



## ENERGY

Deal flash, August 2018

## MAJOR INVESTMENT IN A RENEWABLE ENERGY POWER PLANT IN CANADA

### Deal snapshot

- Les Industries JPB (JPB) has raised both equity and debt to build a 10-megawatt cogeneration plant in Salaberry de Valleyfield, Quebec. The investment has been made by the promoter's team, various pension plans and with the support of Investissement Québec as the senior lender.
- Founded in 2000, JPB specializes in the reclamation and transformation of treated timber discarded by power distribution, telephone, highway transportation and railway companies. The firm processes this wood into quality lumber and non-standard poles, among other things, and converts the production waste into wood chips or biomass for subsequent use by cement factories and paper mills as an energy source.
- The new cogeneration plant will use contaminated lumber for its fuel, answering a high demand to properly dispose of used lumber products, and will benefit from a strategic location close to major highways, a deep water port and rail roads. The plant will be adjacent to a biomass transformation plant owned by the promoters. It will supply energy through a 25-year purchasing agreement with Hydro-Québec, the official energy entity. The plant will also produce and sell steam to a nearby multinational in order to meet the operational criteria set by Hydro-Québec. This plant will be the first of its kind in Canada.



**INDUSTRIES JPB**

has raised both equity and debt to build a cogeneration power plant

US\$62m  
FUNDING, DEBT ADVISORY & ECM  
Energy

### Transaction rationale

JPB owns and operates a wood biomass transformation plant. The current demand for transformed biomass is low and the company saw an opportunity to use its own production to fuel the new cogeneration plant.

### Our role in the transaction

Oaklins' team in Canada supported JPB in all aspects of the minority equity sale and the financing of the operation. The team's role included developing the financial models, presenting to investors and lenders, and negotiating the valuation and final investment conditions.



## Market trends and deal drivers

JPB will benefit from legislative reforms that require contaminated lumber to be disposed of properly. Legislation now bans rail ties and telephone pole users from discarding their contaminated lumber without using environmental protocols. This creates an important new market for energy producers as the demand for the correct disposal of contaminated lumber is constantly increasing in North America.

## M&A valuation aspects

- Biomass production was perceived as the most important value driver and therefore a high valuation was achieved.
- The 25-year purchasing agreement added value with long-term investors, such as insurance companies and pension plan entities.

## Oaklins industry specialists



✉ **Jean-Patrick Larivière**, Managing Partner, Oaklins, Canada

“After California and British Columbia, Quebec is the third jurisdiction to legislate for the disposal of contaminated lumber. The province of Quebec, well known for its green energy capabilities, continues its commitment to clean energy by allowing producers to transform waste into energy. As technology evolves, we will soon see new applications for other types of waste. JPB and its operation will be able to process more types of waste and continue its production of clean energy. The creation of this modern power plant is due to the commitment of several ministry and industry experts. JPB’s new plant, once in operation, should be a model for future renewable energy producers in North America.”



✉ **Thomas Regitschnig**, Renewable Energy Practice Leader, Oaklins, Austria

Thomas has extensive experience in the renewable technologies, energy infrastructure services, waste-to-energy and clean tech sectors. He has completed significant sell-side and buy-side transactions for renewable asset managers and utilities companies, waste-to-energy, and biomass engineering and construction companies. Some of his clients include RENERGIE, ERSTE Group, UGI/Flaga, ECOFINANCE, PMV Energies S.A.S, Aedificium Capital and Contour Global.

## OAKLINS HAS CLOSED 252 DEALS IN ENERGY

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