

# Italy's Emerging Gas Market

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Investment opportunities  
for the CREON Energy  
Fund and its partners



Small Scale LNG Summit | Milan, February 20, 2018

[www.creoncapital.lu](http://www.creoncapital.lu)

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## STRUCTURE OF THE CREON ENERGY FUND



Unlimited opportunity fund  
focused on direct invest-  
ments in oil & gas  
downstream industries

Project Management  
facilitated by most  
experienced managers  
of CREON Group, the  
Fund's General Partner

Mitigating risks in  
Emerging Markets  
through regulated Sub-  
Funds managed by  
Creon Capital

Alternative Investment  
Fund (AIF), SICAV-SIF  
Regulated by CSSF

# CREON ENERGY FUND

Investment ticket  
€5 - €20 million  
(excluding sub-Funds)

Fund managers work  
independently of states  
or state-owned companies  
and are not involved in  
upstream projects

Long-term investments  
in downstream projects  
with comprehensive  
growth potential

Estimated overall  
amount of investments  
exceeds €100 Million  
(plus unlimited and  
independent sub-funds)



### INITIATOR AND GENERAL PARTNER

**Creon Group is a leading consulting and investment company in Oil & Gas Downstream sectors**

- ✓ Access to major industrial projects (Amur, Yamal)
- ✓ Well-established high-level contacts to all industrial players (Gazprom, Rosneft, Lukoil, Novatek, ...)
- ✓ Company in private ownership, independent from state-companies
- ✓ 50 seasoned specialists in sectors such as LNG, Methanol, Fertilizers, Polymers
- ✓ Close cooperation with Gruppo Intesa Sanpaolo (Italy) provides a good opportunity for facilitating project financing

### → The Creon Energy Fund co-invests



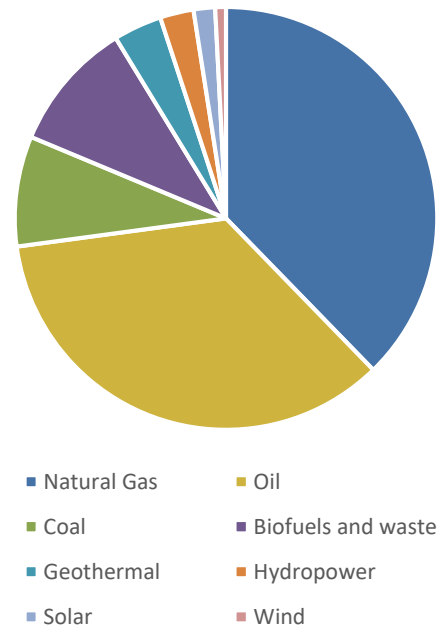
- We facilitate all our investments via Luxembourg as trustworthy financial hub
- Oil & Gas Downstream and Energy are the sectors we understand best
- Italy is one of the regions outside of Russia in which we would prefer to invest
- Projects with favourable NPV and IRR are the top priority

## ITALY'S GAS MARKET AT A GLANCE

- After a deep and long-lasting recession the economy returned to more sustainable growth (2018: +1.5%, 2019: +1.3%)
- Tremendous efforts were made to increase energy efficiency and the use of renewables
- The country is about to fulfil the EU 20-20-20- tasks ahead of schedule: 17,5 % share of renewables already
- Due to economic crisis demand for oil and gas has been declining recently (gas demand is recovering)

**>>> Despite the rise of “Renewables” natural gas supply will remain backbone of Italy’s energy supplies**

Italy's total primary energy supply (TPES), 2015



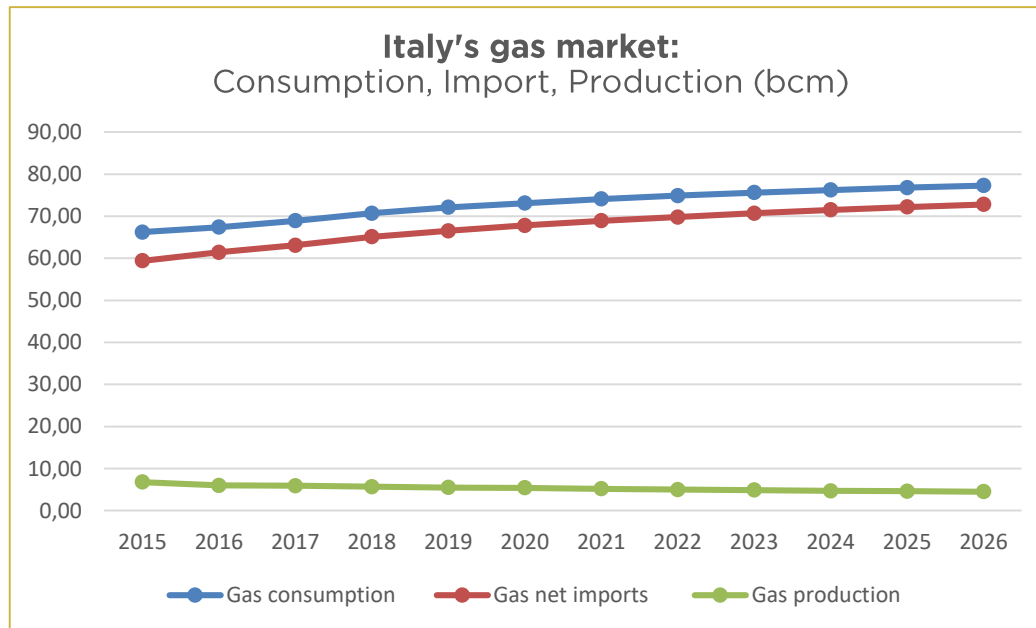
- Dependence on gas imports from unstable regions such as Libya and Algeria
- Unfavorable long-term gas contracts with take-or-pay and oilprice-indexation
- Expensive wholesale & consumer prices because of complex market access and limited hub liquidity
- Energy security became main objective in National Energy Strategy (NES) in 2013
  - Pipeline interconnections and LNG-capacities to diversify gas trade and supplies
  - Gaining hub-liquidity to tackle expensive prices & increase competitiveness in exports
  - New gas storage capacities
  - Emergency management system

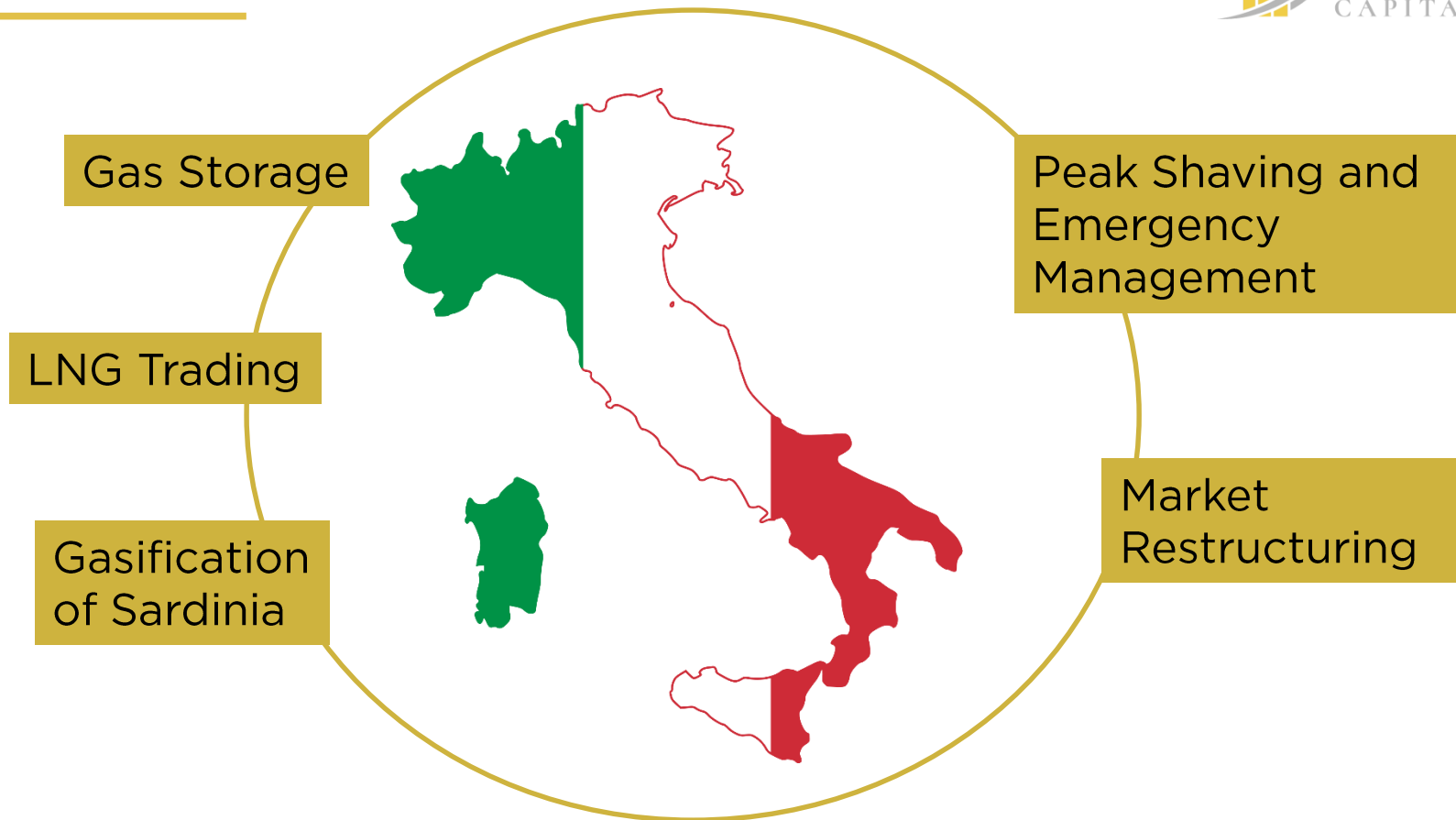
**>>> Growing demand for LNG and pipeline gas, imports are going to be more diversified**

## SUPPLY AND DEMAND OF NATURAL GAS IN ITALY

- National gas production limited, volumes decreasing
- Increasing gas trades via Italian hubs
- Gas demand growth 1.9% p.a. (2016-2025)
- LNG to diversify energy supply mix
- LNG would help to shave the peaks

**>>> We expect a strong demand for SSLNG services and LNG-imports until 2030**







### Storage   Trading   Gasification   Peak Shaving   Market Restructuring

- Italy has one of the largest storage capacities in Europe (11 facilities / 16.43bcm)
- Increasing gas exports through hub-trade requires additional storage capacities
- Storages help to mitigate pricing risks, stabilize the market by reducing volatility
- Gas storage as a strategic priority for Italy to increase energy independence
- NES and government expect from the private sector to facilitate gas storage plans
- Energy policy supports development of gas storages

>>> CREON Energy Fund is keen to invest in new gas storage facilities

### Storage   Trading   Gasification   Peak Shaving   Market Restructuring

- Gas importers switch from long-term contracts to more flexible market solutions
- Imports and exports are increasingly being traded via hubs, which gain liquidity
- NES states that LNG regasification volumes to be increased by 8 or even 16bcm/pa
- Italian government supports (new) infrastructure investors with guarantees
- LNG trading / infrastructure is expected to be facilitated by private enterprises

>>> CREON Energy Fund is ready to invest in SSLNG facilities and trading platforms

### Storage   Trading   Gasification   Peak Shaving   Market Restructuring

- Sardinia hosts large refining and petrochemical plants, though the island has no access to natural gas
- EU is keen to develop the island as a showcase how gas-supplies in decentral regions could work
- Instead of building a pipeline from Tuscany to Sardinia, the island may be connected through LNG units
- Both SSLNG and mini-regasification units will develop in Sardinia, with the support of the EU

>>> CREON Energy Fund would invest truck- and ship fuelling infrastructure / power-plants

### Storage   Trading   Gasification   Peak Shaving   Market Restructuring

- Developing a system-level LNG infrastructure is a key topic for Italy
- LNG backup will help to ensure gas supplies in emergency situations and disruptions of pipeline gas supplies
- Creating and managing emergency supplies will help to deal with volatilities and stabilize the market
- Until now, there is no system operator capable to manage peak shaving and emergency management

>>> CREON Energy Fund creates partnerships with possible backup suppliers

### Storage   Trading   Gasification   Peak Shaving   Market Restructuring

- Italy suffers from excessive energy prices
- NES demands to bring in line prices and production costs with European averages by 2020
- Convergence of prices will be boosted by the inflow of large pipeline and LNG volumes
- Regulator seeks to reform distribution market
  - Consolidation of operators (down from 222)
  - Deregulation of tariffs
  - Auction for licences as distribution network operators

>>> CREON Energy Fund is ready to bring LNG suppliers to the Italian market

- 1. We evaluate your project idea**
- 2. We connect you with partners for the project**
- 3. We finance and facilitate your project**

PLEASE CONTACT US FOR FURTHER DISCUSSIONS

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**THANK YOU FOR YOUR ATTENTION!**



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