GNAM Investment Competition

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Agenda

1) Investment Thesis
2) Why Wood Pellets?
3) Industry Overview
4) Company Overview
5) Opportunity
6) Risks
7) Valuation
Increase in global demand set to outpace increase in supply, resulting in a massive supply shortage.

The UN Paris Agreement on climate change will become international binding law on Nov. 4, 2016, acting as a short-term catalyst to increase demand for cheap renewable energy.

As the dominant global player, Enviva is best positioned to take advantage of these market trends with its low cost structure, and pipeline of infrastructure projects.
Why Wood Pellets?

Wood pellets used for:
- Heating
  - Residential homes & businesses
- Industrial power generation
  - Easy replacement for fossil fuels

Wood pellets provide cheap, clean, and scalable renewable energy
The global market for biomass pellets was valued at just under $7 billion in 2014.

Demand for utility-grade wood pellets is projected to grow to 38 million metric tons per annum (MTPA) in 2014 to 36 million MTPA in 2020, reflecting a 21% compound annual growth rate.

Global wood pellet supply is projected to increase to 17 million MTPA by 2020, resulting in a potential shortage of 19 MTPA.

Source: Barclays, 2015
Enviva Partners, LP Overview

- World’s **largest** wood pellet supplier
- Master Limited Partnership
- Produces utility grade wood pellets for sale to major power plants
Competitive Advantage

- Dominant player in the world market (45% in the US, 15% globally)

- Highly reliable cash flows over the long-term (pay-or-take contracts with an average remaining term of 9.6 years)

- Strategic location of assets (southeastern US) results in lower production costs. Wood Chip Price ~$63

- World-class management team
Why Now?

**Short-term Catalysts:**

- The United Nations Paris Agreement (binding law on November 4th, 2016)
- Materialization of existing and future contracts (ie Pellets Sampson)

Enviva Pellets Sampson (NC)

- Fully financed 515K MTPY “Build and Copy” replica of Northampton/Southampton plants
- Production will support new 10-year contract with DONG Energy commencing September 2016
- Operations team assuming control of the plant in late-August
- Approximately $20 million estimated incremental Adjusted EBITDA annually

1. Estimates and data may vary due to market conditions and operational uncertainties.

Thesis

Why Wood Pellets?

Industry Overview

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Opportunity

Risks

Valuation
Risks

Company Risks
- High concentration of revenue
- Transportation instability

Industry Risks
- Outcome of US Presidential election
- Regulatory risks
- Contracting risks
- Funding risks
Valuation

Gordon growth model

| 2017E distribution per unit | $2.07 |
| Discount rate | 8.7% |
| Long term Distribution growth | 3.0% |

Value of unit | $36.02 |

| Current price of unit | $27.65 |
| Premium to current | 30.3% |
| Total units | 32.517 |
| Implied Equity Value | $1,171 |
| Implied Enterprise Value | $1,561 |

Dividend discount model

| Present value of projected distributions | 15.86 |
| Present value - unit value at terminal year | 23.89 |

Value per unit | $39.75 |

| Current price of unit | $27.65 |
| Premium to current | 43.8% |
| Total units | 32.517 |
| Implied Equity Value | $1,293 |
| Implied Enterprise Value | $1,683 |

| Value per unit - Gordon | $36.02 |
| Value per unit - DDM | $39.75 |

Blended price per unit | $37.89 |
| Premium to current | 37.0% |

Recent stock price performance

| Revenues | $477.4 | $562.6 | $630.1 | $706.6 | $800.1 |
| Adjusted EBITDA | $93.6 | $105.3 | $134.9 | $140.8 | $161.7 |
| Growth | 19.6% | 18.7% | 21.4% | 19.9% | 20.2% |
| Distributable cash flow (DCF) | $77.1 | $81.3 | $107.3 | $102.4 | $122.3 |
| Distributions | $55.9 | $67.2 | $81.3 | $77.9 | $93.1 |
| Free cash flow after distributions | $19.8 | $10.2 | $17.2 | $16.3 | $19.4 |
| Coverage ratio (DCF / Distributions) | 1.38x | 1.21x | 1.32x | 1.31x | 1.31x |
| DCF / unit | $2.66 | $2.50 | $3.15 | $2.88 | $3.30 |
| Distributions / unit | $1.93 | $2.07 | $2.39 | $2.19 | $2.52 |
| Yield | 7.0% | 7.5% | 8.6% | 7.9% | 9.1% |

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