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Enviva's Q3 \$85.2m net loss leads to "leadership realignment"

Enviva Inc has reported a net loss of \$85.2 million (€79.8 million) for Q3 2023, a significant increase from the net loss of \$18.3 million (€17.1 million), reported for the same period in 2022.

The company has experienced a significant net loss of \$49.6 million (€46.4 million) and decrease in adjusted EBITDA, which was €36.6 million (€34.2 million), compared with \$60.6 million (€56.7 million) for Q3 2022. The company said this was "primarily due to lower revenue from commercial activities". The company announced leadership changes, as well as a strategic review of its capital structure, in a drive to enhance its financial performance.

Outlook

Enviva said it is withdrawing previous sales price per MT, net loss, adjusted EBITDA and total capital expenditures guidance for 2023 and future years.

The company added that it generally experiences uptick in biomass consumption in the fourth quarter of each year as winter heating demand coupled with seasonal impacts to the amount of solar and wind energy available to power grids drives higher commercial value.

However, this dynamic "has not materialised to date in 2023".

Enviva is expecting a significantly higher net loss, lower sales price per MT, and lower adjusted EBITDA for full-year 2023 as compared to full-year 2022, and from what was included in our prior guidance.

Leadership

Enviva's board of directors has appointed Glenn Nunziata as interim CEO in addition to his role as CFO, succeeding Thomas Meth, who has served as CEO since November 2022.

Meth will remain president and will focus his time on renegotiating existing customer contracts with the intent of improving Enviva's profitability and returning the business to one that generates the majority of its cash flow from predictable, profitable take-or-pay contracts, according to the firm.

Nunziata will focus primarily on strengthening the company's balance sheet by partnering with advisors to execute strategic and operational initiatives that ensure sufficient capital to fund ongoing operations, meet financial covenants, and advance greenfield projects, said Enviva.

Nunziata said: "I am deeply honoured to become interim CEO of Enviva. Since joining Enviva approximately two months ago as CFO, I have devoted my full attention to analysing our operations, performance, and financial profile.

"While we have a great deal of work to do, we are encouraged by the progress being made through our cost reduction and productivity initiatives.

"At the same time, we are actively addressing the company's cash flow and liquidity challenges as well as



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working with customers to renegotiate contracts.

"The decisive steps we are taking are expected to better position Enviva to continue leading the industrial biomass sector through its next leg of growth. We look forward to providing updates on our progress along the way."

Meth commented: "This was a disappointing quarter as our results came in meaningfully below our expectations due primarily to weakness in commercial activities.

"Given the significant near-term headwinds we're addressing, I am focused on engaging with customers to ensure that our contracts reflect the value our product provides customers and returning to a business model centered on predictable, profitable take-or-pay contracts."

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