MOODY'S INVESTORS SERVICE

CREDIT OPINION
20 February 2020

Update

Rate this Research

RATINGS

Terega SAS

Domicile	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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Teréga SAS/Teréga SA

Update following Teréga SAS debt offering

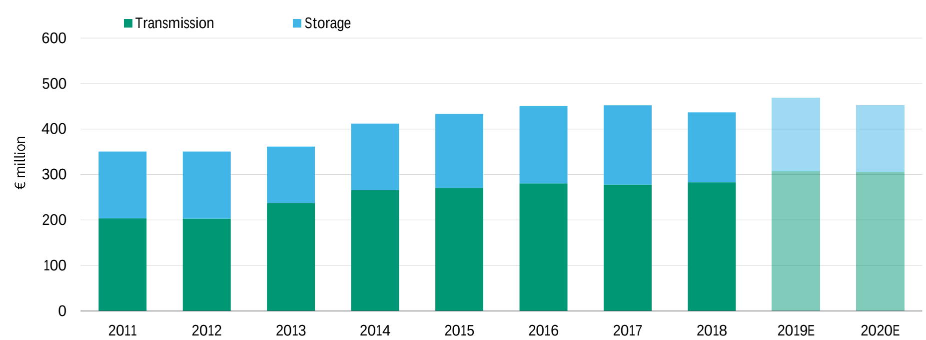
Summary

The credit quality of Teréga SAS (Baa3 stable) is supported by that of its operating subsidiary Teréga SA (Teréga, Baa2 stable) which, in turn, is underpinned by (1) the low business risk of its monopoly-like gas transmission and storage activities in the Southwest of France; and (2) stable and predictable revenue under a supportive and transparent regulatory framework.

While Teréga's gas transmission business will enter its seventh regulatory period in April 2020, gas storage in France has only been regulated since 2018. In January 2020, the French energy regulator *Commission de Régulation de l'Energie* (CRE) published its final determinations for the 2020-2023 regulatory period which will reduce allowed returns by 100 basis points (bps), negatively affecting Teréga's earnings. In addition, more demanding operational allowances were introduced for gas storage.

While all the debt of the consolidated Teréga SAS group (Teréga group) was located at the level of Teréga at the end of 2019, Teréga SAS plans to issue around €400 million of senior unsecured notes in February 2020. Credit quality for Teréga SAS is constrained by its structural subordination relative to Teréga, which provides substantially all of the group's cash flows and will account for around 80% of the group's debt after the transaction.

Exhibit 1
Regulated gas transmission and storage activities underpin Teréga's low business risk profile (Revenue in € million)



Revenues are presented excluding balancing gas sales, subsidies and grants. The 2019 and 2020 estimates represent Moody's forward view, not the view of the issuer.
Source: Company, CRE, Moody's Investors Service

The proposed notes provide for the same lockup ratios as those included in Teréga's outstanding notes which are calculated at the level of the Teréga group. Following the issuance, we expect financial metrics to move closer to our guidance for the current ratings.

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

» Reduction in allowed returns will reduce financial flexibility

» Exposure to operating cost overruns for gas storage as regulation moves away from cost pass-through and introduces an incentive regime from 2020

» Structural subordination of Terega SAS relative to Terega SA, which will account for around 80% of the consolidated group's debt after the proposed transaction and provides substantially all its cash flows

Rating outlook

The outlook is stable on all ratings for Terega SA and for Terega SAS reflecting Moody’s expectation that metrics for the Terega group will remain in line with current guidance of FFO / Net debt above 10% and Net debt / Regulated Asset Base (RAB) not above the high 70s in percentage terms.

Factors that could lead to an upgrade

Upward pressure on Teréga's ratings is not currently anticipated in the context of a decrease in allowed returns and the increase in group's leverage. Nevertheless, the rating could be upgraded in the event that the company demonstrates a track record of maintaining FFO/net debt comfortably in the low teens in percentage terms.

Factors that could lead to a downgrade

The ratings could be downgraded if its credit metrics appeared likely to fall persistently below our guidance for a Baa2 consolidated credit quality, as a result of distributions to shareholders, business acquisitions or underperformance. There could also be downward ratings pressure if management appeared unlikely to act in accordance with our assumption to maintain credit quality and headroom against current ratings guidance.

Key indicators

Exhibit 2

Teréga group

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	2019 proj.	2020 proj.
FFO Interest Coverage	6.9x	6.1x	5.6x	5.9x	5.6x	5.6x	5x - 5.5x
Net Debt / RAB	n/a	n/a	n/a	55.7%	53.3%	52%	60% - 65%
Net Debt / Fixed Assets	51.4%	85.4%	83.3%	82.5%	82.7%	82%	90% - 95%
FFO / Net Debt	23.6%	13.7%	15.3%	15.5%	14.2%	15%	10% - 11.5%
RCF / Net Debt	16.3%	-31.9%	9.4%	10.0%	8.6%	10%	-5% - 10%

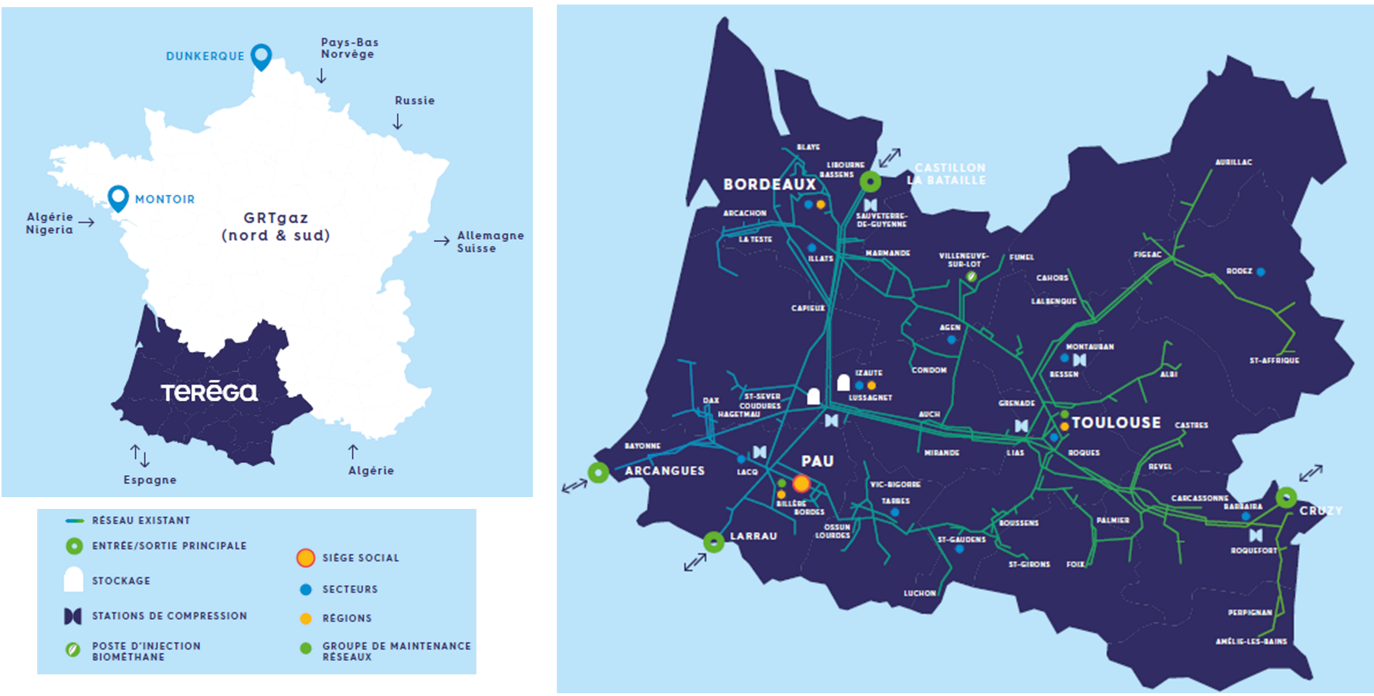
Note: Financial metrics presented are for Teréga SA until 2019. Projections for 2020 are for the Teréga group including the proposed €[400] million issuance
Note 2: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Ratios do not include the benefit of a tax shield at Teréga Holding level resulting from the tax deductibility of interest payments on the group's ORAs. For definitions of Moody's most common ratio terms please see the accompanying User's Guide.
Source: Moody's Financial Metrics™

Profile

Headquartered in Pau, France, Teréga SAS (Baa3 stable) owns 100% of the shares of Teréga SA (Teréga, Baa2 stable) which is the owner and operator of about 16% of France's gas transmission network, and 25% of its underground storage capacity, both in the Southwest of the country. The transmission business, with about 5,080 kilometres of pipelines transporting more than 120 terawatt hours annually, generated 59% of the company's EBITDA in 2018. The storage business, which comprises two underground sites at Izaute and Lussagnet with a combined useful storage capacity of 33 terawatt hours, generated the remaining 41%. The combined RAB of Teréga was around €2.8 billion as of 1 January 2020.

Exhibit 3

Teréga's assets are located in the Southwest of France



Source: Company

The company 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 Crédit Agricole Assurances, which indirectly hold 40.5%, 31.5%, 18.0% and 10.0% of the company's share capital, respectively.

Detailed credit considerations

Gas transmission activities benefit from a well-established and transparent regulatory framework

The revenue generated by Teréga's gas transmission activities is regulated through a framework overseen by an independent national regulator, CRE. The CRE uses a building block approach to determine revenue covering operating expenses, cost of capital and asset depreciation. This revenue has limited exposure to gas volume transported as tariffs are based on the sale of capacity, which is payable even if not used. A backward-looking mechanism (called CRCP) compensates the difference between collected and allowed revenue.

The CRE's methodology and models are published and transparent in terms of capital spending and operating spending targets/ trajectories and RAB remuneration, and are based on an assumption of efficient costs and a fair return on capital employed. Tariffs are set for four-year periods; Teréga will enter its seventh regulatory period (ATRT7) in April 2020 after the previous regulatory period was shortened by a year to align subsequent periods with those for gas distribution and gas storage. Overall, we view the regulatory framework as well-established and transparent.

The final price determination published by the CRE for ATRT7 included a 2.5% reduction in tariffs in 2020 and an annual increase of 1.7% over the period. This determination reflects (1) a weighted average cost of capital (WACC) of 4.25% (real, pretax), down from 5.25% during the previous regulatory period (ATRT6) as a result of the low interest environment and the decrease in French corporate tax rate (as the exhibit below shows)[1]; and (2) an operating spending efficiency target of 2.1% over the period. This was partly offset by a (1) capital spending program of around €425 million, which is likely to result in a 9.8% increase in nominal terms in the company's RAB between 1 January 2020 and 1 January 2023; (2) a 13.6% increase in its operating expenditure allowance between 2018 and 2020, followed by an annual increase of 1.4% through 2023, to support the company's transformation including the adaptation of its information systems and recruitment of additional employees. For the new regulatory period, Teréga will be trialling a totex approach for its spending in information systems in which assets will be included in the RAB based on an ex-ante trajectory according to whether actual spending was made through capex or opex.

Exhibit 4

Lower allowed return for transmission reflects the lower-yield environment

	ATRT4	ATRT5	ATRT6	ATRT7
Regulatory period	**2009-2013**	**2013-2017**	**2017-2020 [2]**	**2020-2023**
Risk-free rate	2.3%	2.0%	1.6%	*0.4%*
Nominal risk-free rate	4.2%	4.0%	2.7%	1.7%
Debt spread	0.4%	0.6%	0.6%	0.9%
Tax deductibility of cost of debt	100%	100%	75%	100%
Tax rate	34.43%	34.43%	34.43%	28.02%
Cost of debt (nominal, pre-tax)	*4.6%*	*4.6%*	*3.7%*	**2.6%**
Gearing	40%	50%	50%	50%
Asset beta	0.70	0.58	0.45	0.50
Equity beta	1.00	0.96	0.75	0.86
Market risk premium	4.5%	5.0%	5.0%	5.2%
Cost of equity (nominal, pre-tax)	*13.3%*	*13.4%*	*9.8%*	**8.6%**
WACC (nominal, pre-tax)	*9.8%*	*9.0%*	*6.8%*	**5.60%**
Inflation	*1.9%*	*2.0%*	*1.1%*	1.3%
Allowed return (WACC, real, pre-tax, ATRT7 calculation)	*7.7%*	*6.9%*	*5.6%*	**4.25%**
Allowed return (WACC, real, pre-tax, ATRT6 calculation)	**7.25%**	**6.50%**	**5.25%**	*4.00%*
Bonus for interconnection investments [1]	**3.0% for 10 years**	**3.0% for 10 years, but for 3 projects only**	**Based on CRE analysis of each project**	**n/a**

[1] Bonus for investments reducing the number of balancing zones in France or increasing interconnection capacity.
[2] The regulatory period for ATRT6 was shortened by one year to align with regulatory periods for gas distribution and gas storage.
Note: Values in blue italic have not been published by the regulator or its consultant but are extrapolated by Moody's from published data
Source: CRE< Moody's Investors Service

Gas storage enters second regulatory period supporting predictability of cash flows but introduction of incentives will pressure earnings

Following the French law no 2017-1839 of December 2017, which among others approved the regulation of domestic gas storage facilities, the CRE published, in February 2018, its final determination for gas storage tariffs for the two-year period starting 1 January 2018 (ATS1). The introduction of regulation was credit positive for Teréga, whose gas storage activities had previously operated under a commercial model in a competitive environment.

Regulated tariffs apply to all gas storage facilities that are deemed necessary to ensure security of supply and allow for the proper functioning of the domestic gas networks system. Although at the outset, all of Teréga's gas storage assets were identified as falling under the scope of regulation, this could change in the future should circumstances evolve. This risk is nevertheless mitigated by the fundamental characteristics of Teréga's storage assets, including strategic location, technical efficiency and a lower average cost than that of Storengy (a subsidiary of ENGIE SA, A3 stable), the other main gas storage operator in France.

The key principles and regulatory mechanisms set by the CRE for gas storage are broadly similar to those used 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, Teréga is no longer exposed to volume and price risk, which is 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 ATS2 includes a 1.6% reduction in tariffs between 2018 and 2020, due to the decrease in allowed return, and an annual increase of 2.4% over the whole period, which includes a 2.1% operating efficiency target for the period, in line with gas transmission. While costs requested by the gas storage operators for ATS1 were fully allowed by the CRE and pass-through to reflect the limited time it had to perform a detailed audit, ATS2 includes incentives on most operating costs.

Allowed depreciation is based on the assumption of a 75-year regulatory life for cushion gas, whereas the WACC has been set at 4.75% (real, pretax) from 5.75% (real, pretax) in ATS1. The WACC for gas storage corresponds to the WACC for gas transmission networks plus a 50 bps premium which reflects the specific economic, technical and geological risks associated with gas storage and was cut by 100 bps for ATS2, in line with the WACC for gas transmission.

Exhibit 5

Revenue building block for gas storage and underlying assumptions

	ATS1		ATS2			
	2018	2019	2020	2021	2022	2023
Regulated Asset Base at 1 January (€ million)	1156	1229	1245	1270	1299	1320
WACC (real, pre-tax)	5.75%	5.75%	4.75%	4.75%	4.75%	4.75%
Return on assets under construction (nominal, pre-tax)	4.20%	4.20%	3.10%	3.10%	3.10%	3.10%
Net opex (€ million)	37.2*	44	44	46	46	47
Capital charges (€ million)	111	120	104	106	109	111
Revenue allowance (€ million)	153	164	147	151	154	158

*actual value as published by the regulator

Source: CRE, Moody's Investors Service

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 relative to the commercialisation of gas storage capacity have evolved between ATS1 and ATS2. While ATS1 tariffs enabled operator booking more than 75% of its capacity to retain a proportion of the proceeds from the auctions (up to 5% if 100% of capacities are booked), ATS2 includes a bonus/malus of 1% of the difference between the auction price and the seasonal value of storage (winter-summer spread less storage cost) for each auction, on the condition that security of supply is maintained.

Manageable capital spending in the short term; scale of medium-term investment program will depend on STEP project

The regulatory determinations for Teréga for the period 2020-2023 include annual investments between €150 million and €170 million, of which around two-thirds will be dedicated to the maintenance, strengthening and development of the transmission grid. The Gascogne-Midi pipeline was completed on time, allowing the Trading Region France, the single market area connecting the South and North gas marketplaces, to be put in place in November 2018.

Capital spending will increase if Teréga decides to invest in a proposed pipeline project in the Eastern Pyrenees: the South Transit East Pyrenees (STEP), which is part of the broader interconnection project known as MidCat to allow bidirectional flows between Spain and France. The French part of the STEP project would comprise an underground gas pipeline of around 120 kilometers, for an estimated cost of €290 million.

While the project was granted the status of Project of Common Interest (PCI) in 2017, it was rejected by both the French and Spanish regulator in January 2019 on the basis that it would increase prices without substantially improving security of supply and was not considered mature enough to be accepted. On 20 June 2019, the Agency for the Cooperation of Energy Regulators (ACER) notified similar conclusion. Subsequently, the project was removed from the 4th PCI list published by the European Commission in October 2019.

Proposed issuance will increase leverage but shareholders to maintain balanced financial policy

With FFO/net debt of 14.2% as of 31 December 2018 Teréga enjoys headroom against guidance for the current rating (FFO/net debt above 10%) but we expected shareholders to take advantage of this financial flexibility and increase gearing. Indeed, lockup ratios were amended in September 2019 to loosen the lockup ratios which limited their ability to increase leverage, and in February 2020 Teréga SAS proposed to issue an expected amount of €400 million notes.

Amendment of lockup ratios allow for an increase in leverage

Teréga's bonds documentation includes two lockup ratios, which prevent distributions to shareholders of Teréga SAS including principal and interests payments on shareholder debt (including the €670 million 8% bonds mandatorily redeemable in shares, or ORAs).

The lockup ratios have been amended following a consent process launched in September 2019 and are 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 for ORA principal repayment and other restricted payments. Net debt excludes shareholder debt.

These ratios are calculated at the level of Teréga SAS group, however, the only purpose of Teréga SAS is to hold the shares of Teréga; it didn't have any financial debt outstanding at 31 December 2019. The making of restricted payments while in breach of lockup ratios is an event of default under the bonds' documentation.

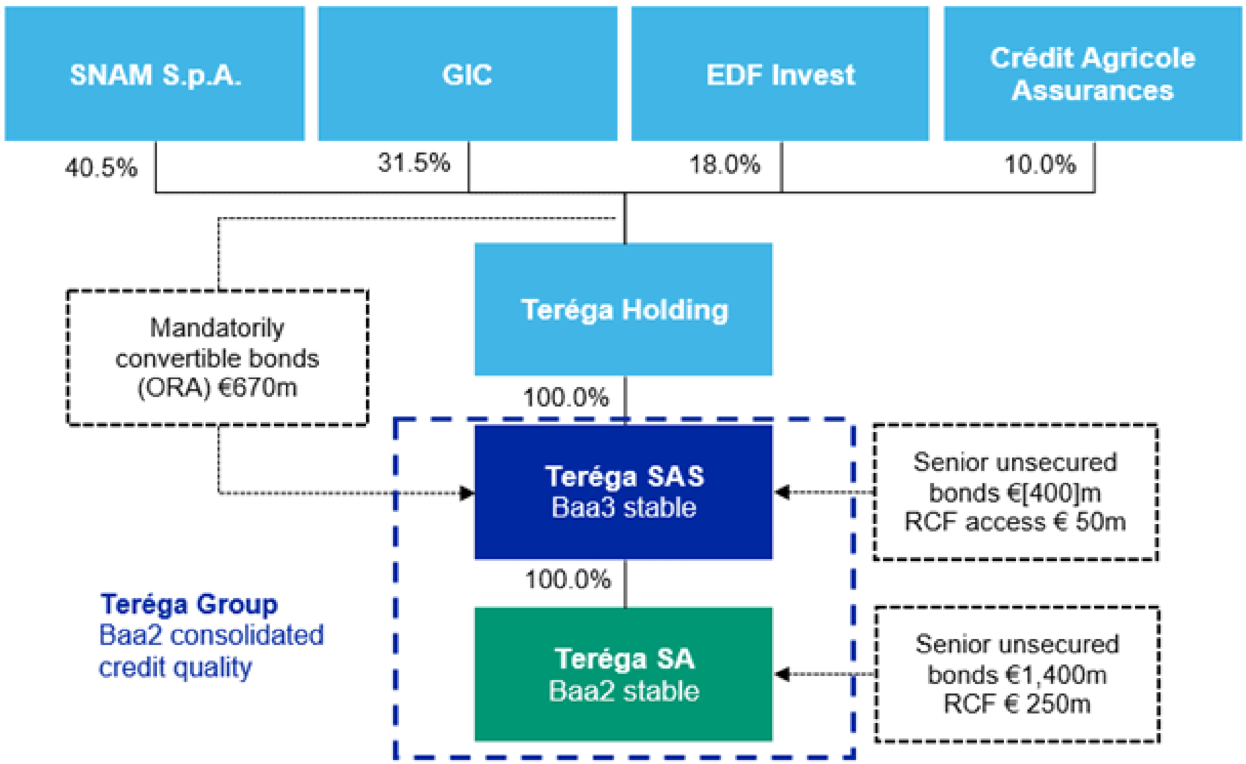
As of 31 December 2018, if Teréga had increased leverage to the 5.25x lockup, FFO/net debt would have fallen to 13.2%, well above the current guidance for a Baa2 rating. If the company had increased leverage to the amended lockup levels, FFO/net debt would have decreased to 9.6% for net debt/EBITDA at 7.25x and 9.9% at 7.0x. The company stated it intends to maintain at least 0.25x-0.5x headroom against its lockup ratios, which should protect bondholders against credit metrics falling sustainably below our ratio guidance.

While the new lockup ratios, enable the company to significantly increase gearing, we assume that shareholders will act in accordance with their stated intention to maintain credit quality and take measures to bolster balance sheet strength should they be necessary to support financial metrics in line with guidance for the current ratings. We expect financial metrics will remain in line with the current ratio guidance following the proposed €[400] million issuance by Teréga SAS.

Supportive debt contractual features

Our assessment of the Teréga group's leverage excludes the €670 million 8% bonds mandatorily redeemable in shares (ORA) due 2043, issued by Teréga SAS (as the Exhibit below shows) because of their strong equity-like characteristics. These include the mandatory conversion of principal into shares at maturity or in case of insolvency, the possibility to defer perpetually the payment of coupons, and the deep subordination to all present and future other instruments.

Exhibit 6
Teréga's group structure



Source: Company, Moody's Investors Service

Our assessment of Teréga's financial profile further takes into account the terms and conditions of the notes and the existence of an Undertaking Agreement from the holders of the ORA and Teréga Holding to Teréga and Teréga SAS, which, in combination with the ORA and the consortium's expected prudent financial policy, provide a financial framework, which is consistent with a Baa2 consolidated credit quality.

Noteholders indeed benefit from certain events of default in the event that (1) Teréga SAS makes certain payments to its shareholders at a time when it was aware that it has not complied with the following financial covenants: consolidated Net debt/EBITDA of 7.25x (decreasing to 7.0x from 2021) and EBITDA/interest of 4.0x; (2) certain changes are made to the subordination provisions, payment restrictions or mandatory conversion provisions of the ORA; or (3) there is a breach or termination of, or a material amendment to the Undertaking Agreement — the main purpose of which is to mirror these terms and conditions — entered into by, inter alia, Teréga, its parent and certain of the parent's shareholders or their affiliates.

We consider these features as supportive of the Baa2 consolidated credit quality for the Teréga group because (1) they will limit the calls on the cash flow of Teréga and Teréga SAS; and (2) the restrictions against changes in the ORA's terms and conditions and the notification requirements in the public notes and in the Undertaking Agreement should maintain the ORA's credit supportive qualities with respect to the notes, notwithstanding the private nature of the instrument.

Structural considerations

We assess the consolidated Teréga group's credit quality as commensurate with a Baa2 rating. The documentation of Teréga SA's bonds include covenants that are calculated at the level of the Teréga group and provide for no ring-fencing between Teréga SA and its direct parent. This supports a Baa2 rating for Teréga SA, in line with the group's consolidated credit quality. However, the Baa3 rating of Teréga SAS is one notch below the consolidated credit quality of the group to reflect structural subordination.

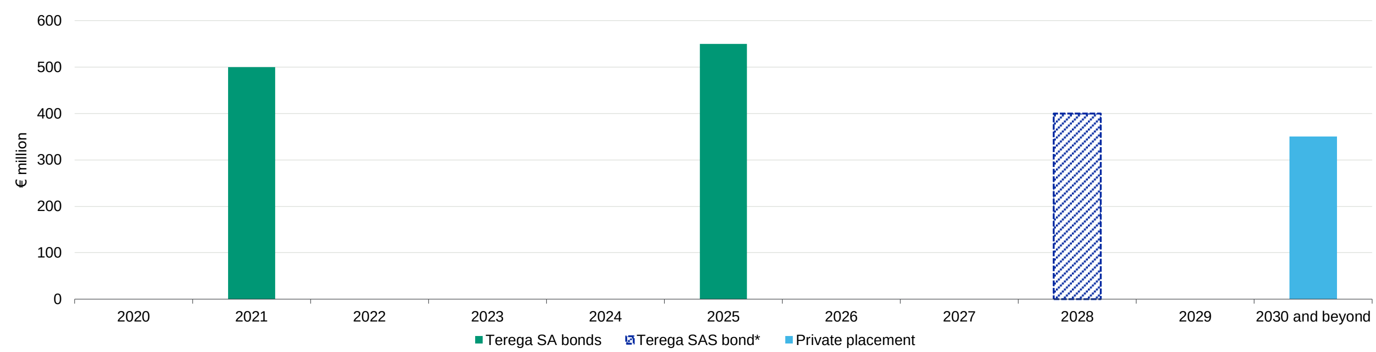
Liquidity analysis

Teréga's liquidity is solid, underpinned by a committed €250 million RCF which was amended and extended in July 2019 for a period of 5 years, with two one-year extension options. Teréga SAS is a co-borrower on the facility for an amount that can't exceed €50 million.

In addition, stable and predictable operating cash flow, in excess of €200 million per annum, is sufficient to cover annual capital spending between €150 million and €170 million. Next debt maturities are the €500 million notes due 2021, €550 million notes due 2025, €[400] million notes (to be issued) due 2028, and a €350 million private placement due 2035.

Exhibit 7

Debt maturity profile for the Teréga group



*The proposed bond by Terega SAS has a 2028 maturity for an expected issue amount of 400 million

Source: Company reports, Moody's Investors Service

Rating methodology and scorecard factors

Teréga is rated in accordance with our Regulated Electric and Gas Networks rating methodology, published in March 2017.

Exhibit 8

Rating factors

Teréga group

Regulated Electric and Gas Networks Industry Grid [1][2]	Current FY 12/31/2018		Moody's 12-18 Month Forward View As of 2/14/2020 [3]	
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	Baa	Baa	Baa	Baa
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)	5.7x	Aa	5x - 5.5x	A
b) Net Debt / RAB (3 Year Avg) [4]	54.4%	A	60% - 65%	Baa
c) FFO / Net Debt (3 Year Avg)	15.0%	Baa	10% - 11.5%	Ba
d) RCF / Net Debt (3 Year Avg)	9.4%	Baa	-5% - 10%	Ba
Rating:				
Indicated Rating from Grid Factors 1-4		A2		Baa1
Rating Lift				
a) Indicated Rating from Grid		A2		Baa1
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 31/12/2018, financial metrics presented are for Teréga SA
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures. Financial metrics presented are for the Teréga group, including the proposed issuance by Teréga SAS
[4] The net debt/RAB average is based on two years rather than three as Teréga is fully regulated since 1 January 2018.
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

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 Investors Service

Appendix

Exhibit 10
Peer comparison
Teréga SA

(in EUR million)	Terega SA Baa2 Stable FYE Dec-16	FYE Dec-17	FYE Dec-18	Enagas S.A. Baa1 Negative FYE Dec-16	FYE Dec-17	FYE Dec-18	SNAM S.p.A. Baa2 Stable FYE Dec-16	FYE Dec-17	FYE Dec-18	2i Rete Gas S.p.A. Baa2 Stable FYE Dec-16	FYE Dec-17	FYE Dec-18
Revenue	467	471	476	1,188	1,360	1,295	2,419	2,493	2,555	585	591	674
EBITDA	312	314	292	917	1,116	1,095	2,017	2,013	2,141	405	425	481
Total Assets	1,800	1,832	1,940	9,360	9,756	9,705	20,166	21,871	22,638	3,412	4,165	4,800
Total Debt	1,401	1,416	1,466	5,846	5,816	6,084	11,179	12,717	14,080	2,233	2,886	3,380
Net Debt	1,352	1,398	1,451	5,060	5,188	4,913	11,145	11,648	12,208	2,050	2,070	2,693
FFO / Net Debt	15.3%	15.5%	14.2%	15.5%	17.9%	17.6%	17.7%	13.6%	13.8%	14.6%	14.2%	13.5%
RCF / Net Debt	9.4%	10.0%	8.6%	9.1%	11.0%	9.9%	9.9%	7.5%	7.8%	10.4%	10.1%	10.3%
FCF / Net Debt	0.0x	0.0x	0.0x	0.0x	0.2x	0.1x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
FFO Interest Coverage	5.6x	5.9x	5.6x	9.1x	13.4x	9.0x	7.5x	8.2x	10.0x	7.0x	4.9x	7.1x

All figures and ratios calculated using Moody's estimates and standard adjustments. FYE = Financial year-end.
Source: Moody's Financial Metrics™

Exhibit 11
Moody's-adjusted debt breakdown
Teréga SA

(in EUR million)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported Total Debt	793.5	824.8	1,421.3	1,420.8	1,436.0	1,486.6
Non-Standard Public Adjustments	(12.3)	(12.4)	(20.1)	(20.1)	(20.1)	(20.1)
Moody's Adjusted Total Debt	781.2	812.4	1,401.2	1,400.8	1,415.9	1,466.5

All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 12
Moody's-adjusted EBITDA breakdown
Teréga SA

(in EUR million)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported EBITDA	232	278	286	312	314	292
Adjustments	0	0	0	0	0	0
Moody's Adjusted EBITDA	232	278	286	312	314	292

All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 13
Select historical Moody's-adjusted financial data
Teréga SA

(in EUR million)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
INCOME STATEMENT						
Revenue	389.5	418.6	441.6	467.0	470.8	476.3
EBIT	150.2	186.0	188.8	206.9	205.3	179.9
EBITDA	231.6	277.6	286.3	311.8	313.9	292.0
Interest Expense	30.6	32.2	37.0	44.6	44.6	44.7
BALANCE SHEET						
Total Debt	781.2	812.4	1,401.2	1,400.8	1,415.9	1,466.5
Cash & Cash Equivalents	2.7	8.8	25.5	48.9	18.1	15.2
Total Liabilities	882.6	885.6	1,505.4	1,506.7	1,507.2	1,588.4
CASH FLOW						
Funds from Operations (FFO)	164.6	189.9	187.9	206.4	216.6	205.5
Cash Dividends - Common	(34.1)	(59.0)	(627.2)	(79.2)	(76.2)	(80.2)
Retained Cash Flow (RCF)	130.5	130.9	(439.4)	127.2	140.4	125.3
Capital Expenditures	(184.7)	(137.3)	(151.3)	(119.4)	(178.8)	(183.5)
FFO / Net Debt	0.2	0.2	0.1	0.2	0.2	0.1
FCF / Net Debt	(0.1)	(0.0)	(0.4)	0.0	(0.0)	(0.0)
INTEREST COVERAGE						
FFO Interest Coverage	6.4x	6.9x	6.1x	5.6x	5.9x	5.6x
LEVERAGE						
Net Debt / Fixed Assets	51.0%	51.4%	85.4%	83.3%	82.5%	82.7%

All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Moody's related research

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:

» 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

Outlook:

» Regulated electric and gas networks - EMEA: 2020 outlook stable, underpinned by transparent and predictable regulation, 6 December 2020

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Endnotes

1 see: Regulated gas networks - France: Cut in allowed returns for gas transport and storage from 2020 is credit negative, 19 December 2019

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