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Corporate participants

- **Rodrigo Costa** – Chairman and CEO
- **Gonçalo Morais Soares** – CFO & Executive Director
- **João Faria Conceição** – COO & Executive Director
- **Madalena Garrido** – Head of Investor Relations

Participants

- **Tomás Reis Vaz** – Analyst; CaixaBank
- **Enrico Bartoli** – Analyst; MedioBanca
- **Ignacio Domenech** – Analyst; JB Capital Markets

Madalena Garrido

Thank you very much, and thank you all on the line here today. We would like to thank you for making the time for our 2022 full year results conference call. As usual, we have our executive team, Rodrigo Costa, our CEO; Goncalo Soares, our CFO; and João Conceição, our COO.

Rodrigo will start with his opening remarks, and then João will guide you through the main operations and financial highlights. We will then move to a Q&A session on which we will be taking your questions. I will now pass to Rodrigo.

Rodrigo Costa

Well, thank you, Madalena. Good afternoon, and welcome to our call. I'm sure you already revised the numbers, and I think they came in line with expectations on the positive side. Goncalo will go through that in detail later. I just want to share a summary of what happened and how we will feel looking forward. We have and we have our hands full with the end of COVID, the war and disturbing consequences of the same, extreme drought until the end of October. It was also the first full year without coal generation, and we had multiple challenges that we were able to address without any exception.

I would say that one of the big challenges that remains at the top of our concerns is the licensing for new projects. And that includes new power lines, the substations, new interconnections, the hydrogen infrastructures that we have been talking about, the new renewable generation connections and the pressure to get these things done is immense. And although we are making good progress, we are still under pressure. We are working very hard to find ways to speed up the licensing phase. The projects are becoming more and more complex. The environment licensing requirements need to be fully addressed and the network development and management needs to address all these changes. That's the Portuguese summary.

On the Chilean front, we are also doing well. You saw the update. Electrogas is doing well and Transemel also. We are developing new transmission lines as trend and both financially and operational are doing quite fine, and we are quite happy with the progress. On our people management to address all this activity, we have been recruiting more people than usual. You could see that on the numbers too. And our big bet as always has been to attract young talent, and we are succeeding on that. We are quite happy in the way this is also developing.

I believe the fact that we are betting more and more on innovation across all activities, engineering, maintenance, mobility, dynamic plug and play an important acting important role on our reputation and that is also helping to attract and repay products. Today, we will also provide more insights on what we are doing regarding ESG. We are very committed to improve the way we work and impact we have. This is an ongoing challenge, and we are moving in the right direction.

And that with that, I would move to Gonçalo.

Gonçalo Morais Soares

Good afternoon to all. Thank you, Rodrigo. So looking at Slide #2 over -- we'll go through the overview is a little bit more into depth on the business performance. Look at how we have been doing on the strategic plan, look at our ESG commitment, and then just some closing remarks before taking Q&A.

So if you move to Slide #4 with the key messages. And I think that the note-- a quite challenging year on operating side. On an energy market side, on the financial market side, it's the first year that we have a new regulation in electricity. So it was a year full of challenges. But I think that on all of the fronts, operational, financial, ESG, we have been delivering according to plan, and we have been delivering and redelivering strong results.

So you can see that EBITDA rose close to 6%, 5.7% to EUR 487 million. This was driven both by domestic and international businesses, strong performances, higher RoR in Portugal and pushed revenues and across the board performance in Chile also helped EBITDA go up. In terms of RAB, you saw RAB increasing slightly. And CapEx was slightly above EUR 200 million. This was a little bit below what we had expected, but now go into that, that this is, I'd say, completely in line with our expectations for the Business Plan and for the regulatory period in which we are.

In terms of net debt and even if we adjust for appreciations, there was a reduction of more than 3% to EUR 2.53 billion, given our strong cash flow. And again, there, we have recently signed 2 long-term tranches of loans with EIB of up to EUR 450 million that gave is going to give us a really good boost in terms of liquidity and our financing going forward.

Finally, net profit increased around 15% to EUR 111.8 million. This was a little bit, I'd say, offset in terms of higher taxes, higher levy and already increasing costs, but I think that the operational performance was strong enough to make this a clear increase in terms of net profit.

I'll pass to my colleague, João Conceição, who will go through the operating side now. João?

João Faria Conceição

Well, thanks, Goncalo. Good afternoon to you all. On Slide #5, you have the sum up of most important message regarding the operational side. I would highlight the fact as it was already said that 2022 was quite a challenging year within the energy sector internationally, but also in Portugal. Due to the drought, the severe drought, we have an important drop of the electricity generated from hydro generation, which basically was reduced to half of it was in 2021. And that's the reason why you see the share of renewable sources decreasing from the 60% to 49.4%.

In terms of natural gas, there was a compensation of this lack of electricity from hydropower. This implies an increase of about 26% on the consumption of natural gas for electricity generation, but it was offset by the decrease of what we call the conventional segment, which in Portugal, mainly corresponds to industrial consumption on natural gas. And as a consequence of that, the overall consumption of gas reduces 3.2% versus 2021. On the electricity side, we saw an increase of 1.8%.

In terms of our operational, we managed to keep the high standards of quality of service in electricity, we managed to exceed the targets set by the regulator in terms regarding the incentive, the IMD incentive, Goncalo will speak about that later on. And on the natural gas side, we managed to achieve an availability rate of 100% in our infrastructure. We keep our commitment to the innovation. The innovation is for us a key issue in terms of all this energy transition strategy, as well as, it was already said, the incentive to recruit new stuff, especially skilled for these functions that required from network planning, engineering and so on.

Last but not least, the hydrogen lots of things are happening regarding the hydrogen, and we are not an exception. We are working hard on this front, both on projects like the ones that it has been spoken the green corridor, Portugal, Spain and France, but as well a specific infrastructure internally in our system -- both specifically applicable for 100% hydrogen, which is the case of this H2 Green Valley in Sines, but as well as to the studies to cope with the Portuguese strategy of allowing a ramping up of hydrogen consumption by first blending with natural gas and using the infrastructure to transport and distribute this hydrogen.

On the ESG side, I would like to highlight the fact that we started to include scope 3 emissions and non-greenhouse gas emissions within our submission for targets, which was already taken for scope 1 in scope 2. We manage an increase and improvement in terms of the ESG ratings, and we are quite happy about that, and this commitment will stay for the next few years.

Well, the Slide #7, you have, again, some of the information that it was already spoken. So the electricity consumption increased 1.8%, natural gas decreased 3.2%. You see this gas distribution the decrease is much higher because is regarding our Portogas infrastructure. And here, you reflect only what I spoke about conventional consumption.

In terms of losses, electricity losses, a slight decrease in terms of losses within our infrastructure. The average interruption time and combined availability rate, which are the two indicators used by the regulator to qualify our quality of service. They were quite positive and much above the threshold, the regulator sets for us. In terms of natural gas, the availability was quite high as well as our management of response to emergency situations within our Portogas infrastructure.

Gonçalo Morais Soares

So moving to Slide #8. Basically, just the main highlights in terms of financial numbers. We already refer them EBITDA financial results already increasing a little bit in the handset higher funding costs. And net debt, in this case, this number here is the one already even if you include the official line tariff deviation this year a major decrease. This impacts financial costs. But as you know, I'd say that the most useful number is the one where you exclude tariff deviations at some more recurrent indicator for the amount of net debt.

Going to Slide #9, you see the evolution of EBITDA, mainly supported by assets remuneration in the International segment, some additional costs that will go into. What you see is, I'd say, a certain stability in terms of electricity has at an increase in both the weight of gas distribution, which is close to 10%. International, which is close to 4% and a little bit a decrease on the gas transmission part in terms of contribution to EBITDA.

On Slide #10, it's, let's say, a well-known picture from the last few months. It's amazing the amount of increase that the average yield has from '21 to '22 this has been reflected from the base or that we have. So it's an increase of 20 basis points in electricity and then an increase of around 80 basis points on both gas transportation and gas execution.

In terms of investment, we have seen a transfer and CapEx decrease. CapEx decreased mostly given some delays at the end of the year in terms of some licensing procedures. It's also important to note that as far as now in terms of electricity, since the start of the new regulation, we don't have that cut-off rate that we used to have at the 31 of December of every year. So if the construction is ended in January or February, there isn't a material impact, but this is within the TotEx framework. And so this is a kind of what happened. So a lot of this CapEx that didn't materialize at the end of the year is going to show up in higher CapEx in 2023, okay? The same flow will happen with transfers to have, where you see this decreasing if you, but you'll see a marked increase in 2023. So I would say that we are clearly above what we have told you in terms of guidance for business plans. This year's CapEx is in line with that interval. But on average, we will probably be above the top of the interval for the average of the years of the Business Plan.

In terms of RAB evolution, you see this small increase, mainly driven by electricity, both premium and non-premium and then gas transmission is the one and we'll come to it because we believe there is a lot of upside in the near mid-future to sustain this asset base, and we'll come to that and we'll speak about the hydrogen and other projects that we may have in this area.

In terms of RAB returns, I'm going to Slide #13. So it's basically driven by an increase of the rate of return. Free electricity is also an increase in the asset price that drives it in gas transmission, it's mostly rate of return. In gas distribution (inaudible). We've seen increase in both the rates and the asset base. So I'd say, in line with what we've said and with the investments that we've been making.

Looking at OpEx. We see an increase in core OpEx of close to 4.6%. In total OpEx, there's actually a decreased the on debt interest in core OpEx increase. And this is twofold on months, there's an increase in people as Rodrigo mentioned, the amount of activity is requiring hiring new people. So we increased clearly more people this year and we increased the number of people this year versus 2021. But also in terms of cost, there was an increase. This was mostly driven by the cost of electricity despite the fact that we have a reduction in 20 in operation and maintenance. Bear in mind that being this effect there is also an -- it's connected to this an increase in our loss revenues of electricity and revenues of electricity. So in terms of net impact, it's actually quite not as negative as this looks on paper, okay?

On the people side, and you'll continue to see that from 2023, there's also continued impact of inflation. But again, we will also have on the revenue side impact of that inflation in terms of corrective revenues within the TotEx framework and the gas.

Looking at Chile, we see the very healthy performance. So it is now close to 4% of total EBITDA actually a little bit more in terms of net income. And it's around EUR 20 million of contribution to EBITDA this year, so 9 in Transemel cost to 12 in Electrogas. So Transemel, it's growing quite well, but it's more organically driven. We won 2 more auctions this year. And in terms of EBITDA, there were also some extraordinary costs that impacted EBITDA. But I say that this is the trend is going to be a good and steady increase for the coming year.

Electrogas has an amazing year. It also came from a tougher year in 2021, but the reality of the energy market increased and the drop in Chile also increased gas consumption, increasing ports for Argentina. And all of that made a strong increase in revenue and in EBITDA, which we think is going to be maintained in this year. So we are not expecting another 54% increase in revenues, but we are expecting to have another very strong year in terms of Chile.

Bear in mind that in terms of net income and in the fact that we operated some, let's say, one-off taxes. And given the fact that there are also this year a positive impact of exchange rates, it's not a lot positive in 2021 there was a negative. Actually, the contribution in terms of net income is close to EUR 23 million, which is actually higher than the contribution in terms of EBITDA.

So looking at below EBIT on Slide #16, and I'd say, depreciation in line with the evolution of the asset base, financial results, we start to see, although still not at the pace that we will see in 2023, a small increase in the cost of debt. So from 1.67% to 1.21%. This is a much smaller increase than in the rates, given the nature of our debt being much more fixed and it kind of shows that we prepare it well. And the financial results also benefited from the fact that net debt was lower on an absolute amount and that we received also more dividends mainly from our model equivalent. In terms of taxes, unfortunately, we still have to pay the special levy. It's not -- it hasn't gone anywhere. There isn't any news. The only good things that we noticed in every year that those two the deficit comes down. And as it comes down, I'd say that the probability that this may go away when they increases. But as of now, and in order to anticipate any questions, there are no new, no further developments regarding the specialist.

On Slide #17, just kind of the full evolution of net profit, driven by the operating results and so given this 15% increase.

Slide #18 and looking at net debt, you see this very large increase. And this was mainly driven as we spoke because of tariff deviations, tariff deviations slightly decreased in the last quarter, but not materially. We do expect that they will decrease along the year in 2023. But even if we take this out, we see that there was a decrease of close to EUR 86 million in our net debt. And even if we have been able to make those additional EUR 30 to 40 million in CapEx at the end of the year, we would still have a very healthy decrease driven by strong cash flow.

On that sources, you see that it's mostly bonds just to make an explanation that the EIB new loans that we did at the end of 2023 and then at the start of 2022 and the start of 2023 are still not reflected as they are still undrawn and not used, so they are not reflected in the number.

On Slide #19, just to give you an overview of how we perform in Capital Markets. So we did have an increase in our average price target. I think it's being driven by the growth prospects that we've been delivering to the market. And we have also been -- been able to deliver total shareholder return quite above our peers, the stock to taxes that we can see here, we had actually a negative TSR in 2022 versus our 7.2 TSR.

So looking at how we performed in terms of Business Planning and trying to move a little bit faster. I think the important thing is that we have been delivering. We have set these 3 pillars of additional growth, ESG and solid financials, and we have been delivered against all of them.

And you can see that on Slide #22, on the financial side, we have delivered on EBITDA, we have delivered on net profit. We have to deliver on net debt, even if you correct for tariff deviations, and we have delivered on total CapEx. And this is not even the average, if we had put the average and if we put the average of '21, '22 and '23, you'll see that will probably almost certainly end up above the per part of the target as we have it.

So we are clearly delivering and over delivering on the financial targets that we have set for you. And this is being driven, and you can see that on Slide #23 by growth in Portugal by the ambitious energy policy that the Portuguese government has. Part of it was already included in our Business Plan when we announced it, but part of it hasn't. So we see that the direct agreements of solar EV promoters, that first part of 14 agreements were already included in our Business Plan. The part that was done in the explicit forecast. Part of it was done outside the forecast of the time horizon of the Business Plan. But additionally, there is another wave of the solar agreement that is coming. It is not concluded, but we are expecting to be concluded in the short term. And so this is an additional growth driver in terms of electricity.

The second additional growth driver and upside that we have is the wind offshore and the Portuguese government have an offer we want to make an option of 10 GW. And so we are still in the phase of understanding exactly what this means and when this is going to be achieved, but this is clearly -- and this would be clearly another important investment opportunity at the side versus our Business Plan that we presented to the bank.

Let me pass it to João in the next slide. So we can go through the big developments also that we may have on the hydrogen side and gas side.

João Faria Conceição

Well, thanks, Gonçalo. On this gas/hydrogen much is going on. The hydrogen part is requiring from us significant upgrading in our infrastructure. The first one is to be assure that the transmission infrastructure, including the underground storage is fully capable of assuming this blending strategy that the Portuguese government has set.

I will remind you that we are supposed to reach 5% lending by 2025, 10% lending by 2030, and we are working hard to comply with those targets or even exceed those targets. So in addition to that, we have the goal of developing a specific infrastructure call an hydrogen ring within the industrial side at Sines to connect producers and consumers of hydrogen -- this is a small pipe, but an important pipe to make this hydrogen reality within this industrial area of Sines.

And thirdly, we are also working hard together with our counterparts in Spain and France to develop this green corridor, which will connect Portugal, Spain and France in order to transport hydrogen from Iberia into the center of Europe. And our specific part will be involved in the interconnection together with our counterparts, Enagas in Spain as well as what we call the enablers, which are retrofitting of the existing pipeline in the Guarda ring, the Guarda natural gas pipeline ring so that it becomes fully operational for 100% hydrogen in the time horizon of 2030.

In natural gas, we keep working to respond to the challenge that was given last year in terms of security of supply and the idea is to develop in our underground storage side of Carriço, 2 new cavities to store natural gas, but to be fully operational for 100% hydrogen storage. The idea is to develop that in 5-year horizon time. And last but not least, to keep working on the possibility of using our infrastructure in Sines the terminal, not only to work it as an import terminal, but also as a transshipment infrastructure, allowing cargoes to be transferred from one ship to another and like that to be extra support to the provision of natural gas into the central of Europe.

And with that, Gonçalo.

Gonçalo Morais Soares

Thank you João. So let's go through the Chapter 4 and looking a little bit at the ESG. I'll try and move a little this factor as these are a lot of slides. And but just to tell you that this is one of the other key pillars that we have in our Business Plan, we are clearly delivering on it. Emissions have decreased versus 2019 greenhouse emissions

around 37%. Our aim is to them decreased them by 50% by 2030. So we are a well in line and well ahead in pursuing this.

And we have also been striving in other amounts like women in management and the way that we put ESG in terms of weight of top management performance, we have been pushing. And on the financial side, we have been pushing as on all cylinders to make certain that this is going according and above plan.

In the next slide, I now want to go through this. Just to mention that what you see in terms of a slight increase in greenhouse gases has to do also with a different scope. We included Transemel from Chile, which was not included. If it was not for Transemel, this was actually -- would actually decrease. And bear in mind, in our case, greenhouse emissions depend a lot on the mix of production in the country, as João mentioned that last year was a particularly harsh year in terms of drought that pushed gas a lot. And so this pushed a little bit greenhouse emissions above. But I would say we are completely within the logic and within the scope and trying to achieve the target that we have set ourselves in the end.

Slide #28 gives you a little bit more in that of what we are doing. We calculate scope 3. We already calculated for '21 and '22. We are pursuing so-and-suppliers, and we have done several meetings with them, big meetings to trainers. We submitted our sincerest targets at the end of last year, we are expecting that by mid this year, we should have an effort on them. So we are, I say, pushing on a lot of cylinders. And this has been reflected, as you can see on the next slide on that, an improvement almost across the board in all the ratings. And I think if it is more than working towards the ratings, we are working to things, and you can see that's reflected on the ratings, and I think that is important.

So just some final remarks on the final slide, which is #31. So, good performance on EBITDA and net profit good performance on the financial side with a decrease on net debt. And we continue to increase in terms of investment, although there was a slight decrease that we are going to create that on 2023.

In terms of financials also, important signings of the IT loan at the end of the year, beginning of this year. Please finally, just let's give you a note the Board as proposed and for the shovel, we're meeting them to approve the payment of the 15 points for our sensor is going to approve that. As a reminder, this is a number that we have in the Business Plan. We already faced approved by the Board of Directors an interim dividend of 6.4. So what you should expect that the Board may approve and then communicate and the approved in the final general family is then the payment of the remaining EUR 0.09. -- okay? Then the approval of the dividend to be paid again in anticipation of the end of the year, we'll again be approved in the Board of Directors again in November of this year. And so you have these two approvals per year from now on.

And with this, we conclude the presentation, and we open up any questions that you may have.

Q&A

Tomás Reis Vaz – Analyst – CaixaBank

The first one is regarding this CapEx of EUR 500 million that you've talked about on Slide #24. When do you expect that this investment start? And besides hydrogen, do they also include the investments in gas transmission and distribution? And then the second question is still related to this step-up in CapEx. Would you consider a change in the remuneration structure or a potential equity raise down the road? Those are the questions.

João Faria Conceição

Well, thanks, for the question. I will try to answer the first one. Well, basically, this EUR 500 million are slightly above that. This includes both the gas or natural gas and hydrogen. The time horizon is, well, starting from now although the big investments will cure between 2026 and 2029. So it will be referring to all the necessary change in retrofitting of the existing infrastructure to pursue the 10% blending targets. It will include 2 new cavities as we were mandated by the government by September to respond to the energy crisis to cavities in our underground storage. And of course, the green corridor, the part that refers to Portugal, and that includes the new interconnection between Portugal and Spain as well as the reinforcement and the retrofitting, what we call the enablers of some existing infrastructure to adapt it into it to become 100% average and ready.

Rodrigo Costa

On the second question, we don't foresee any need for equity rates. We -- no plans, no need. And we are not getting also any change in terms of remuneration process.

Enrico Bartoli

First of all, I'd like to go back to the matter of the additional CapEx. I was wondering if you can elaborate on the level of confidence that you have or visibility on the EUR 0.5 billion additional CapEx in gas transport. And if you can provide some details on the discussions that you had on this matter with the government and us on the actual implementation? And always regarding the potential additional CapEx on electricity, if you can provide us some hint on the additional CapEx that would require from the new agreements on solar PV. And the role, I understand that you are seeing a premier phase, but what kind of role you could have in the connection of the offshore wind, if you're going to expand the capacity of the inland transmission network or you're going also to be involved in building the connection between the new facilities and inland.

Then a question on CapEx for 2023. You had some delays I understood. You're going to recover them in terms of execution of CapEx in 2023? And what kind of level of CapEx you think is reasonable for this year?

And last one is related to the regulatory review on gas. If you can update us on the discussions that maybe you're having with (inaudible) this point? And when you expect that we'll have the new regulation if we think that also there, the TotEx mechanism is going to be applied. Sorry for the many questions.

João Faria Conceição

Well, thanks for your question. I will try to cover as much as I can. And if I miss anyone, please let me know. First, on your question regarding the level of confidence regarding this CapEx plan, I would say it's high because it responds to commitments that the Portuguese state has taken within Europe and together with our counterparts like Spain and France. European policy is clearly driving a push on hydrogen. So we are applying for these European funds. The feedback we have received from the European authority is quite positive. So I would say that we can be as much confident as it's possible at the moment. We are having meetings, regular meetings with the other 3 TSOs, Enagas, GRTgaz and Teréga. Things are going fast, so I think that the level of confidence. Of course, we are speaking a time horizon that it's still speaking about 6 years ahead, but we are confident that this will go through.

Regarding your question on the electricity, I would say that this new batch of direct agreements with solar generators, they will require an amount of CapEx that is proportionally equivalent to the ones that we have to assume in the previous batch.

We are expecting some adjustments, of course, but proportionally speaking, I think that it's a fair approach for the amount of CapEx we are speaking about.

In terms of what is needed for the wind offshore, it's quite substantial. And it's not only about the wind offshore, but it's about the connection between the wind offshore as well as the improvements that the government and the energy policy in Portugal is requiring from us in terms of CapEx development in the industrial side of Sines. The 2 issues are connected. Wind offshore, it will be CapEx to absorb this new generation of energy. Sines, it will be CapEx to connect consumers that will consume that energy. That is not yet completely set, but it will be a significant amount because we are speaking about roughly an increase of 10 GW of new generation or the approximate value of new consumption.

Gonçalo, do you want to...

Gonçalo Morais Soares

So just before João cover the other regulation, you were talking about CapEx.

So we have the CapEx that was close to EUR 250 million in 2022. This year was a little bit lower. So I expect that we could have made EUR 30/ 40 million more this year, which wasn't further delay, so versus what we had in 2021 so the 250, you can expect EUR 30 million more something like that. So we are -- we expect to be above the 2021 numbers. EUR 20, 30 million. We do know that we clearly expect to recuperate a good deal of this. And that on average, we'll probably be within or above that level that we have on the Business Plan. João, on regulation.

João Faria Conceição

Regarding the question on regulation. As you know, the regulators will publish its proposal for the new regulatory period by the 1st of April. We are having discussions with the regulator. Those discussions are covering what are the changes in the regulatory framework. So far, the information that we first convey to have it, is that it's not to be expected significant changes on the regulatory framework. But of course, this is -- these discussions are ongoing, and we don't have the final position of the regulator.

Ignacio Domenech

My first question is on hydrogen infrastructure. You have outlined the EUR 500 million related both to hydrogen and gas transmission. But I would like to know if you have any visibility on the remuneration mechanism for these investments related with hydrogen? Or is it safe to assume that it should be similar to gas transmission asset.

And my second question is on the financial costs expected for 2023. Maybe if you could give us some visibility on the expected cost of debt in 2023 and -- but also on the related costs associated to the type deviation for this year? I assume it will depend on the schedule is the repayment of the whole amount is returning to 2023 or not?

My third question also on Electrogas. If you can please elaborate more on the positive performance of Electrogas this year and if we should expect the same contribution for 2023 or a gradual normalization on these assets and lastly, on Cs, you mentioned no further developments on the energy tax. So then my question is, is it safe to assume a EUR 28 million impact this year in the first quarter.

João Faria Conceição

I will try to answer the first one, and the answer is quite simple. I think it's -- like you said, it's fair to assume with the information that we have now that hydrogen will be treated in the same -- with the same rules that might to natural gas.

Gonçalo Morais Soares

Okay. On the financial cost that you asked. And so I mean, you see our funding structure, you see how the base rate has gone up if you make set math and you start to calculate and you see what the impact is this year. And you can see that we saw a 20 bps increase this year versus 2021 you are going to see a higher increase for 50 basis points versus this year in 2023. That is what we have in mind. And you have to mention the increase, and you have to see how that stands versus the increase of line revenue or financial versus financial cost. The tariff deviation, the negative deviation that is in our favor now is close to EUR 500 million. It's around EUR 490 million if I don't mistake 489. So we do expect this to come down substantially if it goes to 0, perhaps it's a little bit harder. But I said that it is going to reduce materially and this is a big if, unless something strange again happens in energy markets that make something go up. I would say that it should clear that it came down EUR 300 million, that is down EUR 250 million, we don't know. So I don't think it's going to be 0, but we do think that this is going to come down materially.

In terms of Electrogas, you ask, we do are expecting still a strong year this year. As I said there were, and I don't know if that was also your question, some below EBITDA impact of lower taxes that most of them are not repeatable. So there were -- these were operations of taxes that we have -- we also have the exchange rate impact. So those are things that are a little bit more. But in terms of the operating business and operating, we do still expect Electrogas to grow a little bit, not the 60%, of course, but to grow a little bit next year. Finally, on the levy, yes, I think that's what you should expect. And that kind of number being the account in the first quarter as we usually account for it in the accounts of the company.

Rodrigo Costa

Well, just a quick closing remarks. Now we are moving to the shareholder meeting coming up in April. We expect an event that should be just a regular one. We are fully committed to work on the new year. Today, we spoke about the past. But as I usually say, we are already working on fully in 2023. We have the hands full. We have a lot of projects. There is a lot of things going on. The Portuguese government has a big plan for the country, in terms of more renewable energy.

We -- today, we mentioned most of the projects. And I think we will be super busy, and we don't see any obstacle that we cannot overcome. And thanks for your time.

Madalena Garrido

Thank you very much all on the line. Of course, we remain available for any other questions you may want to take offline. Thank you again. Have a good day.