HARSCO

Q2 2019

Results & Outlook Conference Call

July 31, 2019

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, including the acquisition of CEHI Acquisition Corporation and Subsidiaries ("Clean Earth"); (13) potential severe volatility in the capital markets; (14) failure to retain key management and employees of Clean Earth; (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; 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, 2018. 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 before acquisition amortization expense and including discontinued operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, adjusted diluted earnings per share including discontinued operations, adjusted diluted earnings per share before acquisition amortization expense and 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 U.S. GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Appendix in this presentation.

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Q2 2019 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Q2 adjusted operating income including Industrial of $53 million was within prior guidance range ($53-58 million)
- Rail and Industrial realized strong earnings growth relative to prior-year quarter
- Environmental results impacted by weakening end-market through Q2; performance Y/Y also impacted by Applied Products contributions, site exits and FX
- Adjusted EPS including Industrial was 37c; compares to guidance range of 35-40c
- Q2 FCF impacted by seasonality and timing; set to improve in H2

		CHANGE VS. 2018	
$ in millions except EPS	**Q2 2019**	**$**	**% or bps**
Revenues	351	11	3%
GAAP Operating Income	18	(20)	(53)%
% of Sales	*5.1%*		*(610)bps*
Adjusted Operating Income[1]	33	(3)	(9)%
% of Sales[1]	*9.4%*		(120)bps
GAAP Diluted Earnings Per Share	(0.04)	(0.41)	nmf
Adjusted Diluted Earnings Per Share[1]	0.21	(0.04)	(16)%
Free Cash Flow[2]	(45)	(74)	nmf
ROIC (TTM)[1]	14.9%		110bps

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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Q2 2019 ENVIRONMENTAL

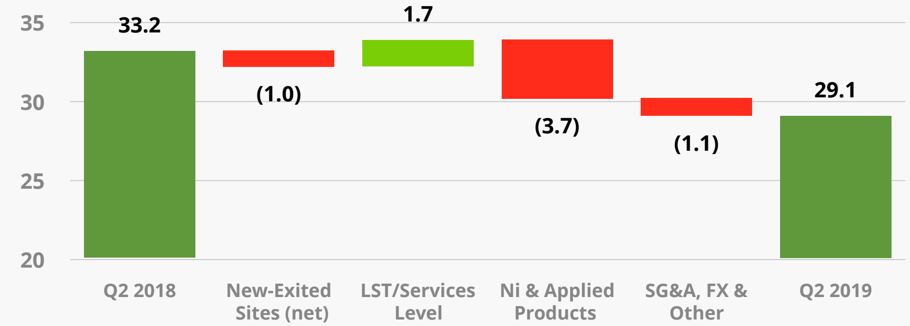
SUMMARY RESULTS

$ in millions

	Q2 2019	Q2 2018	% or bps
Revenues, as reported	269	272	(1)%
Operating Income – GAAP	28	36	(23)%
Adjusted operating income[1]	29	33	(12)%
Adjusted operating margin[1]	10.8%	12.2%	
Free Cash Flow (YTD)	(16)	17	nmf
ROIC (TTM)[1]	11.2%	12.7%	(150)bps

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenues essentially unchanged as FX translation offset positive growth factors
- Adjusted OI change reflects lower contributions from certain Applied Products businesses, FX impacts and site exits; partially offset by services demand and lower SG&A spending
- YTD FCF change reflects lower cash earnings and increase in growth-related capital spending

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

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Q2 2019 RAIL

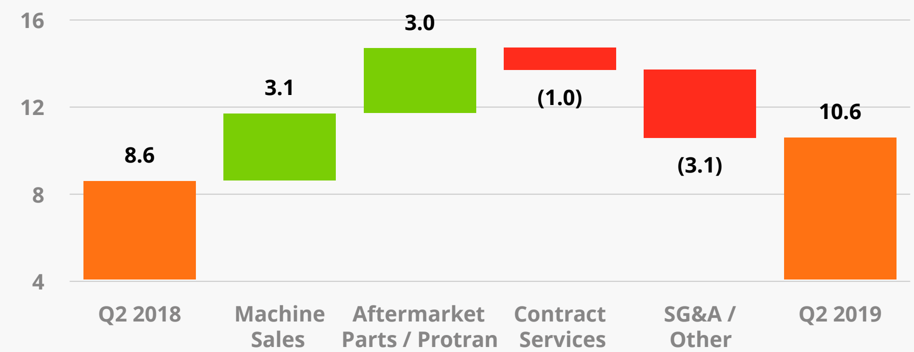
SUMMARY RESULTS

$ in millions

	Q2 2019	Q2 2018	% or bps
Revenues, as reported	81.6	67.6	21%
Operating Income – GAAP	9.4	8.6	10%
Adjusted operating income[1]	10.6	8.6	23%
Adjusted operating margin[1]	13.0%	12.8%	
Free Cash Flow (YTD)	(26)	1	nmf
ROIC (TTM)[1]	44.7%	28.6%	nmf

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenues increase driven by higher demand for original equipment and after-market parts
- Adjusted operating income increase attributable to above and a more favorable sales mix; partially offset by investments
- YTD FCF impacted by increased capital spending and working capital changes due to business growth

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

2019 OUTLOOK - CONSOLIDATED

	2019 Outlook[3]	2019 Prior	2018 Actual (previously reported)[4]
OPERATING INCOME	$181 - 191M	$192 - 207M	$191M
ADJUSTED OPERATING INCOME BEFORE ACQUISITION AMORTIZATION[1]	$215 - 225M	$216 - 231M	$194M
DILUTED EARNINGS PER SHARE	$0.89 - 1.02	$1.15 - 1.33	$1.64
ADJUSTED DILUTED EARNINGS PER SHARE (BEFORE ACQUISITION AMORTIZATION)[1]	$1.38 to $1.51	$1.44 - 1.61	$1.40
FREE CASH FLOW BEFORE GROWTH CAPITAL[1]	$125 - 135M	$135 - 150M	$104M
FREE CASH FLOW[2]	$55 - 65M	$55 - 70M	$73M
ROIC[1]	14 - 15%	16 - 17%	16.2%

(1) Excludes unusual items. Adjusted operating income and 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.
(3) Includes Harsco Industrial for H1 2019 and Clean Earth for H2 2019.
(4) Restated 2018 financial information to reflect Harsco Industrial as Discontinued Operations is included in the supporting schedules.

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2019 SEGMENT OUTLOOK

Excluding unusual items and acquisition amortization			2019 VERSUS 2018
	**REVENUES**	▲	Mid-single digits %, before FX translation impacts
	OPERATING INCOME	▲	Low-single digits % at mid-point
	DRIVERS	+	LST/services demand, new contracts, operational savings
		-	Exited sites, investments, FX translation
	**REVENUES**	▲	30% to 35%
	OPERATING INCOME	▲	30% to 35%
	DRIVERS	+	Backlog, global demand for MOW equipment and after-market parts, Protran Technology growth, productivity initiatives
		-	R&D and SG&A investments, less favorable product mix, Contracting services
	**REVENUES**		H2 revenues of approximately $160 million
	OPERATING INCOME		H2 range of $32 to $35 million
	DRIVERS	+	Acquisitions, organic growth including new facilities and waste-streams, operating / logistics savings, Dredge projects
		-	Modest SG&A growth
CORPORATE COSTS			$24 to $25 million for the full-year

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Q3 2019 OUTLOOK

Adjusted operating income[1] is expected to be between

$56M – $61M

Adjusted diluted earnings per share of

$0.35 – $0.41

Corporate costs

higher than the prior-year quarter

YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

HARSCO ENVIRONMENTAL

Increased services demand, site growth and operational benefits, partially offset by exits

HARSCO RAIL Enabling TECHNOLOGY IN MOTION

Difficult comparison to Q3 2018 as lower after-market contributions, product sales mix, R&D and SG&A investments will be partially offset by higher Protran contributions

CLEANEARTH™ A HARSCO COMPANY

2018 acquisitions, positive underlying volume trends, new facilities / waste-streams and lower operating costs; partially offset by SG&A investments

(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

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.04)**	$ 0.37	**$ 0.09**	$ 0.50
Corporate strategic costs (a)	**0.15**	—	**0.18**	—
Corporate unused debt commitment and amendment fees (b)	**0.09**	—	**0.09**	—
Harsco Environmental Segment provision for doubtful accounts (c)	**0.07**	—	**0.07**	—
Harsco Environmental Segment change in fair value to contingent consideration liability (d)	**(0.05)**	—	**(0.04)**	—
Harsco Rail Segment improvement initiative costs (e)	**0.01**	—	**0.05**	—
Harsco Environmental Segment cumulative translation adjustment liquidation (f)	**—**	—	**(0.03)**	—
Harsco Environmental Segment adjustment to slag disposal accrual (g)	**—**	(0.04)	**—**	(0.04)
Altek acquisition costs (h)	**—**	0.01	**—**	0.01
Loss on early extinguishment of debt (i)	**—**	0.01	**—**	0.01
Deferred tax asset valuation allowance adjustment (j)	**—**	(0.10)	**—**	(0.10)
Taxes on above unusual items (k)	**(0.03)**	—	**(0.04)**	—
Adjusted diluted earnings per share from continuing operations	**0.21 (l)**	$ 0.25	**$ 0.36 (l)**	$ 0.38
Adjusted diluted earnings per share from discontinued operations	**0.16**			
Adjusted diluted earnings per share including discontinued operations	**$ 0.37**			

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RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q2 2019 $12.4 million pre-tax; six months 2019 $15.1 million pre-tax).
(b) Costs at Corporate related to the unused bridge financing commitment and Term Loan B amendment (Q2 and six months 2019 $7.4 million pre-tax).
(c) Harsco Environmental Segment provision for doubtful accounts related to a customer in the U.K. entering administration (Q2 and six months 2019 $5.4 million pre-tax).
(d) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q2 2019 $3.9 million pretax; six months 2019 $3.5 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 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.
(e) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q2 2019 $1.2 million pre-tax; six months 2019 $3.8 million pre-tax).
(f) Harsco Environmental Segment gain related to the liquidation of cumulative translation adjustment related to an exited country (six months 2019 $2.3 million pre-tax).
(g) Harsco Environmental Segment adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America (Q2 and six months 2018 $3.2 million pre-tax).
(h) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment (Q2 and six months 2018 $0.8 million pretax) and at Corporate (Q2 and six months 2018 $0.4 million pretax).
(i) Loss on early extinguishment of debt associated with amending the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility (Q2 and six months 2018 $1.0 million pre-tax).
(j) Adjustment of certain existing deferred tax asset valuation allowances as a result of the Altek acquisition (Q2 and six months 2018 $8.3 million).
(k) 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.
(l) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share including discontinued operations, which is a non-U.S. 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. Inclusion of discontinued operations, which relate 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 U.S. GAAP.

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

	Three Months Ended June 30, 2019
Diluted earnings per share from discontinued operations as reported	$ 0.14
Transaction related costs (a)	0.08
Taxes on above unusual items (b)	(0.02)
Deferred tax asset adjustment (c)	(0.04)
Adjusted diluted earnings per share from discontinued operations	$ 0.16

(a) Costs directly related to the sale of Harsco Industrial including (i) directly attributable transaction costs ($3.5 million pre-tax); and (ii) loss on termination of interest rate swaps directly attributable to the mandatory repayment of the Term Loan Facility ($2.7 million pre-tax).
(b) 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.
(c) Adjustments to certain deferred tax asset values as a result of the disposal of the Industrial Segment ($3.3 million).

The Company's management believes Adjusted diluted earnings per share from discontinued operations, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical operating results of the former Harsco Industrial Segment, which is now classified as discontinued operations. 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. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended September 30 2018	
Diluted earnings per share from continuing operations as reported (a)	$ 0.29	
Acquisition amortization expense, net of tax	0.02	
Adjusted diluted earnings per share from continuing operations before acquisition amortization expense	0.32	(b)
Diluted earnings per share principally from the former Harsco Industrial Segment, excluding acquisition amortization expense	0.10	
Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations	$ 0.42	

(a) Prior period amounts have been updated to reflect the former Harsco Industrial Segment as discontinued operations.
(b) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, which is a non-U.S. 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 relate 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 U.S. GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Twelve Months Ended December 31, 2018	
Diluted earnings per share from continuing operations as reported (a)	$ 1.20	
Harsco Environmental adjustment to slag disposal accrual (b)	(0.04)	
Harsco Environmental Segment change in fair value to contingent consideration liability (c)	(0.04)	
Altek acquisition costs (d)	0.01	
Loss on early extinguishment of debt (e)	0.01	
Harsco Rail Segment improvement initiative costs (f)	0.01	
Taxes on above unusual items (g)	(0.01)	
Impact of U.S. tax reform on income tax benefit (expense) (h)	(0.18)	
Deferred tax asset valuation allowance adjustment (i)	(0.10)	
Adjusted diluted earnings per share from continuing operations	0.88	(j)
Acquisition amortization expense, net of tax	0.07	
Adjusted diluted earnings per share from continuing operations excluding acquisition amortization expense	0.94	(j)
Diluted earnings per share from the former Harsco Industrial Segment, includes acquisition amortization expense	0.45	
Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations	$ 1.40	(j)

RECONCILIATION OF NON-GAAP MEASURES

(a) Prior period amounts have been updated to reflect the former Harsco Industrial Segment as discontinued operations.
(b) Harsco Environmental adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America ($3.2 million pre-tax).
(c) Fair value adjustment to contingent consideration liability related to the acquisition of Altek ($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 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.
(d) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment ($0.8 million pretax) and at Corporate ($0.4 million pretax).
(e) Loss on early extinguishment of debt associated with amending the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility ($1.0 million pre-tax).
(f) Costs associated with a productivity improvement initiative in the Harsco Rail Segment ($0.6 million pre-tax).
(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) The Company recorded a benefit (expense) as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform ($15.4 million benefit).
(i) Adjustment of certain existing deferred tax asset valuation allowances as a result of the Altek acquisition ($8.3 million).
(j) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, which is a non-U.S. 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 relate 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 U.S. GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Unaudited)

	Projected Three Months Ending September 30		Projected Twelve Months Ending December 31	
	2019		2019	
	Low	High	Low	High
Diluted earnings per share from continuing operations (a)(b)	$ 0.24	$ 0.30	$ 0.63	$ 0.76
Corporate strategic and transaction related costs	—	—	0.19	0.19
Corporate unused debt commitment and amendment fees	—	—	0.09	0.09
Harsco Environmental Segment provision for doubtful accounts	—	—	0.07	0.07
Loss on early extinguishment of debt	0.06	0.06	0.06	0.06
Harsco Rail Segment improvement initiative costs	0.01	0.01	0.05	0.05
Harsco Environmental Segment change in fair value to contingent consideration liability	—	—	(0.04)	(0.04)
Harsco Environmental Segment cumulative translation adjustment liquidation	—	—	(0.03)	(0.03)
Taxes on above unusual items	—	—	(0.04)	(0.04)
Adjusted diluted earnings per share from continuing operations	0.31	0.37	0.98	1.11
Estimated acquisition amortization expense, net of tax	0.04	0.04	0.14	0.14
Diluted earnings per share from continuing operations, before acquisition related amortization expense	0.35	0.41	1.12	1.25
Diluted earnings per share from discontinued operations before acquisition amortization expense (c)	—	—	0.26	0.26
Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations	$ 0.35	$ 0.41	$ 1.38	$ 1.51

(a) Includes results for the Harsco Clean Earth Segment for the period from July 1, 2019 to December 31, 2019.
(b) Excludes results for the former Harsco Industrial Segment.
(c) Includes results for the former Harsco Industrial Segment for the period from January 1, 2019 to June 30, 2019.

The Company's management believes Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, which is a non-U.S. 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 relate 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 U.S. GAAP.

RECONCILIATION OF NON-GAAP MEASURES

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

(In thousands)	Harsco Metals & Minerals	Harsco Clean Earth (a)	Harsco Industrial (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
Adjusted operating income (loss)	29,057	—	—	10,595	(6,831)	32,821
Operating income in discontinued operations	—	—	20,413	—	—	20,413
Adjusted operating income (loss) including discontinued operations	$ 29,057	—	$ 20,413	$ 10,595	$ (6,831)	$ 53,234
Revenues as reported						
Revenues as reported	$ 269,338	$ —	$ —	$ 81,560	$ —	$ 350,898
Revenues in discontinued operations	—	—	116,796	—	—	116,796
Revenues including discontinued operations	$ 269,338	$ —	$ 116,796	$ 81,560	$ —	$ 467,694
Adjusted operating margin (%)	10.8%			13.0%		9.4%
Adjusted operating margin (%) including discontinued operations	10.8%		17.5%	13.0%		11.4%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019. Revenues and operating income for the three and six months ended June 30, 2019 are immaterial. The operating results of the former Harsco Industrial Segment has 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 (loss) including discontinued operations, which is a non-U.S. 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. 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 U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

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

(In thousands)	Harsco Metals & Minerals	Harsco Clean Earth (a)	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2018:						
Operating income (loss) as reported	$ 35,661	$ —	$ —	$ 8,618	$ (6,215)	$ 38,064
Harsco Environmental adjustment to slag disposal accrual	(3,223)	—	—	—	—	(3,223)
Altek acquisition costs	753	—	—	—	431	1,184
Adjusted operating income (loss)	33,191	—	—	8,618	(5,784)	36,025
Operating income in discontinued operations	—	—	15,561	—	—	15,561
Adjusted operating income (loss) including discontinued operations	$ 33,191	$ —	$ 15,561	$ 8,618	$ (5,784)	$ 51,586
Revenues as reported	$ 272,320	—	$ —	$ 67,552	$ 35	$ 339,907
Revenues in discontinued operations	—	—	92,065	—	—	92,065
Revenues including discontinued operations	$ 272,320	$ —	$ 92,065	$ 67,552	$ 35	$ 431,972
Adjusted operating margin (%)	12.2%			12.8%		10.6%
Adjusted operating margin (%) including discontinued operations	12.2%		16.9%	12.8%		11.9%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019. Revenues and operating income for the three and six months ended June 30, 2019 are immaterial. The operating results of the former Harsco Industrial Segment has 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 (loss) including discontinued operations, which is a non-U.S. 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. 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 U.S. GAAP.

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2018:					
Operating income (loss) as reported	$ 121,195	$ —	$ 37,341	$ (27,839)	$ 130,697
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)	115,786	—	37,981	(27,408)	126,359
Acquisition amortization expense	5,553	—	306	—	5,859
Adjusted operating income (loss) before acquisition amortization expense	121,339	—	38,287	(27,408)	132,218
Discontinued operations - Harsco Industrial before acquisition amortization expense	—	62,036	—	—	62,036
Adjusted operating income (loss) before acquisition amortization expense and including discontinued operations	$ 121,339	$ 62,036	$ 38,287	$ (27,408)	$ 194,254

(a) The operating results of the former Harsco Industrial Segment has 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 (loss) before acquisition amortization expense and including discontinued operations, which is a non-U.S. 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 U.S. GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED OPERATING INCOME BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO OPERATING INCOME (Unaudited)

	Projected Three Months Ended September 30, 2019		Projected Twelve Months Ended December 31, 2019	
(In millions)	**Low**	**High**	**Low**	**High**
Operating income (a) (b)	$ 50	$ 55	$ 142	$ 152
Corporate strategic and transaction related costs	—	—	15	15
Harsco Environmental Segment provision for doubtful accounts	—	—	5	5
Harsco Rail Segment improvement initiative costs	1	1	5	5
Harsco Environmental Segment change in fair value to contingent consideration liability	—	—	(4)	(4)
Harsco Environmental Segment cumulative translation adjustment liquidation	—	—	(2)	(2)
Adjusted operating income	51	56	161	171
Estimated acquisition amortization expense	5	5	15	15
Adjusted operating income before acquisition amortization expense	56	61	176	186
Operating income from the former Harsco Industrial Segment before acquisition amortization (c)	—	—	39	39
Adjusted operating income before acquisition amortization expense and including discontinued operations	$ 56	$ 61	$ 215	$ 225

(a) Includes results for the Harsco Clean Earth Segment for the period from July 1, 2019 to December 31, 2019.
(b) Excludes results for the former Harsco Industrial Segment.
(c) Includes results for the former Harsco Industrial Segment for the period from January 1, 2019 to June 30, 2019.

The Company's management believes Adjusted operating income before acquisition amortization expense and including discontinued operations, which is a non-U.S. 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. Inclusive of discontinued operations, which relate 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 U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended June 30, 2019	
(In thousands)	**2019**	**2018**
Net cash provided (used) by operating activities	**$ (9,466)**	$ 54,942
Less capital expenditures	**(54,794)**	(29,599)
Less purchase of intangible assets	**(525)**	—
Plus capital expenditures for strategic ventures (a)	**2,527**	295
Plus total proceeds from sales of assets (b)	**1,028**	2,776
Plus transaction-related expenditures (c)	**15,990**	—
Free cash flow	**(45,240)**	28,414
Add growth capital expenditures	**18,086**	4,458
Free cash flow before growth capital expenditures	**$ (27,154)**	$ 32,872

(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 Metals & Minerals 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-U.S. 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-U.S. 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 U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

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

	Twelve Months Ended
(In millions)	**December 31, 2018**
Net cash provided by operating activities	$ 192,022
Less capital expenditures	(132,168)
Plus capital expenditures for strategic ventures (a)	1,595
Plus total proceeds from sales of assets (b)	11,887
Free cash flow	73,336
Add growth capital expenditures	30,655
Free cash flow before growth capital expenditures	$ 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.

The Company's management believes that Free cash flow before growth capital expenditures, which is a non-U.S. 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-U.S. 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 U.S. GAAP..

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 2019	
(In thousands)	**Low**	**High**
Net cash provided by operating activities	$ 187	$ 207
Less capital expenditures	(161)	(169)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	4
Transaction related expenses	23	23
Free cash flow	55	65
Add growth capital expenditures	70	70
Free cash flow before growth capital expenditures	$ 125	$ 135

The Company's management believes that Free cash flow before growth capital expenditures, which is a non-U.S. 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-U.S. 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 U.S. GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF RETURN ON INVESTED CAPITAL TO NET INCOME AS REPORTED (a) (Unaudited)

	Trailing Twelve Months for Period Ended June 30	
(In thousands)	**2019**	**2018**
Net income as reported	**$ 116,191**	$ 44,264
Corporate strategic costs	**15,129**	—
Unused debt commitment and amendment fees	**7,435**	—
Transaction-related costs for discontinued operations	**6,268**	—
Harsco Rail Segment improvement initiative costs	**4,440**	—
Harsco Environmental Segment change in fair value to contingent consideration liability	**(6,449)**	—
Harsco Environmental Segment provision for doubtful accounts	**5,359**	—
Harsco Environmental Segment cumulative translation adjustment liquidation	**(2,271)**	—
Harsco Environmental Segment bad debt expense	**—**	4,589
Loss on early extinguishment of debt	**—**	3,299
Harsco Environmental Segment adjustment to slag disposal accrual	**—**	(3,223)
Altek acquisition costs	**—**	1,184
Taxes on above unusual items (b)	**(4,920)**	(2,272)
Impact of U.S. tax reform on income tax benefit	**(15,409)**	48,680
Deferred tax asset valuation allowance adjustment	**(3,252)**	(8,292)
Net income from continuing operations, as adjusted	**122,521**	88,229
After-tax interest expense (c)	**29,781**	29,875
Net operating profit after tax as adjusted	**$ 152,302**	$ 118,104
Average equity	**$ 317,987**	$ 230,115
Plus average debt	**701,088**	626,590
Average capital	**$ 1,019,075**	$ 856,705
Return on invested capital	**14.9%**	13.8%

(a) Return on invested capital excluding unusual items is net income (loss) excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

(b) 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.

(c) The Company's effective tax rate approximated 23% for the trailing twelve months for the period ended June 30, 2019 and for the trailing twelve months for the period ended June 30, 2018, 37% was used for June 1, 2017 through December 31, 2017 and 23% was used for January 1, 2018 through June 30, 2018, on an adjusted basis, for interest expense.

The Company's management believes Return on invested capital, which is a non-U.S. GAAP financial measure, is meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. 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. This measure should be considered in addition to, rather than as a substitute for, net income or other information provided in accordance with U.S. GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF RETURN ON INVESTED CAPITAL TO NET INCOME AS REPORTED (a) (Unaudited)

(In thousands)	**Year Ended December 31 2018**
Net income as reported	$ 145,013
Harsco Environmental Segment adjustment to slag disposal accrual	(3,223)
Harsco Environmental Segment change in fair value to contingent consideration liability	(2,939)
Altek acquisition costs	1,184
Loss on early extinguishment of debt	1,034
Harsco Rail Segment improvement initiative costs	640
Taxes on above unusual items (b)	(361)
Impact of U.S. tax reform on income tax benefit	(15,409)
Deferred tax asset valuation allowance adjustment	(8,292)
Net income from continuing operations, as adjusted	117,647
After-tax interest expense (c)	29,374
Net operating profit after tax as adjusted	$ 147,021
Average equity	$ 274,164
Plus average debt	635,491
Average capital	$ 909,655
Return on invested capital	16.2%

(a) Return on invested capital excluding unusual items is net income excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

(b) 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.

(c) The Company's effective tax rate approximated 23% for the year ended December 31, 2018 on an adjusted basis, for interest expense.

The Company's management believes Return on invested capital, which is a non-U.S. GAAP financial measure, is meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. 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. This measure should be considered in addition to, rather than as a substitute for, net income or other information provided in accordance with U.S. GAAP.

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