Q1 2020

Quarterly Results Conference Call

May 8, 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 changes in general economic conditions or changes due to the COVID-19 coronavirus pandemic and governmental and market reactions to the COVID-19 coronavirus pandemic; (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; (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, have inadequate liquidity or whose business is significantly impacted by the COVID-19 coronavirus pandemic) to maintain their credit availability; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets and (20) 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, 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 EBITDA (Earnings Before Interest Taxes Depreciation and Amortization) from continuing operations, adjusted EBITDA margin, adjusted diluted earnings per share from continuing operations and free cash flow. 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.

CEO PERSPECTIVE

- Execution led to strong Q1 results
- ESOL acquisition: strong engagement throughout the organization and integration work moving quickly to capture synergies
- Rail operations making progress under SCOR program; pace of change to accelerate in coming months
- COVID-19: significant actions executed to strengthen cash flow and support financial position
- Portfolio transformation expected to make Harsco more resilient in downturn
- Harsco expects to emerge from crisis a stronger company, poised to benefit from eventual recovery

HARSCO

Rail SCOR Program (Supply Chain Operations Recovery)

Transform Culture

- New operational leadership engaged and driving progress
- Integrate workforce and reinforce governance
- Improve data timeliness and quality

Strengthen Competency

- Increase employee engagement with communications
- Staff organization with top talent
- Strengthen training program

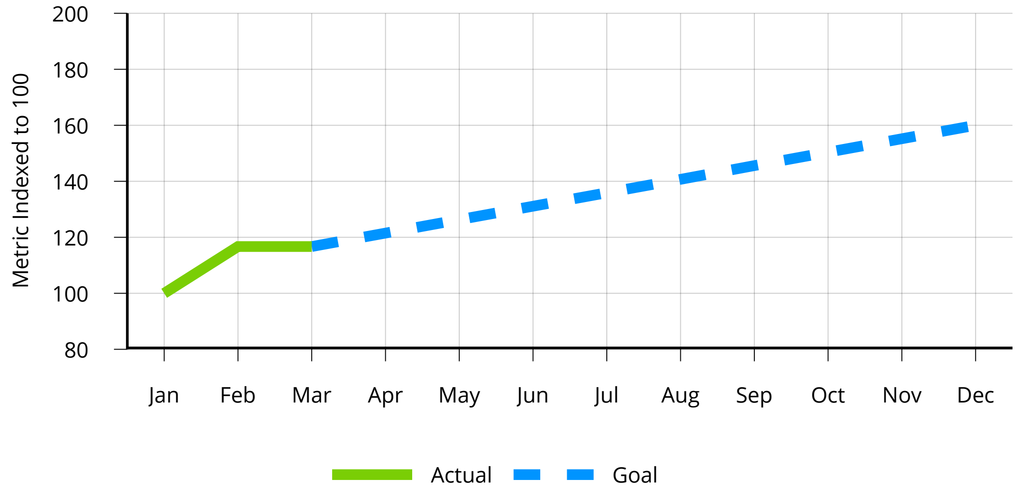
Data Quality

- Improve supply-chain and manufacturing data
- Identify and execute on shortfalls
- Decision making enhancements to be data driven

Improve Capacity

- Improve space utilization, with more production slots
- Supplement internal capacity with 3rd-parties
- Productivity initiatives improve efficiency
- Execute against backlog

Manufacturing Capacity



Program Delivering Positive Results, While Pace of Change to Accelerate in Coming Months

Q1 2020 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Adjusted EBITDA of $57 million above guidance range
- Clean Earth better due to hazardous and dredge material volumes, partially timing related
- Rail helped by favorable equipment mix and pull-forward of after-market and contracting work
- Environmental consistent with expectation despite weakening underlying market
- Corporate spending reduced
- EBITDA Y/Y increase reflects impact of Clean Earth, which again realized strong Y/Y growth
- GAAP EPS includes transaction costs and Environmental restructuring
- FCF reflects seasonal patterns + interest and pension payments

		CHANGE VS. 2019	
$ in millions except EPS; Continuing Operations	**Q1 2020**	**$**	**% or bps**
Revenues, as reported	399	69	21%
Operating Income - GAAP	3	(17)	(85)%
% of Sales	*0.7%*		*(530)bps*
Adjusted EBITDA[1]	57	4	7%
% of Sales[1]	*14.4%*		*(190)bps*
GAAP Diluted Earnings Per Share	(0.11)	(0.24)	nmf
Adjusted Diluted Earnings Per Share[1]	0.16	(0.02)	(11)%
Free Cash Flow[2]	(26)	(7)	(34)%

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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Q1 2020 ENVIRONMENTAL

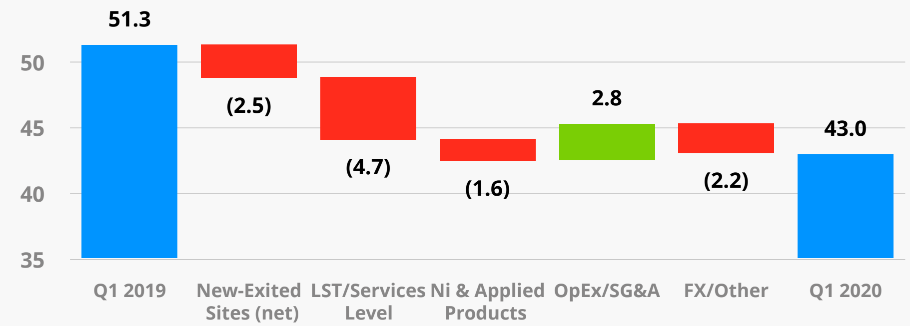
SUMMARY RESULTS

$ in millions

	Q1 2020	Q1 2019	% or bps
Revenues, as reported	242	261	(8)%
Operating Income – GAAP	11	24	(57)%
Adjusted EBITDA[1]	43	51	(16)%
Adjusted EBITDA Margin[1]	17.8%	19.6%	
Free Cash Flow (YTD)	10	8	23%

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues change mainly attributable to lower demand for steel services, contract exits and FX translation impacts
- Adjusted EBITDA change reflects the above factors and lower commodity prices partially offset by lower administrative expenses
- Incurred $5 million of severance costs, related to actions contemplated prior to pandemic

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

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Q1 2020 CLEAN EARTH

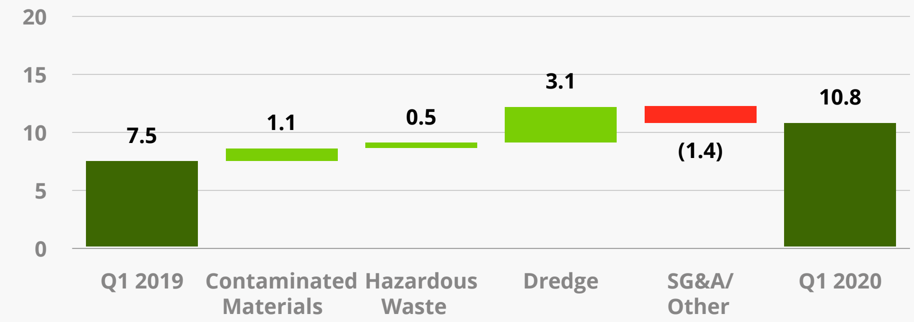
SUMMARY RESULTS

$ in millions

	Q1 2020	Q1 2019	% or bps
Revenues, as reported	79	64	24%
Operating Income – GAAP	4	1	nmf
Adjusted EBITDA[1]	11	8	43%
Adjusted EBITDA Margin[1]	13.7%	11.8%	
Free Cash Flow (YTD)	15	N/A	N/A

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues increased as the result of volume growth in all business lines
- Adjusted EBITDA improvement driven by the above factors, partially offset by Corporate Allocation
- Free cash flow totaled $15 million in Q1; reflects strong cash conversion

nmf = not meaningful.
Note: The 2019 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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Q1 2020 RAIL

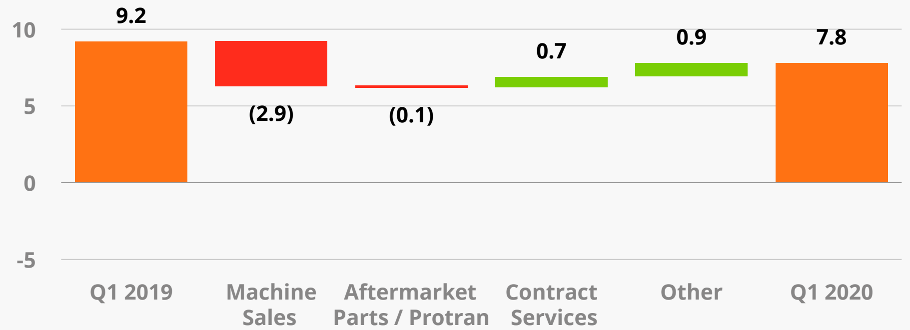
SUMMARY RESULTS

$ in millions

	Q1 2020	Q1 2019	% or bps
Revenues, as reported	78	69	14%
Operating Income – GAAP	6	5	20%
Adjusted EBITDA[1]	8	9	(16)%
Adjusted EBITDA Margin[1]	9.9%	13.4%	
Free Cash Flow (YTD)	(12)	(12)	nmf

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenue growth attributable to higher global demand for maintenance equipment and services
- EBITDA change due to less favorable equipment mix partially offset by lower administrative expenses and volume/mix of contract services.
- Backlog remains strong at $435 million; +40% year-on-year

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

COVID-19: Proud to be "Essential"

HARSCO ENVIRONMENTAL

- Most customer sites originally shuttered in March/April have since restarted
- Nearly one-half of sites now operating at reduced levels due to safety measures and lower services demand
- Employee impacts vary by geography and government support is available

CLEANEARTH — A HARSCO COMPANY

- Limited operational disruptions given essential nature of services
- Medical/retail demand within Hazardous remains steady
- Construction has slowed in PA / NY, but activity set to restart
- Industrial visibility also more limited
- ESOL opportunities through self-help measures remain intact

HARSCO RAIL — Enabling TECHNOLOGY IN MOTION

- Manufacturing not impacted
- Backlog is firm and continue to execute against large backlog and long duration contracts
- Class 1 budgets changed, but only marginally
- Short-cycle product visibility more limited, although after-market typically benefits in downturn

Business Continuity Response

- Implemented employee safety and response protocol in accordance with established guidelines to minimize health risk
- Daily touch-points with functional work-streams and business leadership
- Original 2020 capex budget reduced $75M
- Q2/Q3 cost reductions of $15M ($30M annualized)
- Potential 2020 cash deferrals of ~$20M based on government legislation
- "Return to Work" framework in place

Taking actions to support the safety, health and wellbeing of all stakeholders by relying on our core values.

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Q&A

Appendix

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended March 31			
	2020		2019	
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.11)**		$ 0.13	
Corporate strategic costs (a)	**0.17**		0.03	
Harsco Environmental Segment severance costs (b)	**0.07**		—	
Harsco Environmental Cumulative translation adjustment liquidation (c)	**—**		(0.03)	
Harsco Rail Segment improvement initiative costs (d)	**—**		0.03	
Corporate unused debt commitment and amendment fees (e)	**0.01**		—	
Harsco Environmental Segment change in fair value to contingent consideration liability (f)	**—**		—	
Taxes on above unusual items (g)	**(0.03)**		(0.01)	
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	**0.10**	**(h)**	0.16	(h)
Acquisition amortization expense, net of tax	**0.06**		0.02	
Adjusted diluted earnings per share from continuing operations	**$ 0.16**		$ 0.18	

RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q1 2020 $13.8 million pre-tax; Q1 2019 $2.7 million pre-tax).
(b) Harsco Environmental Segment severance costs (Q1 2020 $5.2 million pre-tax).
(c) Harsco Environmental Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (Q1 2019 $2.3 million pre-tax).
(d) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q1 2019 $2.6 million pre-tax).
(e) Costs at Corporate related to the new term loan under its existing senior secured credit facilities (Q1 2020 $0.5 million pre-tax).
(f) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q1 2019 $0.4 million pretax). 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 the Altek acquisition 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.
(g) 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.
(h) 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.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED EBITDA 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 March 31, 2020:					
Operating income (loss) as reported	$ 10,520	$ 4,245	$ 6,472	$ (18,356)	$ 2,881
Corporate strategic costs	—	—	—	13,763	13,763
Harsco Environmental Segment severance costs	5,160	—	—	—	5,160
Operating income (loss) excluding unusual items	15,680	4,245	6,472	(4,593)	21,804
Depreciation and amortization	27,311	6,519	1,299	513	35,642
Adjusted EBITDA	$ 42,991	$ 10,764	$ 7,771	$ (4,080)	$ 57,446
Revenues as reported	$ 241,559	$ 78,812	$ 78,470		$ 398,841
Adjusted EBITDA margin (%)	17.8%	13.7%	9.9%		14.4%

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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 CORPORATION
RECONCILIATION OF ADJUSTED EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth (a)	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended March 31, 2019:					
Operating income (loss) as reported	$ 24,497	$ —	$ 5,389	$ (10,062)	$ 19,824
Corporate strategic costs	—	—	—	2,739	2,739
Harsco Rail Segment improvement initiative costs	—	—	2,648	—	2,648
Harsco Environmental Segment cumulative translation adjustment liquidation	(2,271)	—	—	—	(2,271)
Harsco Environmental Segment change in fair value to contingent consideration liability	369	—	—	—	369
Operating income (loss) excluding unusual items	22,595	—	8,037	(7,323)	23,309
Depreciation and amortization	28,705	—	1,167	659	30,531
Adjusted EBITDA	$ 51,300	$ —	$ 9,204	$ (6,664)	$ 53,840
Revenues as reported	$ 261,312	$ —	$ 68,590		$ 329,902
Adjusted EBITDA margin (%)	19.6%		13.4%		16.3%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019.

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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.

RECONCILIATION OF NON-GAAP MEASURES

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

(In thousands)	Harsco Environmental	Harsco Clean Earth (a)	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2019:					
Operating income (loss) as reported	$ 27,577	$ —	$ 9,443	$ (19,221)	$ 17,799
Corporate strategic costs	—	—	—	12,390	12,390
Harsco Environmental Segment provision for doubtful accounts	5,359	—	—	—	5,359
Harsco Environmental Segment change in fair value to contingent consideration liability	(3,879)	—	—	—	(3,879)
Harsco Rail Segment improvement initiative costs	—	—	1,152	—	1,152
Operating income (loss) excluding unusual items	29,057	—	10,595	(6,831)	32,821
Depreciation and amortization	28,497	—	1,209	718	30,424
Adjusted EBITDA	$ 57,554	$ —	$ 11,804	$ (6,113)	$ 63,245
Revenues as reported	$ 269,338	$ —	$ 81,560		$ 350,898
Adjusted EBITDA margin (%)	21.4%		14.5%		18.0%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019. Revenues and operating income for the three months ended June 30, 2019 are immaterial.

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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.

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HARSCO CORPORATION
RECONCILIATION OF ADJUSTED EBITDA 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 September 30, 2019:					
Operating income (loss) as reported	$ 32,794	$ 11,308	$ 12,115	$ (9,472)	$ 46,745
Corporate strategic costs	—	—	—	2,743	2,743
Harsco Clean Earth Segment severance costs	—	1,254	—	—	1,254
Harsco Environmental Segment change in fair value to contingent consideration liability	(906)	—	—	—	(906)
Harsco Rail Segment improvement initiative costs	—	—	845	—	845
Harsco Environmental Segment provision for doubtful accounts	815	—	—	—	815
Harsco Environmental Segment site exit related	(156)	—	—	—	(156)
Operating income (loss) excluding unusual items	32,547	12,562	12,960	(6,729)	51,340
Depreciation and amortization	27,308	6,192	1,276	716	35,492
Adjusted EBITDA	$ 59,855	$ 18,754	$ 14,236	$ (6,013)	$ 86,832
Revenues as reported	$ 260,883	$ 87,639	$ 74,633		$ 423,155
Adjusted EBITDA margin (%)	22.9%	21.4%	19.1%		20.5%

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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.

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(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
Operating income (loss) excluding unusual items	23,341	10,127	(3,054)	(5,701)	24,713
Depreciation and amortization	27,616	6,663	1,223	644	36,146
Adjusted EBITDA	$ 50,957	$ 16,790	$ (1,831)	$ (5,057)	$ 60,859
Revenues as reported	$ 243,314	$ 81,883	$ 74,590		$ 399,787
Adjusted EBITDA margin (%)	20.9%	20.5%	(2.5)%		15.2%

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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.

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HARSCO CORPORATION
RECONCILIATION OF ADJUSTED EBITDA 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
Operating income (loss) excluding unusual items	107,540	22,689	28,538	(26,584)	132,183
Depreciation and amortization	112,126	12,855	4,875	2,738	132,594
Adjusted EBITDA	$ 219,666	$ 35,544	$ 33,413	$ (23,846)	$ 264,777
Revenues as reported	$ 1,034,847	$ 169,522	$ 299,373		$ 1,503,742
Adjusted EBITDA margin (%)	21.2%	21.0%	11.2%		17.6%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019.

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest; defined benefit pension income (expense); unused debt commitment and amendment fees; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA equals consolidated Adjusted EBITDA. 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 a substitute for net income from continuing operations, operating 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 FREE CASH FLOW TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended March 31, 2020	
(In thousands)	**2020**	**2019**
Net cash provided (used) by operating activities	**$ (11,536)**	$ 14,838
Less capital expenditures	**(27,894)**	(36,407)
Less expenditures for intangible assets	**(58)**	—
Plus capital expenditures for strategic ventures (a)	**1,139**	843
Plus total proceeds from sales of assets (b)	**2,185**	1,177
Plus transaction-related expenditures (c)	**9,979**	—
Free cash flow	**$ (26,185)**	$ (19,549)

(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, 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. It is important to note that free cash flow does 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 this measure. 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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