



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Interesting Alternative Energy LP, Enviva

Ticker/Price: EVA (\$42.50)

Analysis:

Enviva Partners (EVA) unusual 900 January \$40 calls opening \$4.20 to \$4.80, share up 4.4% on no news. EVA is a \$1.63B seller of utility-grade wood pellets with a 7.5% dividend yield, which are used as a substitute for coal at power plants. EVA has a strong weekly trend and consolidating above the early 2020 high breakout with a lot of support near \$40 and putting in a strong candle this week in a tough tape, impressive relative strength. EVA currently trades 20.6X Earnings, 2.6X Book and 8.6X FY21 EBITDA. EVA is a unique and lesser known play on climate change and environmental / alternative energy, wood pellet consumption up 127% since 2012. EVA is on pace to displace another 86M MT of coal after displacing 15M thus far. Enviva is the world's largest supplier of utility-grade wood pellets in a highly fragmented industry with numerous small, single-plant operators. Analysts have an average target of \$45 and short interest minimal at 0.4% of the float. EVA has been transforming with acquisitions of Greenwood and Georgia Biomass that increased production capacity by 1/3 and added \$5.3B in contracted revenue backlog. EVA has not seen much analyst coverage, hedge fund ownership up 3.9% in Q2 filings with Value Act a notable large holder.

Hawk Vision:



Hawk's Perspective: EVA is one of the more interesting discoveries and clearly has secular growth megatrends at its back while offering a big yield to own for the long-term.

Confidence Ranking: \$\$