

# **Snam S.p.A. (SNMRF) Q1 2024 Earnings Call Transcript**

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**Body**

Snam S.p.A. (SNMRF)

Q1 2024 Earnings Call Transcript

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Company Participants

Francesca Pezzoli - Head of IR

Stefano Venier - CEO

Luca Passa - CFO

Conference Call Participants

Javier Suarez - Mediobanca

Stefano Gamberini - Equita SIM

Marcin Wojtal - Bank of America

Alberto de Antonio - BNP Paribas Exane

Davide Candela - Intesa Sanpaolo

Fernando Garcia - RBC

Presentation

Operator

Good morning. This is a chorus call conference operator. Welcome and thank you for joining the Snam First Quarter 2024 Consolidated Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. [Operator Instructions] At this time, I would like to turn the conference over to Ms. Francesca Pezzoli, Head of Investor Relations of Snam. Please go ahead, Madam.

Francesca Pezzoli

Good morning ladies and gentlemen, and welcome to Snam Q1 2024 consolidated results. Today's presentation will be hosted by our CEO, Stefano Venier and by our CFO, Luca Passa. In the presentation, Stefano will provide you an overview of the key highlights of the period. Luca will walk you through the financial performance. Then back to Stefano for closing remarks and finally, the Q&A session.

And now, I will hand over to Stefano.

Stefano Venier

Good morning. Let me go through key highlights on Page 2. First quarter posted a strong performance with the adjusted EBITDA at EUR703 million, up 18% year-on-year mainly thanks to the weighted average cost of capital uplift, the ROSS effect, the RAB growth and the output based incentives. Adjusted net income at EUR335 million is up 11% year-on-year while investments reached EUR462 million, up 48% versus Q1 2023 and the net debt at EUR15.8 billion with 2.4% average net cost of debt.

Gas demand declined by 2.6%. This, along with well-supplied market and high gas storage level in Europe contributed to keep average gas prices 50% below the same period of last year. In April, gas prices experienced some volatility due to the colder weather conditions and the continuous geopolitical tensions.

As known, the annual weighted average cost of capital update triggered an uplift of 80 bps on transport and 60 basis points on storage and LNG applied from January '24. The base, ROSS, was applied to transport from 2024 with positive effect on [fast-slow-money] (ph) accounting. We have been contributed to the working groups set by the Italian Ministry of Energy and Environment, which has the target to release the H2 strategy by the summer along with the National Energy Plan and to define the CCS framework by the autumn. The European Commission announced recently the results of the pipe of the EU Hydrogen Bank auctions, awarding more than EUR700 million, corresponding to 90% of the total available subsidy pool to several renewable hydrogen production projects across different areas and sectors.

Moving to our associates. We continue with our active portfolio management. As you know, we have exercised the preemption right to increase from 7.3% to 30% our stake in Adriatic LNG regas unit terminal following the signing with -- by VTTI of the agreement to acquire a majority stake in the company. The closing of the transaction is expected by the year-end. The deal will further strengthen our asset platform in the LNG sector up to 20 bcm. Moreover, we are in the exclusive negotiation until June with the Edison for the potential acquisition of Edison Stoccaggio. At the same time, our strategy is to extract value from existing portfolio, and we are actively engaging with the Austrian regulator for 2025, 2027 tariff review. The new reference price methodology is under consultation, and we expect the final determination by the end of May. It will provide volume risk stabilization and increase in the visibility of the next three-year regulatory period.

Turning to Page 3. We are progressing on our strategy to become a pan-European multi-molecule operator, leveraging on synergies between gas infrastructure and energy transition businesses. Starting from gas infrastructure, first, the works for the first phase of the Adriatic corridor, the backbone to strengthen the south to north capacity just started, and we are progressing with the works with the Ravenna FSRU terminal. To the latter, the onshore segment is 70% complete with the offshore part is at 30% and the platform construction started in this space. Storage level reached 60% at the end of the winter, well above the historical levels for this period of the year. It was also supported by 3 bcm of commercial reverse flow service that we delivered to the system, and it will be help keeping under control gas prices volatility and making the infilling season smoother. Finally, 100% of the 12.4 bcm of storage capacity for the 2024, 2025 thermal year was allocated, of which 6.4 bcm during auction in April.

Let's now move into energy transition. The two projects, SouthH2Corridor and the Callisto Mediterranean CCS in Ravenna in which we are involved as a partner, as you know, have both been confirmed by the European Commission in the sixth list of projects of common interest. The market sound, we launched to assess the hard-to-abate industry's appetite was completed with large participation with more than 150 companies responding to the questioner. And the pilot phase of the Ravenna CCS project is on track. The injection phase will start by summer. With respect to Ravenna backlog, it is stable at EUR1.2 billion, while on biomethane, eight plants won tariff auction corresponding to 18 megawatts, of which two are already under upgrade construction to biomethane.

Finally, moving to sustainability and governance. CapEx aligned to EU taxonomy and SDGs represent, respectively, 34% and 55% of the total in Q1 2024. Following an extensive engagement with the shareholder head of the AGM, we have further improved the average approval rate at approximately 99% vis-a-vis the 97% of last year. According to the most recent shareholder analysis carried out, ESG investors represent about 50% of our institutional investors base, well above sector and Italian average. Finally, net zero assessment assigned by Moody's to our emission targets confirm a trajectory in line with the Paris Agreements.

On Page 4, you have a summary on gas demand and flows. In Q1 2024, demand was about 20 bcm, down 2.6% or 0.5 bcm vis-a-vis Q1 2023. In detail, thermoelectric sector was down 4.8% year-on-year, driven by higher hydroelectric and renewable production, increase in net electricity imports due to larger availability of nuclear in France that was partly offset by lower utilization of coal and electricity demand increase. Civil sector contracted by around 0.2 bcm due to milder temperatures, especially in March and the impact of the energy efficiency. Whilst industrial sector was up 1.8%, and we expect further growth to -- due to the gas price projections for the next month. Moving to the gas flows. Energy import made about 20% of the total demand, also thanks to the operations of the Piombino plant from July 2023.

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Now I will turn to Luca for the financial results. Thank you.

Luca Passa

Good morning to everyone. Thanks, Stefano. We are now on Slide number 5 to comment on first quarter 2024 EBITDA. EBITDA for the period was EUR703 million, plus 18% versus last year or EUR106 million. The growth is mainly attributable to regulatory items for a total of around EUR58 million related to the WACC increase for EUR42 million and to the ROSS effect on transport for EUR16 million.

Regulated revenues change was driven by transport and storage revenues increased by around EUR50 million, output base rise by EUR50 million related to the contribution of output based on fully depreciated assets that in 2023 were recognized starting from the second quarter, the contribution from storage reverse flows services, partially counterbalanced by the decrease of output base related to the full services. A positive volume effect counterbalanced by the expected phase out of input-based incentives. Piombino FSRU started operations from July 2023 and contributed positive by EUR60 million in the first quarter 2024. The increase in regulated fixed cost is attributable to lower costs in large part due to the extension of the employees' health insurance and labor inflation. With regards to the energy transition businesses, the end of the Super-Ecobonus incentive on energy efficiency, along with the consolidation of 8 megawatts of biomethane plants drove to a natural contribution in the first quarter of 2024.

Moving to Slide 6. Adjusted net income for the period was EUR335 million, plus 11% compared to the first quarter of 2023 due to higher D&A by EUR28 million following writing investment and EUR12 million write-down on gas infrastructure. Net financial expenses are higher by EUR36 million, mainly as a result of higher net cost of debt, which moved from 1.5% in the first quarter of 2023 to approximately 2.4% in the first quarter of 2024 as the effect of the increase in interest rates. A substantially flat contribution from associates, which was the result of higher contribution of Italian associates for EUR3 million and lower international associates contribution for EUR2 million. Slightly higher taxes, with a tax rate of 24.8% versus 24.5% in the first quarter 2023.

Moving to Slide 7. Our international associates positively contributed to group net income by EUR52 million or down 4% vis-a-vis last year. TAP inflation-adjusted tariffs drove higher contribution compared to last year in the first quarter of 2024. TAP covered 17% of Italian imports, recording a plus 3% increase in the short-term bookings on top of the long-term capacity. Works for the 1.2 bcm expansion deriving from the 2021 market tests are underway. EMG performance benefited mostly from the recording of positive nonrecurring items related to previous years.

Moving to Austria. The decline of TAG reflects lower imports to Italy and consequently lower bookings vis-a-vis first quarter 2023, partially offset by more power of product mix towards short-term bookings, mainly March, that contributed EUR6 million above expectation in the quarter. On the other end, GCA performance in the first quarter benefits from lower energy costs due to the price effect. On Terega performance already reflects the new regulatory period starting in 2024, in line with our expectation. The decline versus the first quarter of 2023 is due to higher operating costs, which, however, we expect to partially brush off over the year. ADNOC performance is substantially in line with expectation. Looking at Interconnector UK, the operating performance remained strong with a contribution in line with the yearly regulatory cap. The capacity is booked at almost 50% as till 2026, providing medium-term visibility.

Moving to SeaCorridor. After the drop of Russian imports, it represents the first Italian import route with approximately 5 bcm in entry out of 15 of total Italian imports in the first quarter of 2024. Performance, however, is slightly lower, mainly due to the lower volumes, reflecting the decline in demand.

Desfa's lower contribution is the result of lower auction premium on LNG imports and export towards Bulgaria, now closer to historical trends. Nonetheless, Greek gas demand is increasing amidst the ongoing lean night phase out and the recovery of the industrial production and power generation. Desfa is progressing also on its ambitious $1.3 billion CapEx plan that will support the Southeastern Europe market development.

Turning now to cash flow on Slide number 8. Funds from operation for the period amounting to around EUR538 million were partially absorbed by EUR119 million of working capital. This was driven by a broadly neutral impact from regulatory working capital with about EUR550 million absorption due to the balancing activity of which, EUR250 million related to a reduction in balancing item payables, about EUR200 million related to the cash deposit decrease due to the gas price reduction and about EUR100 million related to the full service net increase. All of this partially counterbalanced by EUR470 million of tariff-related items, mainly driven by additional tariff components. And finally, EUR100 million of energy efficiency net working capital absorption driven by the fiscal credit related to the Super-Ecobonus revenues.

Net investment for the period amount to EUR531 million and breakdown as follows. EUR462 million of CapEx, around EUR90 million of CapEx payables decrease, and about EUR20 million of other items. Other outflows were related to the payment of the interim dividend for EUR376 million, resulting in a change in net debt of about EUR523 million.

Moving to Slide number 9. Net debt amounted to EUR15.8 billion. Net cost of debt, which is calculated as the financial charges net of liquidity income on average net debt for the period went from 1.5% in the first quarter of 2023 to 2.4% in the first quarter of 2024 and the fixed floating mix is above 70%. Funding for the year is almost completed, leaving the remaining part of the year for opportunistic 2025 refunding activities. To date, we executed EUR450 million of bank financing, which is sustainability linked, EUR1.5 billion of bonds in February via green bond, the first ever green bond issued by Snam and a sustainability-linked bond linked to the Scope 1 and 2 and for the first time, also Scope 3.

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In addition, leveraging our supporting market environment in April, we issued a two-year EUR750 million floating rate bond for our treasury management optimization. The sustainable finance ratio is at 84%, well on track to reach our long-term target. Also, we're proud to have recently received for the second year, the Transition Bond Award of the Year by Environmental Finance for our EU taxonomy aligned transition bond exchangeable in Italgas share that we issued in September 2023.

Moving to Slide 10 on our guidance. Thanks to our strong first quarter performance, which was ahead of expectation, we can upgrade our full year guidance provided at the strategic plan presentation on 25th of January. And in 2024, we expect CapEx will reach EUR3 billion, slightly ahead of the EUR2.9 million guidance, mainly due to the realization of the breakwater in Ravenna. The year-on-year increase is driven by gas infrastructure investments, which includes, among others, the start of the electric line and moving and connection investment for the second new FSRU in Ravenna. Tariff RAB is up around 6% year-on-year at EUR23.8 billion. We expect EBITDA in excess of EUR2.75 billion versus the previous guidance of EUR2.7 billion, mainly thanks to stronger contribution of output-based incentives. The year-on-year growth is driven by the WACC uplift and the flatter impact, Ross effect on transport and RAB growth.

Adjusted net income guidance moved to approximately EUR1.230 billion from the previous EUR1.180 billion, up 5% year-on-year. The upgrade is due to better EBITDA performance, coupled with lower financial charges and higher contribution from our international associates. Net debt at EUR17.5 billion expected versus the EUR17.6 billion, despite the increase of CapEx, thanks to a better expected cash conversion at 80%. It includes about EUR400 million of working capital absorption expected and the cash-out for the increase of the stake increase in Adriatic LNG. The dividend policy going forward envisage minimum 3% dividend annual growth.

And now let me hand over to Stefano for the closing remarks.

Stefano Venier

Thank you. Thank you, Luca. Let me say, in conclusion, we think we have had another year in which we will deliver strong results. A good Q1 led us to upgrade of our full year guideline on all lines. That implies one year add on 2027 plan delivery. This is supported by high visibility over regulation and investments and macro environment, which is stabilizing and policies evolving in line with our strategy. Therefore, we can offer to shareholders an attractive growth profile coupled with a compelling dividend, while keeping a solid balance sheet and financial flexibility.

So then thank you very much for your attention. And now we are available to take all your questions.

Question-and-Answer Session

Operator

[Operator Instructions] The first question comes from Javier Suarez, Mediobanca.

Javier Suarez

Good morning and thank you for the presentation. I have several questions. The first one is on the guidance increase. It has been explained by better-than-expected output-based incentives on the storage business. So can you share with us the -- how are you moving your expectation for the collection of these output-based incentives by the year-end. And we have seen the collection during the first quarter of the year and the underlying reason behind for this better performance during the first quarter. That would be the first question. The second question is on the international associates, there has been certainly better than expected performance I guess versus the company's previous expectation. If you can help us to understand the moving pieces, which is the associate that has surprised the most during the first quarter and what we may expect in terms of contribution from this associate by the year-end. And I'm particularly interested on, you can share with us your expectations for the regulatory review in Austria that you have announced that should be unveiled by the end of May. Any detail on your expectation on that important regulatory review would be welcome. And the final thought is on the first implementation of the new [reg] (ph) framework, you can help us to understand the positive impact during the first quarter, giving a little bit more granularity and your expectation by the end of the year. Many thanks.

Stefano Venier

Okay. I'll start with the first about the output-based -- the output-based services. I mean the major contribution, as you pointed out, that came from the output based on storage services. And that was, of course, driven by the, let's say, good appetite the market showed for the reverse flow services and the flexibility we provide in the first quarter. So to that extent, we were ahead on our expectations, and we will drive this benefit to the end of the year. Of course, with respect to last year, we will have a lower contribution from the default services because, of course, this kind of service has squeezed over the year. Globally speaking, as we said, we expect to have a contribution in the region of EUR80 million, EUR90 million on full year. Now I'll turn to Luca for the international associates.

Luca Passa

Okay. Thanks, Stefano. When it comes to international associates. I mean, the first quarter performance, as I commented, it was a mix of better performance, I would say, across the board. And what we expect for the full year in terms of overall contribution of our associate portfolios in the region of EUR260 million in total, which a flat performance for our national associates, i.e., the domestic associates for about EUR90 million, which is in line with last year, while for our international activities, we expect a contribution in the region of EUR170 million. And here, I would say the positive surprise is mainly driven by the performance of Terega on the full year. We will expect basically a similar contribution from Terega vis-a-vis last year, also taking into account the new regulatory period, which started at the beginning of this year. When it comes to the regulatory review in Austria, as you know, we are currently waiting for the final decree from the regulator. What we can say there is that what has been already released for consultation regarding cost compensation for the two companies TAG and GCA is more or less in line with our expectation. And I would say about to be in line with our assumption in the business plan. You know that this effect will happen starting from 2025 and onwards so from next year for the period up until 2027. But until the final consultation is out, we cannot further comment in this respect, but I would say more or like in line with our expectation in the business plan. And then finally, when comes to ROSS effect, as I commented, the impact for the first quarter was EUR60 million. The expectation of the overall impact for the full year is in the region of EUR70 million in total. And clearly, this is based on our assumption when it comes to the percentages between slow money and fast money.

Operator

The next question is from Stefano Gamberini of Equita SIM.

Stefano Gamberini

Yes. Thanks for taking my question. The first regarding the RAB deflator. The trend is weaker than expected, and it was around less 0.7% for the full year 2023, I'm clearly speaking about the gross fixed capital expenditure deflator versus the 1.6% that was included in the RAB deflator defined for 2024 at 5.9% by the regulator. So we are speaking of a difference that should be in the region of 600 basis points in 2023 on top of the around 350 basis points of difference towards the CPI in 2022. So do you think that the regulator can make some adjustment on the RAB deflator mechanism or how you can recover this difference? The second question regarding the trend of fixed costs during the first quarter. If I'm not wrong, your regulated revenues increased in the region of 22% in the same period, in this period and why such a significant growth. And finally, if you can repeat please, the targets -- sorry, the outcome that you expect in Austria, what could be the results from TAG and GCA from 2026 onwards. Thank you.

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Stefano Venier

With respect to the deflator, I mean, we raised the point as -- along with the other, let's say, DSOs and TSOs to the authority. I think there will be a sort of discussion on this theme in the forthcoming months. We also have to take into consideration that there will be a review again by the National Institution for Statistics on the deflator mechanism in the forthcoming September. So by the end of the year, we will have much more clarity on the mechanism for the setting of the deflator going forward and backward. And second, it's going to be the position of the ARERA with respect to, let's say, possible adjustments on the mechanism of the deflator or so to have more alignment with the inflation, the CPI index. So I think there will be a discussion on this theme that is so important. With respect to the implications of the adjustment that happened in Q4 last year on 2024, I mean, with the fact that we increased our guidance means implicitly that we will offset entirely the reduction with respect to the former expectation we had for the year. Now I turn to Luca on the operating costs.

Luca Passa

Yes, Stefano.

Stefano Venier

I'll take that Austria question.

Luca Passa

Okay. On operating costs, I mean I commented the EUR6 million on labor cost, which was driven by the health insurance as well as labor inflation. There is another EUR6 million which had netted with the contribution of the Piombino FSRU. Basically, their revenues were EUR22 million. We posted a EUR16 million EBITDA contribution, which means that we had EUR6 million in cost. So the differential in terms of fee cost in total is 12%, 6% is the part of labor and 6% is the cost of the FSRU. And when it comes to the target also the expected outcome in Austria, I hand it over to Stefano.

Stefano Venier

Yes, as we said, I think the discussion that took place in the last month was primarily focused on we introducing a new mechanism for the tariff regulation. That means implicitly the, let's say, sterilization of the volume cyclicality. So we will be from 2025, fully protected from, let's say, volume change with respect to the allowed revenues. That I think it's a core milestone in the Austrian mechanism. And with respect to what we could expect from the new tariff scheme for the next three years, as Luca said, it's going to be in line with our expectations for 2025, 2026 and 2027. That means we will recover from the outcome of the last two years to have a positive net income in those operations.

Stefano Gamberini

Just a quick follow-up. I have understood correctly that as regarded the tariff were up for 2024 tariffs, you confirm that you apply this 5.9% because you didn't change your RAB reference hub. Am I wrong?

Stefano Venier

We applied -- I mean, as you know, the tariff will be -- have been submitted to the authority roughly a month ago. We replied in this stage to some questions they raised to us and will be finally approved by the end of July of this year. Of course, implicitly, the tariffs that will be approved will embed the new deflator that is going to be about 5.3% for the year.

Stefano Gamberini

Thank you.

Operator

The next question is from Marcin Wojtal of Bank of America in London.

Marcin Wojtal

Yes, good morning. Thank you so much for taking my questions. Firstly, what revisions to WACC do you expect in the Italian regulated business in 2025 based on current market rates? And secondly, I wanted to follow up on the guidance for the associates because I think if my calculation is correct, now you're indicating a reduction of EUR55 million versus 2023. But I think the previous indication was actually quite similar, it was around EUR60 million. So is it actually a material change in your expectations when it comes to international associates after this Q1? Or it's still -- it looks to me it's not very different to what it was before. Thank you.

Stefano Venier

Okay. Thanks, Marcin. When it comes to the WACC expectation. As you might recall, in the business plan, we have assumed for transport, which is the largest part, 5.7% in our business plan. Current interest rate point from mark-to-market, which is more close to 5.5%. There are still five months in the observation period that are missing, but that is current mark-to-market. Now that's a 20 basis point difference or lower vis-a-vis our business plan expectation. Clearly, lower interest rates also means for us, lower cost of debt expected. Therefore, we are planning to basically mitigate and absorb this delta when it comes to our contribution to EBITDA and then net income. Then when it comes to our associate. The guidance in terms of the contribution has improved. I mean, you pointed out correctly, we are assuming EUR55 million down currently vis-a-vis the full year 2023 in terms of contribution, but it is -- the reduction is smaller than actually what we reported or expected when we presented our full year results, which was in the region of EUR60 million to EUR70 million. So we actually are doing -- or expecting a EUR15 million to EUR20 million better performance from our international associates while the Italian ones are, as I said before, more or less in line at EUR90 million contribution.

Marcin Wojtal

Very clear. Thank you.

Operator

The next question is from Alberto de Antonio of BNP Paribas Exane.

Alberto de Antonio

Hi, good morning and thank you so much for taking my question. Just a follow-up on average cost of debt. Could you give us some guidance for the fiscal year '24 as you are expecting our financial expenses on your guidance. Thank you so much.

Stefano Venier

Thanks, Alberto. Our assumption for this guidance is a net cost of debt at the end of 2024 for the full year of 2.6% from the current, let's say, 2.4%. Clearly, what we will be working on, as you've probably seen also in the first part of this year is in trying to reduce basically this guidance. And let me say that I think we will have positive surprises here, but I can comment on this when we actually close the year. But the expectation is 2.6%.

Alberto de Antonio

Okay. Thank you.

Operator

[Operator Instructions] the next question is a follow-up from Stefano Gamberini of Equita SIM.

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Stefano Gamberini

Yes. Two quick questions, if I may. The first regarding the announcement of Italgas that submitted an offer for two years Italgas and the risk of a possible rights issue for closing the deal. Will you subscribe this capital increase in the case, it will be called? And the second, could you give us an update of the negotiation with Edison for Edison Stoccaggio? Thank you.

Stefano Venier

Okay. Thank you. Thank you. Okay. With respect to Italgas, our stake, as you know, has been classified as opportunistic among our associates and is bound by a shareholder pact with CDP as well known. Such a shareholder pact allowed us to issue an exchangeable in September 2023 with the objective of lowering the cost of funding. If there will be a liquidity event like the capital increase, we will behave in line to such to the definition and the strategy I pointed out, and we will be looking at maintaining the same financial exposure to Italgas as we have today. With respect to Edison Stoccaggio, as you know, we had an exclusivity period that will end in June, and we are planning to submit our binding offer by June, and we are in the final phase of the due diligence.

Stefano Gamberini

Thanks.

Operator

The next question is from Davide Candela of Intesa Sanpaolo.

Davide Candela

Hi, good morning, gentlemen and thank you for taking my questions. Actually, just one. I was looking at the gas flows at Slide 4 and noticing that the LNG import were a little bit down year-on-year. And I was wondering if it is due to the little bit lower gas demand or in some way related to the issues, of course, that have been seen in the Middle East? And maybe more broadly on this point, if you can update on the situation about the transport of LNG to Italy? And which could be the balance if there would be maybe a drop in import, of course, if the geopolitical situation will negatively developed. Just a view from your side would be helpful. Thank you.

Stefano Venier

I think -- I mean the reason why the LNG in the first quarter was down is simply because we had a major maintenance event on the OLT floating vessel. At the end of February, we had to stop the operations and to bring the vessel to the dry dock for an extraordinary maintenance that will end by October, so to have back the unit in operation for the next winter. That's simply the reason because for the rest Piombino ran at full capacity, according to the slot, we received eight vessels in the first quarter as for planning and the same happened for the Adriatic LNG and Panigaglia. So the reason is simply because of the available capacity of the OLT. And we haven't seen any, let's say, effect from the closure of Suez channel for the LNG transport mainly from Qatar. So they took a longer journey through South Africa, but the deliveries happen regularly. With respect to the future -- possible future implication, I can't see short-term effects, again, with respect to the Suez channel performance. What I might see is a slight delay in the final investment decisions for the offshore development offshore Israel. That is -- and I'm referring to the fields of Aphrodite and Leviathan. Those were planned to be, let's say, was scheduled to take a decision by this year and probably it will be postponed just to see how the situation will evolve in that area. But that is the mid long-term possible effect. In the short term, we haven't seen neither on prices nor on deliveries, significant and tangible effects.

Davide Candela

Many thanks.

Operator

The next question is from Fernando Garcia of RBC.

Fernando Garcia

Hi, good morning. Just a clarification on previous comment regarding Italgas. When you say that you are going to maintain the stake you mean in percentage or in euro terms? Thank you.

Luca Passa

In euro term.

Fernando Garcia

Thank you.

Operator

[Operator Instructions] Mr. Pezzoli, gentlemen, there are no more questions registered at this time.

Stefano Venier

So thank you all for taking part to this conference call, and we will keep you posted. Thank you.

Operator

Ladies and gentlemen, thank you for joining. The conference is now over, and you may disconnect your telephone.

**Load-Date:** May 18, 2024

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