



GNAM Investment Competition



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Yale SCHOOL OF
MANAGEMENT



Agenda

1) Investment Thesis

2) Why Wood Pellets?

3) Industry Overview

4) Company Overview

5) Opportunity

6) Risks

7) Valuation

Investment Thesis

- 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.

Thesis

Why Wood
Pellets?

Industry
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Why Wood Pellets?

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

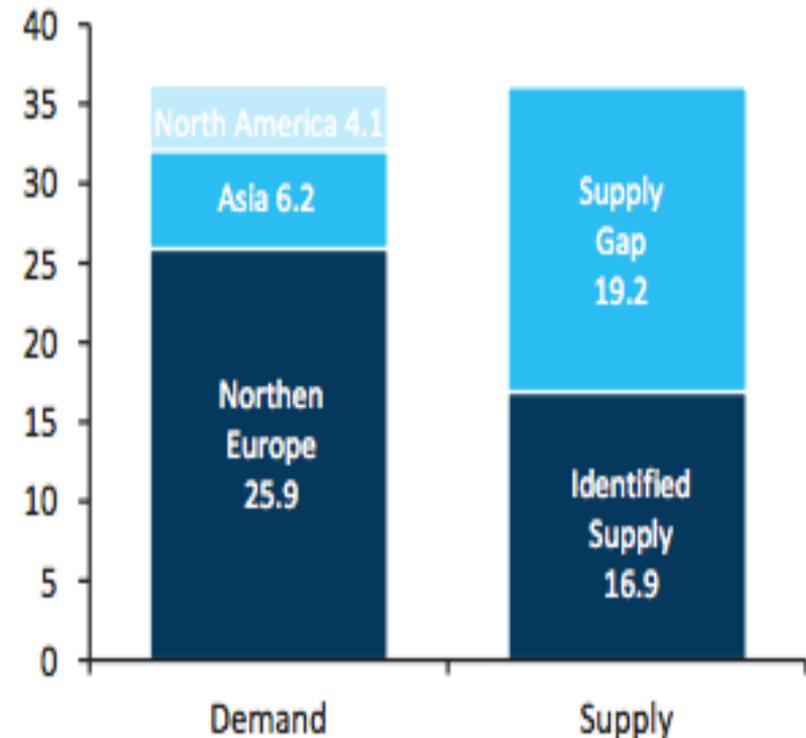


- Wood pellets provide cheap, clean, and scalable renewable energy

Industry Overview

- 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.

2020 Volumes (in million mtpa)



Source: Barclays, 2015

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Enviva Partners, LP Overview

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

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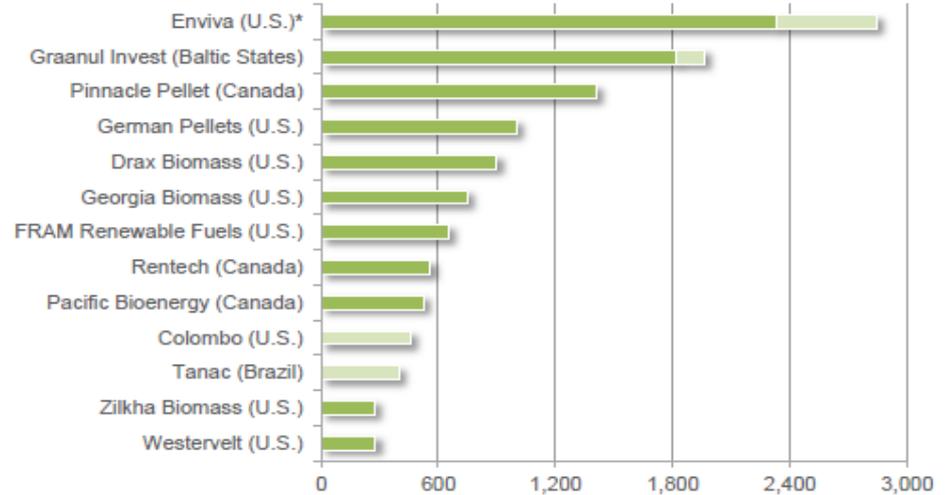
Valuation

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

Worldwide Industrial Pellet Producers and Regional Production

(Thousands of MTPY)



Wood Chip Price (US\$/Dry Ton)



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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)



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

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 annually¹



Enviva Pellets Sampson (NC) Construction

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Risks

➤ Company Risks

- High concentration of revenue
- Transportation instability

➤ Industry Risks

- Outcome of US Presidential election
- Regulatory risks
- Contracting risks
- Funding risks

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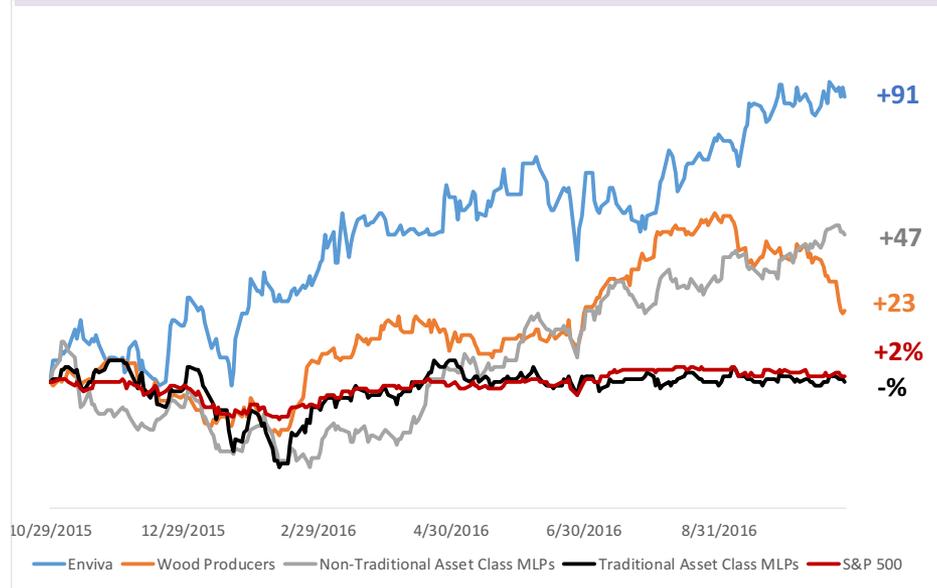
Gordon growth model

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



(in millions, except ratios)	2016E	2017E	2018E	2019E	2020E
Metrics sold	2.47	2.92	3.28	3.72	4.21
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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