

Domtar breaks ground on Kingsport site

Mill refurbishment/reopening to be unaffected by sale of company

by Scott Robertson

The groundbreaking ceremony at Domtar’s Kingsport mill May 14 was a long-anticipated affair. The announcement two days earlier that Domtar’s board had voted to sell the company to British Columbia-based Paper Excellence, however, had been more of a surprise to many in Kingsport.



Domtar CEO John D. Williams



Domtar Senior Vice President for Packaging Steve Henry

joint press release from Paper Excellence and Domtar announced the \$3 billion deal on May 12. “This transaction will benefit our employees and the Tri-Cities region by delivering added stability and reinforcing our long-term commitment to growth.”

Paper Excellence will acquire all issued and outstanding shares of Domtar stock for \$55.50 per share in an all-cash transaction. Per the release, “After the transaction closes, Paper Excellence intends to continue the operations of Domtar as a stand-alone business entity. As such, Domtar will continue to be

led by its management team and Paper Excellence plans to retain its corporate and production locations.”

Domtar CEO John D. Williams said, “This transaction validates our long-term strategic plan for our leading paper and pulp businesses, and for our continued expansion into packaging.”

The sale

Mill Manager Troy Wilson was the first to comment specifically on the impact – or lack thereof – of the sale of the company on the plans to repurpose the Kingsport mill from white paper production to making packaging stock. “The scope of our mill conversion project remains unchanged and on schedule – we are going to walk into the office tomorrow, same as we did today, and continue our work to build a world-class packaging operation right here in Kingsport,” Wilson told the *Business Journal* hours after a

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The groundbreaking

Domtar's Kingsport Mill made its entry into that packaging market official with a groundbreaking ceremony held at Cloud Park, which Domtar acquired in a land swap with the city. Kingsport received the 40-acre plot of land commonly known as Cement Hill located behind the train station downtown.

The groundbreaking event was led by Williams, and featured a number of local, regional and state officials. "This is an exciting day for the Kingsport mill and for Domtar, and we are glad to celebrate it in the company of many of those who are making this transformation possible," said Williams. "The kind of collaborative spirit we've seen among city, county and state partners here in Northeast Tennessee is what allows successful, long-term business partnerships to flourish."

During the ceremony, Wilson presented Kingsport Mayor Pat Shull with a check for \$500,000 for the city of Kingsport, a donation that will support the relocation of the Scott Adams Memorial Skate Park to Cement Hill while Domtar repurposes Cloud Park into a receiving area for the mill.

The mill

The paper-to-containerboard plant transformation represents a three-year, \$300-million investment, with the plant expected to come online during the first quarter of 2023, a year that marks Domtar's 175th anniversary. Once complete, the mill will house the second-largest containerboard recycling machine in North America, with the capacity to produce approximately 600,000 tons per year.

In addition to recycling old cardboard into new material to be used in the production of cardboard boxes of the kind used in delivery by Amazon, among others, the newly appointed mill will also repurpose some of its waste into energy creation, said Steve Henry, senior vice president/packaging. "The reality is that when you bring those (recyclable cardboard) materials in, there are elements of plastics that come in with it, as well as other byproducts that you can't use in a quality containerboard product. The way many facilities work, that has to be landfilled. But what we'll be able to do here in Kingsport is to actually take those byproducts and convert them to steam and electricity that we'll then in turn use to power the plant." 



Dignitaries from the region join Domtar executives in turning dirt at the site of the mill expansion.

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