HARSCO

Q4 2019

Results & Outlook Conference Call

February 21, 2020

ADMINISTRATIVE ITEMS

Conference Call and Access to Information
More information on Harsco's quarterly earnings, including the Company’s earnings press release issued today and this presentation, is available on the Investor Relations portion of Harsco’s website. Company management will discuss the Company's financial performance during a conference call today at 9:00 a.m. (ET). Both the presentation and access to the call are available at http://investors.harsco.com. A replay can also be accessed on the site for up to two weeks after the call.

Forward-Looking Statements
The Company’s presentation contains forward-looking statements based on management’s current expectations, estimates and projections. The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the results contemplated by forward-looking statements, including the expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about management's confidence in and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, and earnings. Forward-looking statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe," "likely," "estimate," "outlook," "plan" or other comparable terms.

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs;(3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards and amounts; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) potential severe volatility in the capital markets and the impact on the cost to the Company to obtain debt financing; (14) failure to retain key management and employees; (15) the amount and timing of repurchases of the Company's common stock, if any; (16) the outcome of any disputes with customers, contractors and subcontractors; (17) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets; (20) the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive agreement entered into for the ESOL acquisition; and (21) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2018, together with those described in Item 1A, "Risk Factors," of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2019. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

Non-GAAP Measures
Throughout this presentation, the Company refers to certain non-GAAP measures, including without limitation, adjusted operating income (loss) from continuing operations, adjusted operating income including discontinued operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, adjusted diluted earnings per share including discontinued operations, adjusted return on invested capital, free cash flow and free cash flow before growth capital expenditures. For a reconciliation of non-GAAP measures to GAAP results and the Company’s rationale for its usage of non-GAAP measures, see the Appendix in this presentation.

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RECENT ENVIRONMENTAL INNOVATIONS & INDUSTRY COLLABORATION

HARSCO
ENVIRONMENTAL

- Dec. 2019: Harsco Environmental invests in Carbicrete, a Canadian technology company developing cement-free, carbon-negative concrete products made with steel slag for the construction industry

CLEANEARTH
A HARSCO COMPANY

- Dec. 2019: Clean Earth upgrades Detroit water treatment plant, making it one of the first large-scale PFAS water treatment facilities in Michigan

Collaboration with industry sustainability initiatives

- Dec. 2019: Harsco Environmental joins ArcelorMittal, Daimler, BMW, and others in supporting the world's first sustainability standard for the steel industry

Responsible Steel™
MEMBER
RS C117990

- ResponsibleSteel™ is the industry's first global multi-stakeholder standard and certification initiative, dedicated to defining and promoting responsible production practices

- Harsco continues participating in the American Iron and Steel Institute's new Sustainability Committee

American Iron and Steel Institute

Q4 2019 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Q4 adjusted operating income of $31 million consistent with market update provide in January
- Environmental delivered double digit margins (comparable with prior year) despite weak end-markets
- Clean Earth realized very strong growth relative to prior-year quarter
- Rail lower year-on-year due to manufacturing challenges
- Q4 FCF totaled $28 million
- Repurchased ~349 thousand shares
- Net leverage ratio = 2.4x

		CHANGE VS. 2018	
$ in millions except EPS; Continuing Operations	Q4 2019	$	% or bps
Revenues, as reported	400	68	21%
Operating Income - GAAP	20	(8)	(29)%
% of Sales	*5.0%*		*(350)bps*
Adjusted Operating Income[1]	31	3	12%
% of Sales[1]	*7.7%*		*(50)bps*
GAAP Diluted Earnings Per Share	0.03	(0.38)	(93)%
Adjusted Diluted Earnings Per Share[1]	0.12	(0.09)	(43)%
Free Cash Flow[2]	28	(32)	(53)%

nmf = not meaningful.
(1) Excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations.

Q4 2019 ENVIRONMENTAL

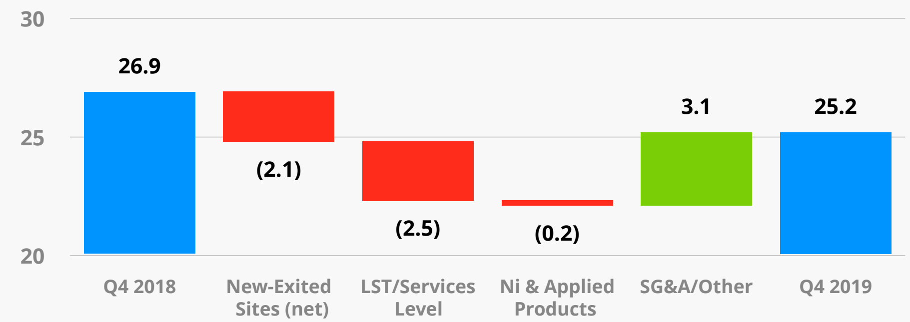
SUMMARY RESULTS

$ in millions

	Q4 2019	Q4 2018	% or bps
Revenues, as reported	243	262	(7)%
Operating Income – GAAP	27	28	(4)%
Adjusted Operating Income[1]	25	27	(6)%
Adjusted Operating Margin[1]	10.4%	10.3%	
Free Cash Flow (2019)	13	68	(81)%

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenues change mainly attributable to lower demand for steel services and certain applied products and FX translation impacts
- Adjusted operating income change reflects the above factors, including site exits, partially offset by lower administrative expenses
- 2019 FCF change reflects increase in growth-related capital spending and lower net cash from operating activities

nmf = not meaningful.
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

Q4 2019 CLEAN EARTH

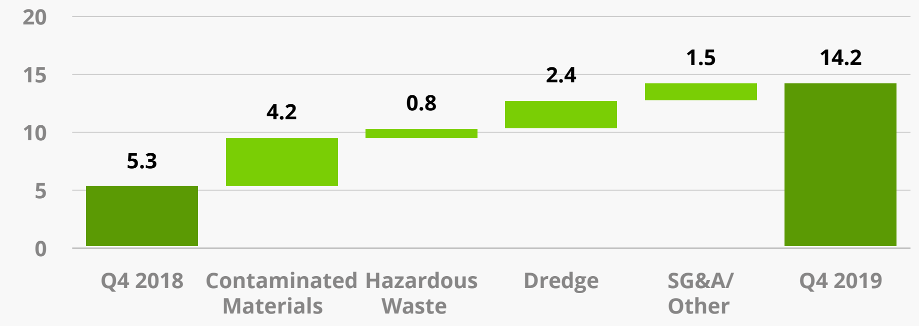
SUMMARY RESULTS

$ in millions

	Q4 2019	Q4 2018	% or bps
Revenues, as reported	82	67	22%
Operating Income – GAAP	9	1	506%
Adjusted Operating Income[1]	14	5	166%
Adjusted Operating Margin[1]	17.4%	7.9%	
Free Cash Flow (H2 2019)	29	N/A	N/A

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenues increased as the result of volume growth and price-mix benefits as well as prior acquisitions
- Adjusted operating income improvement driven by the above factors as well as a more favorable mix
- Free cash flow totaled $29 million in H2; reflects strong cash conversion

nmf = not meaningful.
Note: The 2018 financial information provided above for Clean Earth is not incorporated within Harsco's consolidated results and is provided only for comparison purposes
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

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Q4 2019 RAIL

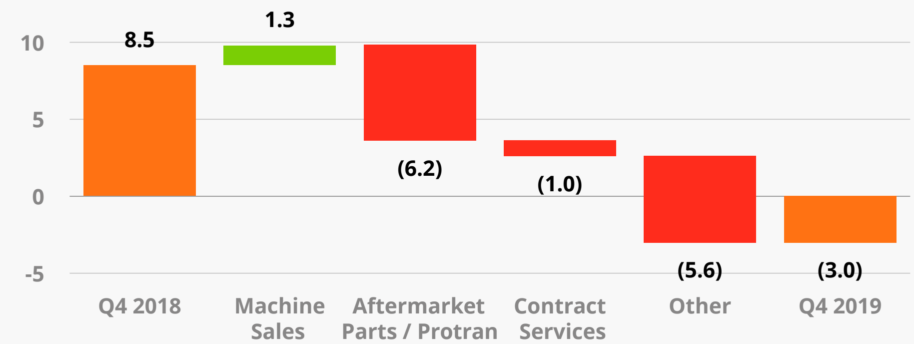
SUMMARY RESULTS

$ in millions

	Q4 2019	Q4 2018	% or bps
Revenues, as reported	75	69	8%
Operating Income – GAAP	(3.2)	7.8	(142)%
Adjusted Operating Income[1]	(3.0)	8.5	(135)%
Adjusted Operating Margin[1]	(4.0)%	12.2%	nmf
Free Cash Flow (2019)	(42)	41	(93)%

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenue growth attributable to higher equipment sales; partially offset by lower after-market, Protran and contracting sales
- Adjusted OI change due to above items as well as a less favorable short-cycle product mix and higher manufacturing costs; partially offset by equipment contributions
- Year-end backlog totaled $447 million; +50% year-on-year

nmf = not meaningful.
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

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2019 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Revenues of $1.5B reflect acquisition of Clean Earth (June) and reporting Industrial as discontinued operations for the full year
- Rail revenues increased due to higher global equipment demand; although adjusted earnings declined due to operational issues at year-end
- Environmental adjusted earnings fell modestly given market headwinds; margins remained at 11%
- Clean Earth H2 revenues and adjusted earnings increased 20+% and 120+%, respectively
- Repurchased 1.8 million shares during year

		CHANGE VS. 2018	
$ in millions except EPS; Continuing Operations	**2019**	**$**	**% or bps**
Revenues, as reported	1,504	156	12%
Operating Income - GAAP	104	(26)	(20)%
% of Sales	*6.9%*		*(280)bps*
Adjusted Operating Income[1]	148	15	12%
% of Sales[1]	*9.8%*		*nmf*
GAAP Diluted Earnings Per Share	0.35	(0.85)	(71)%
Adjusted Diluted Earnings Per Share[1]	0.90	(0.04)	(4)%
Free Cash Flow[2]	(32)	(105)	(143)%

nmf = not meaningful.
(1) Excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations.

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2020 SEGMENT OUTLOOK

Excluding unusual items			2020 VERSUS 2019
	**REVENUES**	▲	Low-single digits percentage
	ADJUSTED EBITDA	▲	Low-single digits percentage
	DRIVERS	+	New contracts, service and product demand growth, cost/improvement savings
		-	Exited sites, SG&A investments
	**REVENUES**	▲	$310 to $330 million; mid-point translates to high-single digits growth y-o-y
	ADJUSTED EBITDA	▲	$50 to $55 million, net of $5 million Corporate allocation (was zero in 2019)
	DRIVERS	+	Full-year impact, organic growth within each line of business, permit modification and expansions, synergies
		-	Less favorable mix
	**REVENUES**	▲	~30% at mid-point of range
	ADJUSTED EBITDA	▲	~30% at mid-point of range
	DRIVERS	+	Backlog, global demand for MOW equipment and services, Protran Technology growth, productivity initiatives
		-	After-market parts mix, R&D and SG&A investments
CORPORATE COSTS			$26 to $29 million for the full-year

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2020 OUTLOOK - CONSOLIDATED

	2020 Outlook
GAAP OPERATING INCOME	$124 - 154M
ADJUSTED EBITDA[1]	$280 - 310M
GAAP DILUTED EARNINGS PER SHARE	$0.63 - 0.91
ADJUSTED DILUTED EARNINGS PER SHARE[1]	$0.84 to $1.12
FREE CASH FLOW BEFORE GROWTH CAPITAL[1]	$80 - 110M
FREE CASH FLOW[2]	$10 - 40M

2020 ADJUSTED EBITDA GUIDANCE COMPARES WITH PROFORMA 2019 ADJUSTED EBITDA OF $283 MILLION

(1) Excludes unusual items. Adjusted diluted earnings per share exclude acquisition amortization expense. See tables at end of presentation for GAAP to non-GAAP reconciliations
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations.

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Q1 2020 OUTLOOK

Adjusted EBITDA[1] is expected to be between
$43M – $48M

Adjusted diluted earnings per share[1] of
$0.01 – $0.04

Corporate costs
of $6 - 7 million

YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

HARSCO ENVIRONMENTAL

Lower services and products demand, site exits and FX; partially offset by new sites and cost initiatives

CLEANEARTH™ A HARSCO COMPANY

Improved processing volume and more favorable mix; partially offset by SG&A investments and Corporate cost allocation

HARSCO RAIL Enabling TECHNOLOGY IN MOTION

Less favorable equipment mix, after-market volume and mix; partially offset by higher Protran Technology volumes

(1) Adjusted operating income and adjusted diluted earnings per share are non-GAAP numbers. See tables at end of presentation for GAAP to non-GAAP reconciliations.

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Q&A

Appendix

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended December 31			Twelve Months Ended December 31		
	2019	2018		2019	2018	
Diluted earnings per share from continuing operations as reported	**$ 0.03**	$ 0.41		**$ 0.35**	$ 1.20	
Corporate strategic costs (a)	**0.09**	—		**0.31**	—	
Harsco Environmental Segment change in fair value to contingent consideration liability (b)	**(0.05)**	(0.04)		**(0.10)**	(0.04)	
Harsco Clean Earth Segment change in fair value to contingent consideration liability (c)	**0.01**	—		**0.01**	—	
Harsco Clean Earth Segment severance costs (d)	**0.01**	—		**0.02**	—	
Corporate unused debt commitment and amendment fees (e)	**—**	—		**0.09**	0.01	
Harsco Environmental Segment provision for doubtful accounts (f)	**—**	—		**0.08**	—	
Harsco Rail Segment improvement initiative costs (g)	**—**	0.01		**0.06**	0.01	
Harsco Environmental Segment site exit related (h)	**—**	—		**(0.03)**	—	
Harsco Environmental Segment adjustment to slag disposal accrual (i)	**—**	—		**—**	(0.04)	
Altek acquisition costs (j)	**—**	—		**—**	0.01	
Deferred tax asset valuation allowance adjustment (k)	**—**	—		**0.03**	(0.10)	
Impact of U.S. tax reform on income tax benefit (expense) (l)	**—**	(0.18)		**—**	(0.18)	
Taxes on above unusual items (m)	**(0.03)**	—		**(0.08)**	(0.01)	
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	**0.06**	0.19	(n)	**0.74**	0.88	(n)
Acquisition amortization expense, net of tax	**0.06**	0.02		**0.16**	0.07	
Adjusted diluted earnings per share from continuing operations	**$ 0.12**	$ 0.21		**$ 0.90**	$ 0.94	(n)

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RECONCILIATION OF NON-GAAP MEASURES

(a) Consultant costs at Corporate associated with supporting and executing the Company's growth strategy (Q4 2019 $7.3 million pre-tax; Full year 2019 $25.2 million pre-tax).
(b) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q4 2019 $4.1 million pre-tax; Full year 2019 $8.5 million pre-tax; Q4 2018 $3.4 million pretax; Full year 2018 $2.9 million pre-tax). The Company adjusts Operating income and Diluted earnings per share from continuing operations to exclude the impact of the change in fair value to the acquisition-related contingent consideration liability for acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(c) Fair value adjustment to contingent consideration liability acquired in conjunction with the acquisition of Clean Earth (Q4 and Full year 2019 $0.8 million pre-tax).
(d) Harsco Clean Earth Segment severance recognized (Q4 2019 $0.6 million pre-tax; Full year 2019 $1.9 million pre-tax).
(e) Costs at Corporate related to the unused bridge financing commitment and Term Loan B amendment (Full year 2019 $7.4 million pre-tax) and the amendment of the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility (Full year 2018 $1.0 million pre-tax).
(f) Harsco Environmental Segment provision for doubtful accounts related to a customer in the U.K. entering administration (Full year 2019 $6.2 million pre-tax).
(g) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q4 2019 $0.2 million pre-tax; Full year 2019 $4.8 million pre-tax; Q4 and Full year 2018 $0.6 mill pre-tax).
(h) Harsco Environmental Segment site exit related (Full year 2019 $2.4 million pre-tax).
(i) Harsco Environmental Segment adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America (Full year 2018 $3.2 million pre-tax).
(j) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment (Full year 2018 $0.8 million pre-tax) and at Corporate (Full year $0.4 million pre-tax).
(k) Adjustment of certain existing deferred tax asset valuation allowances as a result of a site exit in a certain jurisdiction in 2019 and the Altek acquisition in 2018 (Full year 2019 $2.8 million; Full year 2018 $8.3 million).
(l) The Company recorded a benefit as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform (Q4 and Full year 2018 $15.4 million benefit).
(m) Unusual items are tax-effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded, except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
(n) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share from continuing operations, which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF PROJECTED ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Unaudited)

	Projected Three Months Ending March 31			Projected Twelve Months Ending December 31	
	2020			2020	
	Low		High	Low	High
Diluted earnings per share from continuing operations	$ (0.05)		$ (0.01)	$ 0.63	$ 0.91
Estimated acquisition amortization expense, net of tax	0.05		0.05	0.21	0.21
Adjusted diluted earnings per share from continuing operations	$ 0.01	(a)	$ 0.04	$ 0.84	$ 1.12

(a) Does not total due to rounding.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2019:					
Operating income (loss) as reported	$ 27,430	$ 8,701	$ (3,239)	$ (12,981)	$ 19,911
Corporate strategic costs	—	—	—	7,280	7,280
Harsco Environmental Segment change in fair value to contingent consideration liability	(4,089)	—	—	—	(4,089)
Harsco Clean Earth Segment change in fair value to contingent consideration liability	—	825	—	—	825
Harsco Clean Earth Segment severance costs	—	601	—	—	601
Harsco Rail Segment improvement initiative costs	—	—	185	—	185
Adjusted operating income (loss) including acquisition amortization expense	23,341	10,127	(3,054)	(5,701)	24,713
Acquisition amortization expense	1,850	4,089	84	—	6,023
Adjusted operating income (loss)	$ 25,191	$ 14,216	$ (2,970)	$ (5,701)	$ 30,736
Revenues as reported	$ 243,314	$ 81,883	$ 74,590		$ 399,787
Adjusted operating margin (%)	10.4%	17.4%	(4.0)%		7.7%

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HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2018:					
Operating income (loss) as reported	$ 28,461	$ —	$ 7,771	$ (8,088)	$ 28,144
Harsco Environmental Segment change in fair value to contingent consideration liability	(3,351)	—	—	—	(3,351)
Harsco Rail Segment improvement initiative costs	—	—	640	—	640
Adjusted operating income (loss) including acquisition amortization expense	25,110	—	8,411	(8,088)	25,433
Acquisition amortization expense	1,819	—	71	—	1,890
Adjusted operating income (loss)	$ 26,929	$ —	$ 8,482	$ (8,088)	$ 27,323
Revenues as reported	$ 262,380	$ —	$ 69,382		$ 331,762
Adjusted operating margin (%)	10.3%		12.2%		8.2%

The Company's management believes Adjusted operating income (loss), which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2019:					
Operating income (loss) as reported	$ 112,298	$ 20,009	$ 23,708	$ (51,736)	$ 104,279
Corporate strategic costs	—	—	—	25,152	25,152
Harsco Environmental Segment change in fair value to contingent consideration liability	(8,505)	—	—	—	(8,505)
Harsco Environmental Segment provision for doubtful accounts	6,174	—	—	—	6,174
Harsco Rail Segment improvement initiative costs	—	—	4,830	—	4,830
Harsco Environmental Segment site exit related	(2,427)	—	—	—	(2,427)
Harsco Clean Earth Segment severance costs	—	1,855	—	—	1,855
Harsco Clean Earth Segment change in fair value to contingent consideration liability	—	825	—	—	825
Adjusted operating income (loss), including acquisition amortization expense	107,540	22,689	28,538	(26,584)	132,183
Acquisition amortization expense	7,286	7,923	322	—	15,531
Adjusted operating income (loss)	$ 114,826	$ 30,612	$ 28,860	$ (26,584)	$ 147,714
Revenues as reported	$ 1,034,847	$ 169,522	$ 299,373	$ —	$ 1,503,742
Adjusted operating margin (%)	11.1%	18.1%	9.6%		9.8%

The Company's management believes Adjusted operating income (loss), which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

HARSCO

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2018:					
Operating income (loss) as reported	$ 121,195	$ —	$ 37,341	$ (27,841)	$ 130,695
Harsco Environmental adjustment to slag disposal accrual	(3,223)	—	—	—	(3,223)
Harsco Environmental Segment change in fair value to contingent consideration liability	(2,939)	—	—	—	(2,939)
Altek acquisition costs	753	—	—	431	1,184
Harsco Rail Segment improvement initiative costs	—	—	640	—	640
Adjusted operating income (loss), including acquisition amortization expense	115,786	—	37,981	(27,410)	126,357
Acquisition amortization expense	5,553	—	306	—	5,859
Adjusted operating income (loss)	$ 121,339	$ —	$ 38,287	$ (27,410)	$ 132,216
Revenues as reported	$ 1,068,304	$ —	$ 279,294	$ 74	$ 1,347,672
Adjusted operating margin (%)	11.4%		13.7%		9.8%

The Company's management believes Adjusted operating income (loss), which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION INCLUDING HARSCO CLEAN EARTH FOR THE SIX MONTHS ENDED JUNE 30, 2019 TO INCOME FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

	Twelve Months Ended December 31
(In thousands)	**2019**
Income from continuing operations	$ 36,530
Add back:	
Equity in income of unconsolidated entities, net	(273)
Income tax expense	20,214
Defined benefit pension expense	5,493
Unused debt commitment and amendment fees	7,704
Interest expense	36,586
Interest income	(1,975)
Depreciation and amortization	132,594
Unusual items:	
Corporate strategic costs	25,152
Harsco Environmental Segment change in fair value to contingent consideration liability	(8,505)
Harsco Environmental Segment provision for doubtful accounts	6,174
Harsco Rail Segment improvement initiative costs	4,830
Harsco Environmental Segment site exit related	(2,427)
Harsco Clean Earth Segment severance costs	1,855
Harsco Clean Earth Segment change in fair value to contingent consideration liability	825
Adjusted EBITDA	264,777
Harsco Clean Earth for the six months ended June 30, 2019	18,300
Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019	$ 283,077

Adjusted EBITDA and Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 are non-GAAP financial measures. Adjusted EBITDA consists of income from continuing operations adjusted to add back, income tax expense, net interest, defined benefit pension income and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 consists of Adjusted EBITDA and Clean Earth's Adjusted EBITDA for the first six months of 2019. The Company's management believes Adjusted EBITDA and Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 are meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance, and including Clean Earth's Adjusted EBITDA for the first six months of the year provides investors a view of the business on a full-year basis. However, these measures should be considered in addition to, rather than as substitutes for net income from continuing operations and other information provided in accordance with GAAP. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, as a result, Adjusted EBITDA may not be comparable to other similarly titled measures disclosed by other companies.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF PROJECTED ADJUSTED EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION TO PROJECTED INCOME FROM CONTINUING OPERATIONS(Unaudited)

	Projected Three Months Ending March 31		Projected Twelve Months Ending December 31	
	2020		2020	
(In millions)	**Low**	**High**	**Low**	**High**
Income from continuing operations	$ (3)	$ —	$ 58	$ 81
Add back:				
Income tax expense	(1)	—	23	32
Net interest	12	13	51	49
Defined benefit pension income	(2)	(2)	(8)	(8)
Depreciation and amortization	37	37	156	156
ADJUSTED EBITDA	$ 43	$ 48	$ 280	$ 310

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA consists of income from continuing operations adjusted to add back, income tax expense, net interest, defined benefit pension income and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. The Company's management believes Adjusted EBITDA is meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance. However, this measure should be considered in addition to, rather than as substitutes for net income from continuing operations and other information provided in accordance with GAAP. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, as a result, Adjusted EBITDA may not be comparable to other similarly titled measures disclosed by other companies.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME INCLUDING DISCONTINUED OPERATIONS TO OPERATING INCOME(Unaudited)

	For the Three Months Ended				For the Year Ended
(In thousands)	**March 31, 2018**	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**December 31, 2018**
Operating income (a)	$ 22,728	$ 38,064	$ 41,759	$ 28,146	$ 130,697
Harsco Environmental adjustment to slag disposal accrual	—	(3,223)	—	—	(3,223)
Harsco Environmental Segment change in fair value to contingent consideration liability	—	—	412	(3,351)	(2,939)
Altek acquisition costs	—	1,184	—	—	1,184
Harsco Rail Segment improvement initiative costs	—	—	—	640	640
Adjusted operating income, including acquisition amortization expense	22,728	36,025	42,171	25,435	126,359
Acquisition amortization expense	829	1,197	1,943	1,890	5,859
Adjusted operating income	23,557	37,222	44,114	27,325	132,218
Discontinued operations - Harsco Industrial before acquisition amortization expense	14,265	16,013	15,802	15,956	62,036
Adjusted operating income including discontinued operations	$ 37,822	$ 53,235	$ 59,916	$ 43,281	$ 194,254

(a) The operating results of the former Harsco Industrial Segment have been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income including discontinued operations, which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME INCLUDING DISCONTINUED OPERATIONS TO OPERATING INCOME(Unaudited)

	For the Three Months Ended		For the Six Months Ended
(In thousands)	March 31, 2019	June 30, 2019	June 30, 2019
Operating income (a)	$ 19,824	$ 17,799	$ 37,623
Corporate strategic costs	2,739	12,390	15,129
Harsco Environmental Segment provision for doubtful accounts	—	5,359	5,359
Harsco Rail Segment improvement initiative costs	2,648	1,152	3,800
Harsco Environmental Segment change in fair value to contingent consideration liability	369	(3,879)	(3,510)
Harsco Environmental site exit related	(2,271)	—	(2,271)
Adjusted operating income, including acquisition amortization expense	23,309	32,821	56,130
Acquisition amortization expense	1,939	1,900	3,839
Adjusted operating income	25,248	34,721	59,969
Discontinued operations - Harsco Industrial before acquisition amortization expense	18,834	20,560	39,394
Adjusted operating income including discontinued operations	$ 44,082	$ 55,281	$ 99,363

(a) The operating results of the former Harsco Industrial Segment have been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income including discontinued operations, which is a non-GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

HARSCO CORPORATION
RECONCILIATION OF FREE CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended December 31, 2019		Twelve Months Ended December 31, 2019	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Net cash provided (used) by operating activities	**$ (50,192)**	$ 97,008	**$ (163)**	$ 192,022
Less capital expenditures	**(37,902)**	(40,866)	**(184,973)**	(132,168)
Less expenditures for intangible assets	**(65)**	—	**(1,311)**	—
Plus capital expenditures for strategic ventures (a)	**1,073**	623	**5,904**	1,595
Plus total proceeds from sales of assets (b)	**9,462**	2,791	**17,022**	11,887
Plus transaction-related expenditures (c)	**2,559**	—	**28,939**	—
Plus taxes paid on sale of business	**102,940**	—	**102,940**	—
Free cash flow	**27,875**	59,556	**(31,642)**	73,336
Add growth capital expenditures	**12,677**	11,638	**68,867**	30,655
Free cash flow before growth capital expenditures	**$ 40,552**	$ 71,194	**$ 37,225**	$ 103,991

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.
(b) Asset sales are a normal part of the business model, primarily for the Harsco Environmental Segment.
(c) Expenditures directly related to the Company's acquisition and divestiture transactions.

The Company's management believes that Free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds and transaction-related expenditures for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management uses this as a key factor in the deployment of capital for strategic planning purposes. It is important to note that free cash flow and free cash flow before growth capital expenditures do not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements and settlements of foreign currency forward exchange contracts, are not deducted from these measures. These measures should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES
(Unaudited)

	Projected Twelve Months Ending December 31	
	2020	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 180	$ 220
Less capital expenditures	(176)	(184)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	4
Free cash flow	10	40
Add growth capital expenditures	70	70
Free cash flow before growth capital expenditures	$ 80	$ 110

The Company's management believes that Free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds and transaction-related expenditures for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management uses this as a key factor in the deployment of capital for strategic planning purposes. It is important to note that free cash flow and free cash flow before growth capital expenditures do not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements and settlements of foreign currency forward exchange contracts, are not deducted from these measures. These measures should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.