

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP



## Enviva acquires 2 pellet plants

By [Erin Voegele](#) | June 19, 2020

Enviva Partners LP announced on June 18 it has agreed to purchase a wood pellet plant located in Waycross, Georgia, associated export terminal capacity in Savannah, Georgia, and a wood pellet plant located in Greenwood, South Carolina.

The Waycross plant and Savannah terminal assets are being acquired from Innogy SE for \$175 million in cash, subject to customary adjustments. The transaction is expected to close in the third quarter of this year.

The Waycross plant has been operating since 2011 and has a production capacity of approximately 800,000 tons per year. Pellets produced at the Waycross plant are exported through a terminal at the Port of Savannah under a long-term terminal lease and associated services agreement.

As part of the acquisition of the Georgia assets, Enviva said it is also acquiring long-term, take-or-pay off-take contracts with an existing customer for annual deliveries of approximately 500,000 metric tons per year through 2024.

Enviva Partners said it is purchasing the Greenwood facility from its sponsor for cash consideration of \$132 million and the assumption of a \$40 million third-party promissory note bearing interest at 2.5 percent per year.

The Greenwood plant began operations in 2016 and exports pellets through Enviva Partners' terminal at the Port of Wilmington, North Carolina. Enviva Partners plans to invest \$28 million in the facility to expand its production capacity to 600,000 metric tons per year by the end of 2021, subject to receiving the necessary permits. The transaction is expected to close on or about July 1.

As part of the acquisitions, Enviva Partners said its sponsor has agreed to assign five, long-term take or pay contracts with creditworthy Japanese counterparties, aggregate annual deliveries of 1.4 million metric tons per year, and a total revenue backlog of \$5.3 million.

“The Greenwood and Georgia Biomass acquisitions are fundamentally transformative for Enviva’s scale and diversification,” said John Keppler, chairman and CEO of Enviva. “Not only are we increasing Enviva’s fully contracted production capacity by 35 percent, but we are doing so in new fiber baskets, with new deep-water terminal infrastructure, and with new customers under new long-term, take-or-pay off-take



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contracts that we expect will enable us to continue our track record of generating durable cash flows and growing our distributions sustainably well into the future.”

Also on June 18, Enviva announced the appointment of Jeffrey W. Ubben to the general partner’s board of directors. Ubben is chairman of ValueAct and co-portfolio manager of its Spring Fund. Enviva said the ValueAct Spring Fund focuses its investments on purpose-driven companies that use sustainable business models to solve global environmental and societal problems.

Additional information on the acquisitions is available on the Enviva [website](#).

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