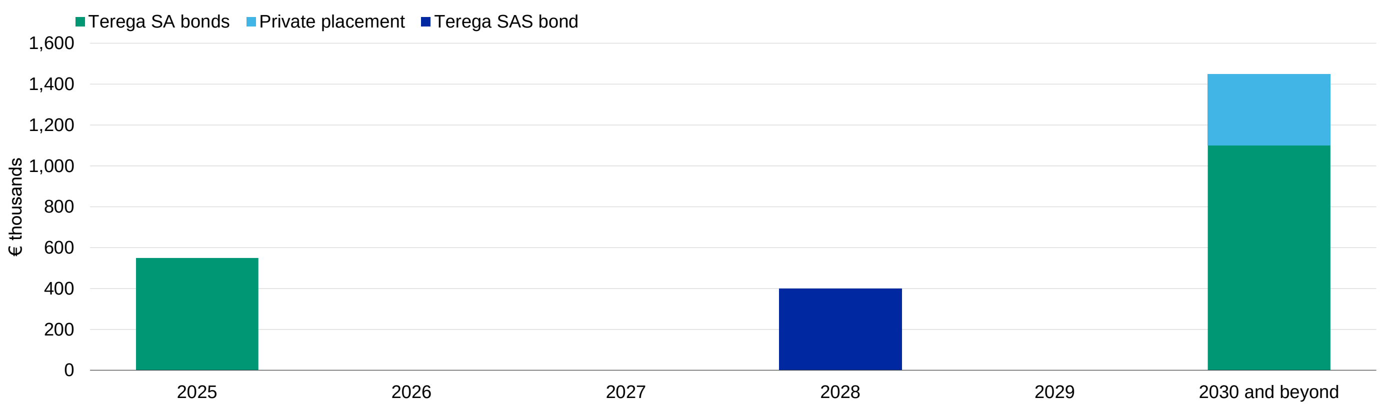
Liquidity analysis

Terega's liquidity is excellent, underpinned by €666.4 million in cash and cash equivalents as of December 2024, following the €600 million bond issuance in September 2024 and a committed €250 million revolving credit facility, which will mature in July 2026. Terega SAS is a co-borrower on the facility for an amount that cannot exceed €50 million.

In addition, stable and predictable operating cash flow in excess of €200 million over 2025-26 is sufficient to cover the annual capital spending requirement of €160 million-€200 million. As of December 2024, the debt maturities included €550 million due in August 2025, 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 8

Debt maturity profile for the Terega group as of 31 December 2024



Sources: Company and Moody's Ratings

Methodology and scorecard

Terega is rated in accordance with our Regulated Electric and Gas Networks rating methodology. The assigned Baa2 rating is lower than the scorecard-indicated outcome of A3. This reflects the relatively short track record of the gas storage regulation, amid a decline in gas consumption and uncertainties around the need for gas storage facilities, in particular aquifers that cannot store hydrogen.

Exhibit 9
Rating factors
Terega group

Regulated Electric and Gas Networks Industry Scorecard	Current FY 12/31/2024		Moody's 12-18 month forward view as of July 2025	
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)	7.9x	Aaa	4.5x-6.5x	A
b) Net Debt / Fixed Assets (3 Year Avg)	67.6%	Baa	63%-65%	Baa
c) FFO / Net Debt (3 Year Avg)	13.7%	Baa	11%-13%	Baa
d) RCF / Net Debt (3 Year Avg)	10.5%	Baa	7.5%-9.5%	Baa
Rating:				
Scorecard-Indicated Rating from Grid Factors 1-4		A2		A3
Rating Lift				
a) Scorecard-Indicated Outcome		A2		A3
b) Actual Rating Assigned				Baa2

All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations. LTM = Last 12 months.
The forecasts are our opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 10
Peer comparison
Terega group

	Enagas S.A. Baa1 Stable			SNAM S.p.A. Baa2 Stable			2i Rete Gas S.p.A. Baa2 Stable		
(in € millions)	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24
Revenue	957	908	906	3,496	4,244	3,548	695	783	867
EBITDA	776	766	769	2,536	2,765	3,151	508	573	630
Total Debt	4,827	4,185	3,699	13,700	16,673	18,891	3,254	3,590	3,287
Net Debt	3,468	3,347	2,403	11,943	15,291	16,735	3,208	3,265	3,207
(FFO + Interest Expense) / Interest Expense	6.6x	6.6x	8.0x	12.7x	8.0x	5.3x	7.6x	7.0x	7.6x
Net Debt / Fixed Assets	51.6%	50.9%	47.6%	55.4%	65.1%	65.4%	80.4%	79.5%	76.2%
FFO / Net Debt	15.3%	19.5%	31.1%	14.6%	12.5%	12.0%	12.3%	13.5%	15.2%
RCF / Net Debt	2.4%	6.0%	15.3%	7.3%	6.4%	6.3%	9.1%	10.1%	11.3%

All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Exhibit 11
Moody's-adjusted net debt reconciliation
Terega group

(in € millions)	2020	2021	2022	2023	2024
As reported debt	**2,310.3**	**1,812.3**	**1,812.1**	**1,811.0**	**2,414.4**
No Adjustments	-	-	-	-	-
Moody's-adjusted debt	**2,310.3**	**1,812.3**	**1,812.1**	**1,811.0**	**2,414.4**
Cash & Cash Equivalents	(489.6)	(19.7)	(60.3)	(66.8)	(666.4)
Moody's-adjusted net debt	**1,820.7**	**1,792.6**	**1,751.8**	**1,744.2**	**1,748.0**

All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 12
Moody's-adjusted EBITDA reconciliation
Terega group

(in € millions)	2020	2021	2022	2023	2024
As reported EBITDA	**277.6**	**282.4**	**297.7**	**302.3**	**314.8**
No Adjustments	-	-	-	-	-
Moody's-adjusted EBITDA	**277.6**	**282.4**	**297.7**	**302.3**	**314.8**

All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Exhibit 13

Overview of select historical Moody's-adjusted financial data

Terega group

(in € millions)	2020	2021	2022	2023	2024
INCOME STATEMENT					
Revenue	458	484	488	489	486
EBITDA	278	282	298	302	315
EBITDA Margin	60.6%	58.3%	61.0%	61.9%	64.8%
EBIT	169	173	189	190	206
EBIT Margin	36.9%	35.7%	38.7%	38.9%	42.4%
Interest Expense	42	39	32	32	40
Net income	72	84	104	105	111
BALANCE SHEET					
Total Debt	2,310	1,812	1,812	1,811	2,414
Cash & Cash Equivalents	490	20	60	67	666
Net Debt	1,821	1,793	1,752	1,744	1,748
Net Property Plant and Equipment	2,436	2,468	2,526	2,593	2,637
Total Assets	3,532	3,101	3,193	3,268	3,904
CASH FLOW					
Funds from Operations (FFO)	211	217	235	239	242
Cash Flow From Operations (CFO)	211	205	242	227	255
Dividends	247	38	38	44	83
Retained Cash Flow (RCF)	(36)	180	198	196	160
Capital Expenditures	(126)	(140)	(164)	(175)	(156)
Free Cash Flow (FCF)	(162)	27	40	9	16
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	6.1x	6.6x	8.4x	8.6x	7.1x
LEVERAGE					
FFO / Net Debt	11.6%	12.1%	13.4%	13.7%	13.9%
RCF / Net Debt	-2.0%	10.0%	11.3%	11.2%	9.1%
FCF / Net Debt	-8.9%	1.5%	2.3%	0.5%	0.9%
Debt / EBITDA	8.3x	6.4x	6.1x	6.0x	7.7x
Net Debt / EBITDA	6.6x	6.3x	5.9x	5.8x	5.6x
Net Debt / Fixed Assets	74.8%	72.6%	69.3%	67.3%	66.3%

All figures and ratios are based on adjusted financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 14

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

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 Comment:

» 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 over 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.

REPORT NUMBER 1450814

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454