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NVRI.N - Q2 2026 Enviri Corp (Delaware) Earnings Call

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PRESENTATION

Operator

Good morning. My name is Chuck, and I'll be your conference facilitator. At this time, I would like to welcome everyone to the Enviri Corporation second quarter 2026 earnings release conference call. (Operator Instructions)

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I would now like to introduce Dave Martin of Enviri Corporation. Mr. Martin, you may begin your call.

Dave Martin - *Enviri Corp (Delaware) - Vice President Investor Relations and FP&A*

Thank you, Chuck, and welcome to everyone joining us this morning. With me today is Russell Hochman, our President and CEO; and Pete Minan, our Executive Vice President and CFO. This morning, we will discuss our results for the second quarter as well as our outlook. After our prepared remarks, we'll take your questions. Our quarterly earnings release and slide presentation for this call are available on our website.

During today's call, we will make statements that are considered forward-looking within the meaning of the federal securities laws. These statements are based on our current knowledge and expectations and are subject to certain risks and uncertainties that may cause actual results to differ materially from those forward-looking statements.

For a discussion of such risks and uncertainties, see the Risk Factors section in our Form 10 information statement. The company undertakes no obligation to revise or update any forward-looking statement. Lastly, on this call, we will refer to adjusted financial results that are considered non-GAAP for SEC reporting purposes. A reconciliation to GAAP results is included in our earnings release as well as the slide presentation.

With that said, I'll turn the call over to Russell to begin his remarks.

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

Thank you, Dave. It's great to be with you all this morning. It's an exciting time for the company with a lot of momentum underway, and I appreciate your interest in Enviri. This is our first earnings call since we completed the sale of Clean Earth in June, and we are pleased to report positive results for our first quarter as a new public company, building on the momentum of Q1.

Harsco Environmental and Rail each performed well and exceeded expectations despite serving end markets that have yet to recover. We said that as a standalone company, we are continuing to move forward with urgency in taking action to strengthen our foundation and position the company to drive earnings, margins and cash flow growth.

You can see that we've wasted no time and have taken meaningful steps to advance our strategic priorities, including the decision to exit our Deutsche Bahn and Network Rail ETO contracts, which significantly de-risks our company. We are also getting positive traction on our various internal work streams to enhance business efficiency and operational execution at all levels.

In short, we believe all of these actions post-SPIN will position Enviri for meaningful growth in 2027. While it's exciting to watch the implementation of our value creation playbook as we deliver on our commitments, what really energizes me is the broad engagement of our employees at all levels, which has been simply tremendous. We are pleased with what our teams have accomplished in a short period of time.

Our Q2 results illustrate how disciplined execution and a simultaneous focus on growth opportunities and efficiencies can drive results. They also underscore our continued drive to implement our strategic priorities. Getting into the details, revenues in the second quarter grew on a like-for-like basis and adjusted EBITDA increased by over 20% compared to last year.

Our growth was driven by Harsco Environmental, which benefited from a modest improvement in the underlying steel market. Importantly, much of the bottom line growth we saw reflects our internal focus on operational execution and opportunities, as well as cost discipline. It's encouraging to see our HE business growing again.

Rail, meanwhile, benefited from its expanded focus on aftermarket opportunities, with these revenues growing double-digits, as well as our ability to drive efficiencies through related operational levers, despite demand for original equipment remaining at multi-decade lows. Pete will go through the quarter in more detail.

Next, let me turn to Rail's ETO contracts. As we announced yesterday, we decided to exit our Deutsche Bahn and Network Rail equipment contracts. We've ceased all related manufacturing and development activities, and we've been working closely with each rail customer to identify an alternative solution that meets their needs.

For Deutsche Bahn, we signed an agreement with our primary subcontractor GBM to sell our relevant assets and to transfer supplier obligations under the contract with the support of DB. GBM plans to complete the vehicles and has agreed to compensate us for our inventory and intellectual property in upcoming quarters.

For Network Rail, while we are no longer executing on the manufacturing contract, we have proposed upgrading its existing fleet of stone blowers, which we currently maintain and operate through a separate contracted services agreement. This proposal provides a viable transition plan that minimizes operational disruption for the customer and provides sufficient time for them to transition to an alternative maintenance strategy.

Our discussions with Network Rail are ongoing, and we're hopeful that we can reach an agreement soon. Each of these legacy ETO projects carried significant technical and financial risks for our company. For some time now, we've been attempting to find a viable path forward for each of these contracts, but ultimately, we were unable to identify one that would be acceptable to Enviri and its stakeholders post-spin.

We are confident that our decision to exit these contracts is the right one, enabling us to de-risk the rail business and advance a top priority for the company. These projects consumed approximately $40 million of cash in 2025 and were originally anticipated to consume a similar amount this year. As a result of these decisions, our go-forward financial and cash flow profile is greatly improved as is our strategic flexibility.

As we previously communicated at the time of the spin-off, we set aside sufficient cash to address these outcomes without any increased leverage or placing additional burden on our shareholders. SBB is now our only legacy ETO contract. This contract is progressing on plan.

The first group of vehicles has already been delivered and the manufacturing assembly of the second set of vehicles, 11 in total, is well underway.

We expect regulatory approval in the beginning of 2027 and our manufacturing activities to conclude in the second half of 2027. Most importantly, we anticipate meaningful cash flows from the SBB to start early next year and to be positive until the contract concludes.

With these challenged legacy ETOs behind us, going forward, Harsco Rail is free to enhance its focus and resources exclusively on its core maintenance-of-way business and other offerings where we have competitive advantages and can generate more predictable earnings, stronger cash flow and lower execution risk. It is important to recall that Rail has been and remains the North American market leader in its space for over 100 years.

Next, let me comment on our ongoing comprehensive self-help improvement initiatives. We've evaluated everything we do day in and day out [from] how we manage our businesses [to] how we operate and serve our customers. We have launched numerous actions over the last quarter to enhance our operations and efficiency with a goal of improving margins and cash flow and driving growth. (corrected by company after the call)

In Rail, we continue to strengthen our operating platform through supply chain and manufacturing optimization initiatives. These actions are improving productivity and working capital efficiency while enhancing our ability to deliver high-quality products on time and to expand market share. In aftermarket, a refined commercial strategy driving strong customer engagement and leading to sustainable profit growth. We have also right-sized our engineering and administrative expenses.

In Harsco Environmental, we are focused on driving structural cost improvements across maintenance, consumables, and indirect spending, while optimizing service delivery and contract performance. These actions are expected to improve productivity, enhance our cost competitiveness, and maximize our revenue capture, and further differentiate our value proposition to customers.

In addition, we've taken strategic restructuring actions across both businesses and corporate to support our broader improvement efforts. For example, in connection with the ETO exits, we closed our Ludington, Michigan manufacturing operation and have implemented restructuring programs within our European operations and at our South Carolina location, focused on optimizing operational engineering and SG&A costs.

At HE, we've consolidated site-level responsibilities as well as central functions, which impacts across our global footprint. These are necessary steps to strengthen our leadership positions within our industries, and along with our business improvement workstreams, we expect them to drive significant margin improvement.

The engagement of our people through this review has been very positive, and I'm pleased with our progress so early post-spin. We'll have more to communicate about the results of these actions and the related financial benefits later this year. Our strategic priorities are clear, and I'm encouraged by what we have accomplished in recent months. Enviri is well positioned with a strong balance sheet and greater strategic flexibility.

While HE and Rail are each at a cyclical and structural inflection point, both are leaders in their respective markets, and with these self-help initiatives underway, we will have the operating leverage to maximize any market tailwinds. Together with the actions underway post spin across the company, the underlying strengths of our businesses position us well to deliver improved earnings and cash flow performance starting in 2027.

Now let me turn it over to Pete to discuss the quarter in more detail.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Thanks, Russell, and good morning. It's really nice to be here with everyone again. And it's such an exciting time at Enviri. And personally, it's been great to reengage with the team and help Russell drive forward our many key initiatives. I'm encouraged by our progress to date and very optimistic about what we can accomplish and achieve over the next couple of years.

As Russell discussed earlier, our operating teams executed very well in the second quarter. Each business delivered on its Q2 financial priorities while advancing our strategic initiatives aimed at strengthening the company's earnings and cash flow potential.

Harsco Environmental and Rail both exceeded the high end of our guidance for the quarter. For HE, services volumes and pricing boosted performance, and for Rail, stronger aftermarket volumes contributed to the better result.

In addition, each business benefited from our focus on tightly managing our discretionary spending and other similar actions. The momentum within our businesses is becoming more visible. HE, for example, showed positive revenue, EBITDA and margin comparisons on a year-over-year and quarter-over-quarter basis. While there are still some challenges ahead, we are optimistic that these positive trends will continue.

Progress at Rail will take a little longer to translate into positive reported results, but the exit of the two ETO contracts and the restructuring actions we've implemented represent a defining moment for the business. Meanwhile, our free cash flow performance is also improving, driven by reduced debt levels as well as Rail where the team has improved working capital performance within its base business and reduced ETO spending.

Now let me turn to our second quarter details starting on slide 4. First, let me note that our KPIs, including revenue, adjusted EBITDA and adjusted free cash flow now exclude Clean Earth for all historical periods. And it's important to note that expenses of roughly $8 million on an annual basis previously allocated to Clean Earth are now reflected in our corporate segment. As a result, comps can be impacted by these changes as well as by our cost reimbursements from Veolia under our transition services agreement.

In the second quarter, total revenue was $187 million. However, this included a negative revenue adjustment of $136 million related to exiting the two rail contracts, which had been previously recorded using percentage of completion accounting. This ETO revenue had previously been reported at zero margin as we discussed in the past. Excluding this adjustment, revenues were higher as compared to the 2025 quarter.

Adjusted EBITDA for the quarter was $34 million, which is 22% higher than Q2 of last year and exceeded our expectations this quarter. This growth again was driven by Harsco Environmental. Our adjusted loss per share was $0.63 for the quarter. Now as you analyze our results, please keep in mind that this quarter includes several unusual accounting items associated with the contract exits and the Clean Earth sale spin-off.

So let me try to provide some clarity, starting with the $247 million of unusual P&L items. $207 million of this amount is the result of exiting the Deutsche Bahn and Network Rail contracts. It includes non-cash impairment charges of $75 million related to contract assets and inventory, and the remaining $133 million relates to incremental liabilities we may incur to settle any obligations associated with exiting these contracts.

This brings our total accrued liability for these and other contracts to $190 million. As Russell mentioned, we had set aside funds from the Clean Earth proceeds, which allow us to meet obligations from these derisking actions without any additional leverage or burden on our shareholders. Furthermore, we are no longer accounting for the operation of these contracts, which should provide for greater clarity and considerably less volatility in the future.

Secondly, the $29 million of the total unusual items comprises project or transaction costs related to the Clean Earth Sale and the remaining $10 million of unusual items is for restructuring actions within both HE and Rail, which Russell referred to earlier.

As part of these restructuring actions, approximately 300 positions are being eliminated and most of the cost is therefore severance related. These monies will be spent in the upcoming quarters, and the margin uplift from these actions, once completed, is anticipated to exceed $15 million annually on a full run-rate basis.

These unusual items overall reflect the aggressive and accelerated actions we're taking to de-risk the company and improve our cost structure, and we are well underway in these efforts. Our adjusted free cash flow for the quarter was negative $9 million, which is an improvement year-over-year and quarter-over-quarter.

The underlying cash flow from each of our businesses was positive in the quarter, and Rail had its strongest cash flow quarter in a number of years as it benefited from strong collections in its core business and less ETO contract related spending. We expect our cash flow performance to improve as we move forward.

Lastly, we ended the quarter with net debt of approximately $290 million and a net leverage ratio of 1.9 times as defined by our credit agreement. Both figures are monumental improvements compared to our recent past and a great foundation for our new company. I'd also like to note that these Q2 leverage figures consider only $100 million of our cash in calculating what comprises net debt.

Please turn to slide 5 in our Harsco Environmental segment. Segment revenues totaled $266 million, an increase of 3% compared with the prior year quarter. And adjusted EBITDA totaled $46 million, which is 15% higher than the comparable quarter in 2025. The year-over-year earnings improvement reflects higher services and products volumes, better pricing as well as operational improvements at certain sites.

Customer steel output increased modestly year-on-year, but there were some volume headwinds in the quarter, mainly in Northern Europe and China, and we are now seeing some volume pressure in Q3 in the Middle East due to the ongoing conflict in that region. We are pleased to see that Europe's steel tariff and quota changes were ratified and became effective at the beginning of July, while we expect there to be some offsetting impacts across our global portfolio of customers, overall this development is positive for HE, and we expect modest uplift from these actions next year.

Next, please turn to slide 6 in our Rail business. Adjusted Rail revenues totaled $58 million, which is unchanged from the prior quarter. Its adjusted EBITDA loss was $5 million in the second quarter. The change in earnings year-over-year reflects lower contributions from original equipment sales and contracted services work with these impacts partially offset by higher aftermarket volumes and overhead cost reductions.

Let me conclude with our outlook. Guidance for both HE and Rail is unchanged for the year. Performance in the first half of the year has tracked better than we anticipated. However, we are dealing with considerable uncertainty within our base Rail business and in HE given fuel prices and the geopolitical pressures affecting customer production around the world, particularly in the Middle East. As a result, we are maintaining our full-year guidance with HE's adjusted EBITDA range remaining at $170 million to $180 million. And Rail's adjusted EBITDA loss range remaining at $19 million to $26 million.

Our EBITDA guidance for the third quarter can be found on slide 7. At the midpoint of its guidance range, Harsco Environmental's performance is expected to be modestly above the third quarter of 2025, while Rail's EBITDA is anticipated to decrease as a result of lower volumes.

Regarding corporate costs, let me remind you that we will continue to support Clean Earth through the transition services agreement in the coming quarters. We're hopeful that this support will conclude at or near the end of this year. For Q3, gross corporate costs should be comparable to the just completed quarter or approximately $9 million. And lastly, we expect our adjusted free cash flow to be modestly negative in the third quarter.

Thanks and I'll now hand the call back to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the question-and-answer session.

(Operator Instructions)

Larry Solow, CJS Securities.

Larry Solow - *CJS Securities - Analyst*

Great, thanks, good morning, welcome back Peter. First question, just could you help us just kind of bridge, I know you didn't put out an official restricted cash number, but restricted cash is now $50 million, it was $175 million. Just trying to get my hands on the ETO contracts and it sounds like your decision to exit will certainly be beneficial, but I just want to make sure, is everybody, it sounds like Deutsche has agreed upon this, but maybe Network Rail, you're still working on negotiations with them. So it sounds like we're close to finality. Just kind of help us, maybe get a little more color on that and just help to quantify the accounting for it.

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

Hi, Larry. It's Russell. Let me start and then I'll turn it over to Pete for additional commentary. So we are in close conversation with these customers. We obviously have long-standing relationships with them. In the case of Network Rail, they go back decades and we're still performing contracted services for them. So I think it's fair to say those discussions are ongoing to try to find an alternative pathway forward for them. It's very much part of our strategic planning to support them as they look to replace the equipment that we were in the process of manufacturing for them.

So we'll have more to say throughout the year, but I just want to emphasize the fact that we are working very closely with them. They understand the reasons for the decision given the spin-off of the company, and so we'll continue those discussions.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Yes, there is, Pete. So as I mentioned in my prepared remarks, the total contract liability for Network Rail and DB exits and everything else is about $190 million at the end of the quarter. And then you look at our -- on the asset side of the balance sheet, we've got roughly $300 million in cash. As you pointed out, $50 million is identified as restricted.

The restricted, it's not just the restricted cash that has been set aside and earmarked as a result of the spin-off to deal with these situations. It's kind of, you look at the combined cash of $300 million, that's all been kind of earmarked to some degree or another to help us deal with the situations that we have with these contract exits.

When you look at our net debt calculation for covenant purposes, when I calculated when I described the leverage of 1.91%. We only get to count $100 million of cash that we have on the balance sheet as considered to be net debt for the calculation purposes. Does that help a little bit?

Larry Solow - *CJS Securities - Analyst*

Yeah, no, absolutely, yes, absolutely. So that $190 million basically is more in line with, because I heard the $133 million, I saw the $133 million in the release. That's fair. I know you can't count more than $100 million, but conveniently or coincidentally, that's about what your real cash is if you kind of deduct for the, or it's in the neighborhood of that. Okay, no, that's all fair.

And then the so, so it sounds like just lastly on HE, a little improvement in the steel market, I think last year was also a terrible quarter for volumes, but taking your outlook, you're building in just roughly flattish kind of volumes and stuff this year, right?

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

That's right. I think that's a fair assumption, Larry, that we're not incorporating any meaningful market uplifts. If that happens through tariffs or otherwise, obviously, that will be upside, but we're not incorporating into our current forecasting.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

We're also considering some of the volume pressures we're seeing in the Middle East that I mentioned earlier.

Larry Solow - *CJS Securities - Analyst*

Right. Just lastly, the free cash flow assumption, I know you had expected $40 million from Rail. I know you said that should improve this year with these ongoing negotiations, but I guess there's no certainty to that. By '27, it sounds like if things go your way directionally, they continue to go positively, it sounds like '27 could be, actually should be a positive year for Rail net, right, by itself.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Yeah, in fact, we should start to see some close to breakeven free cash flow later this year, even in Q4.

Larry Solow - *CJS Securities - Analyst*

Okay, great. And then I imagine as you exit Europe, probably over the longer run, you have ability to take out some more costs in this business, I suppose.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Yeah, that's correct.

Larry Solow - *CJS Securities - Analyst*

Great. Okay. Thank you. I appreciate it.

Operator

Rob Brown, Lake Street Capital Markets.

Robert Brown - *Lake Street Capital Markets LLC - Analyst*

Good morning. Just wanted to follow-up on the Middle East comment that you made. Could you remind us again what your exposure is to the Middle East or how much of your business you have in that region?

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

We've got a handful of sites there in Oman, Abu Dhabi, Bahrain, Egypt, and they're all affected in different ways. I mean, nobody's actually shut down, but in some cases, some of the customer sites are dealing with some struggle getting some incoming materials to be able to keep their production levels at the right levels.

In some cases, particularly in Egypt, we're starting to see the demand pressures kind of affect them more significantly. All those factors together kind of collectively are creating a pretty reasonable headwind on our customer sites in that area. Good news is no sites are shut down and nobody's hurt as a result of anything that's going on there.

Robert Brown - *Lake Street Capital Markets LLC - Analyst*

Okay, great. Good to hear. And then sort of back to the Rail ETO contracts. I just wanted to clarify, you sort of named $190 million. Is that sort of the max exposure you have now at this point and or expected number, or is there any other kind of outstanding issues that could change that number?

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Yeah, this is Pete again. I'll make two comments. One, when we made this decision to exit, obviously, we wanted to put these contracts in the rearview mirror operationally and accounting-wise. So, we will no longer doing any more accounting for these contracts, so you won't see any periodic adjustments for things like estimates of completion or cost overruns of that sort of thing. That's all behind us, and the intention was to be [done]. (corrected by company after the call)

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

Right, and Rob, it's Russell. I think, if you recall our previous earning calls, my comments about de-risking the ETOs, this is obviously one of our most important strategic priorities to put these behind us both operationally, financially, et cetera, to allow our business at Rail to focus on its core to grow, and then to give our shareholders clarity on the status of these ETOs going forward. So everything we've done to date is oriented around putting this in the rearview mirror.

Robert Brown - *Lake Street Capital Markets LLC - Analyst*

Great. And then I guess the ongoing Rail business had a very high kind of parts services aftermarket exposure or percentage. Could you sort of give us a sense of what Rail looks like from a mix standpoint and sort of focus going forward now?

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

So I'll let Pete give you the numbers. But in terms of focus, we are reemphasizing the focus on aftermarket in the sense that the legacy business has generally been oriented around large equipment sales and aftermarket was an ancillary business. Our focus is actually on separating it out as a separate area of focus, separate line of business. We'll have more to report on that as the year progresses. But I think you're going to hear, perhaps as we put the ETOs behind us, more emphasis on the aftermarkets, particularly since we are at that cyclical bottom of the equipment market. So more to come on that particular part of the business.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Yeah, I mean, historically, the kind of the aftermarket or parts business is kind of 40% of revenues, but as we told you with the volume pressures we're getting with respect to original equipment sales, that percentage is increasing. Plus, as Russell just mentioned, with a lot of the revenues, which had been associated with ETO contracts going away, that percentage is quite a bit higher. Now, we hope that the equipment market turns around in the future years and that percentage kind of normalizes itself. But certainly in the near term, we expect the percentage of aftermarket to grow relative to the total.

Robert Brown - *Lake Street Capital Markets LLC - Analyst*

Thanks for all the color. I will turn it over.

Operator

(Operator Instructions)

Devin Dodge, BMO Capital Markets.

Devin Dodge - *Bank of Montreal - Equity Analyst*

Yeah, thanks. Good morning. I wanted to come back to one of the earlier questions on the ETO contracts. So just to understand what some of the risks and opportunities that could cause the cost to include those ETO contracts to be either higher or lower than that $190 million cash flow estimate.

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

Hi, Devin. It's Russell. Let me start again. So in terms of them being lower, we, I think, have made it very clear we are in discussions with these customers. We've signed up a sale agreement with GBM, our contract manufacturer in Germany. So we are hopeful that through those actions and discussions with the customer, including Network Rail, the offer we've made to upgrade their existing stoneblower fleet, which we know very well because we've been operating it for quite some time, that the cost could be lower.

But of course, conversely, we may not be able to reach that final agreement, for example, with Network Rail. And of course, if that results in a conflict litigation, then that's probably going to represent our maximum exposure. Of course, that will take some time and we feel strongly that there's a better path for both parties, but that scenario could represent the outer limits of what we envision.

Peter Minan - *Enviri Corp (Delaware) - Chief Financial Officer, Executive Vice President*

Maybe, Devin, this is Pete, let me just give you some accounting color on this too. So in the past, of course, you're used to us dealing with these things as ongoing operational accruals. So we would be adjusting them for changes in estimates and overruns and that sort of thing. As I mentioned in my prepared remarks, we aren't using that accounting anymore. Once we made the decision to exit it, we no longer account for these contracts in that manner.

And rather, we recorded this liability from the perspective of an exit-related liability. So in generally accepted accounting principles that kind of gets the vast majority of the bad things behind you. I think while Russell mentioned, there's conceivably a scenario that could result in an increase in what we've got recorded. It's not anywhere, it's of the magnitude or frequency or of the nature of things that we've been talking about in the past. I think it's quite the opposite. As I mentioned, the objective of doing this from both a financial and accounting perspective was to put these things in a rearview mirror and I think we've got that.

Devin Dodge - *Bank of Montreal - Equity Analyst*

Okay, makes sense. Thanks for that. Okay. For the agreement with GBM, under what scenarios would Harsco Rail receive funds and are there scenarios where Harsco Rail would need to provide additional capital to GBM?

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

So no additional capital, all the money will flow one way. And then, I would just say without obviously getting into the specifics of the contract, there are certain milestones that you would expect as GBM proceeds with their manufacturing of this equipment, certain approvals by DB.

So as those milestones are met, we will receive funds. And this is not something that's going to extend for years. This is really associated with the homologation of the equipment. So my expectation is, we're talking really probably in the next six months or so.

Devin Dodge - *Bank of Montreal - Equity Analyst*

Okay, thanks Russell. Okay, last one for me, overhead in Harsco Rail. Just, I think there's some costs in there to support those ETO contracts. Just can you remind us how meaningful those are and how quickly they will step down following these contract exits?

Russell Hochman - *Enviri Corp (Delaware) - President, Chief Executive Officer*

Well, we've started already, and some of those are reflected in the numbers. So as you heard, we've shut down the factory in Ludington, Michigan. We've been ramping down the European facility that supports the DB contract. We've made significant changes at our South Carolina facility.

The one thing just to keep in mind, Devin, is that some of the people who have been supporting the Deutsche Bahn contract in Europe also support the SBB contract. So there's some overlap there that we may not be able to get to immediately, but those actions have already been undertaken.

Devin Dodge - *Bank of Montreal - Equity Analyst*

Okay, makes sense. I'll turn it over. Thank you.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Mr. Martin for any closing remarks. Please go ahead.

Dave Martin - *Enviri Corp (Delaware) - Vice President Investor Relations and FP&A*

Yeah, thank you for joining us this morning. Feel free to call me with any follow-up questions. And as always, we appreciate your interest in Enviri and look forward to speaking with you in the near future. Take care.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.