HARSCO

Q2 2020

Quarterly Results Conference Call

August 5, 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 8300 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 COVID-19 and governmental and market reactions to COVID-19; (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 COVID-19) 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, together with those described in Item 1A, "Risk Factors," of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020. 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.

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CEO PERSPECTIVE

- Businesses performed well given underlying market conditions; COVID-19 mitigation initiatives provided support
- Harsco Environmental maintained strong margins given ability to flex cost structure
- ESOL: First 100 days validate potential and integration work moving quickly to capture synergies
- Rail operations making positive progress and tracking to SCOR program objectives
- Credit amendment provides added financial flexibility
- Business likely bottomed in Q2, but recovery is slow and forward visibility limited; cost and capex discipline remain in place to support cash flow
- Harsco poised to benefit from eventual recovery

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ESOL INTEGRATION PROGRAM ACHIEVING MAJOR MILESTONES

Integration Milestones

- Take Control Day 1
- Address Critical Path Items
- Launch Assessment Teams
- Deploy Enablers and Address Structure
- Sequence Value Actions
- Launch Value Programs
- Build Capabilities

Highlights

- Launched 30+ workstreams aimed at validating rationale, deploying foundational elements, improving processes, and creating value programs
- Implemented new organizational structure to improve business performance, enable better decision making, and drive accountability
- Conducted site-specific diagnostics and developed facility-level improvement plans across ESOL
- Launched major process-oriented initiatives to improve the customer experience
- Implemented organization-wide operations, compliance, and EH&S improvements
- Stabilized IT operating systems
- Developed long-term plans for value delivery

Integration has validated deal rationale and value creation opportunities

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2019-2020 HIGHLIGHTS ACROSS OUR ESG FOCUS AREAS

Innovative Solutions

- Derived **80%** of our total revenue in 2019 from **environmental solutions**, up from 62% in 2018
- Brought **22 new environmental solutions** to market in 2019
- Recycled nearly **19 million tons** of material in 2019, up from 13 million tons in 2018
- Harsco Environmental & Clean Earth named in **top 100 environmental firms** by Engineering News-Record in 2020

Thriving Environment

- Set our first enterprise energy and carbon reduction goal – targeting a **15% reduction** in the energy intensity of our operations by 2025
- Avoided **5 million metric tons** of carbon emissions in 2019 through Harsco Environmental's recycling and repurposing solutions
- Certified **18** additional sites to **ISO 14001**

Inspired People

- Recognized by **2020 Women on Boards** for having women comprise at least 20% of our Board of Directors in 2019
- Employees contributed **over 5,500 hours volunteering** with community organizations
- Over **100 individuals and teams** across Harsco were recognized in 2019 in our fifth annual **Impact Awards**

Safe Workplaces

- Implemented our **HarscoCares COVID-19 Global Principles** at all our facilities to ensure the health & safety of our people around the world through the COVID-19 crisis
- Achieved a **Total Recordable Incident Rate of 0.8** in 2019
- Certified **6** additional sites to **ISO 18001/45001**

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Q2 2020 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Adjusted EBITDA of $59 million down Y/Y, but up slightly relative to Q1 2020
- Q2 result reflects aggressive cost action as well as timing of some expenditures
- Harsco Environmental and Rail results lower Y/Y due to COVID19-related weakness, as expected
- PY results exclude Clean Earth / ESOL
- GAAP EPS includes integration and debt amendment costs
- Positive free cash flow, due to lower capex and working capital

		CHANGE VS. 2019	
$ in millions except EPS; Continuing Operations	Q2 2020	$	% or bps
Revenues, as reported	447	96	27%
Operating Income - GAAP	2	(16)	(90)%
Adjusted EBITDA[1]	59	(4)	(7)%
% of Sales[1]	*13.2%*		*(480)bps*
GAAP Diluted Earnings Per Share	(0.14)	(0.10)	nmf
Adjusted Diluted Earnings Per Share[1]	0.13	(0.10)	(43)%
Free Cash Flow[2]	18	63	nmf

nmf = not meaningful.
(1) Excludes unusual items. Adjusted diluted earnings per share also excludes acquisition amortization.. 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.

Q2 2020 ENVIRONMENTAL

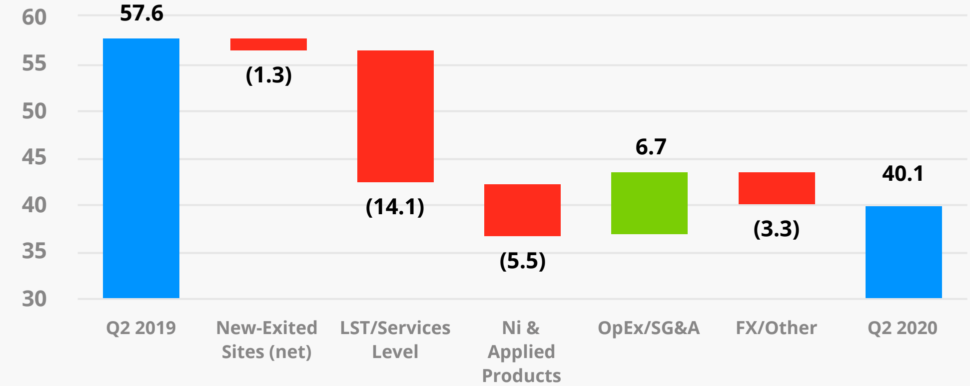
SUMMARY RESULTS

$ in millions

	Q2 2020	Q2 2019	% or bps
Revenues, as reported	204	269	(24)%
Operating Income – GAAP	14	28	(51)%
Adjusted EBITDA[1]	40	58	(30)%
Adjusted EBITDA Margin[1]	19.7%	21.4%	
Free Cash Flow (YTD)	32	(16)	nmf

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues change mainly attributable to lower demand for environmental services and applied products as a result of COVID-19 and FX translation impacts
- Adjusted EBITDA change reflects the above factors partially offset by lower operational and administrative expenses
- Free cash flow totals $32M YTD, reflecting reduced capital spending and working capital improvements

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

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Q2 2020 CLEAN EARTH

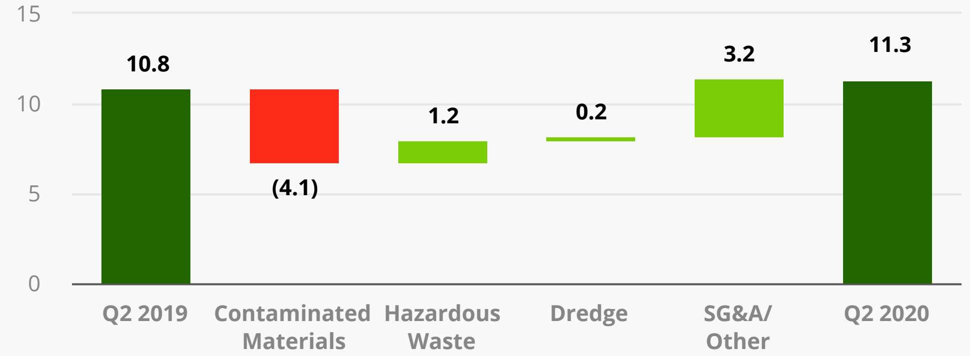
SUMMARY RESULTS

$ in millions

	Q2 2020	Q2 2019	% or bps
Revenues, as reported	162	69	134%
Operating Income – GAAP	—	4	nmf
Adjusted EBITDA[1]	11.3	10.8	5%
Adjusted EBITDA Margin[1]	7.0%	15.6%	
Free Cash Flow (YTD)	21	N/A	N/A

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues increase attributable to ESOL acquisition
- Adjusted EBITDA improvement driven by the above factors, partially offset by lower hazardous and soil volumes as a result of the COVID-19 pandemic
- Free cash flow now totals $21 million YTD

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. Also, this 2019 information does not include ESOL.
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

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Q2 2020 RAIL

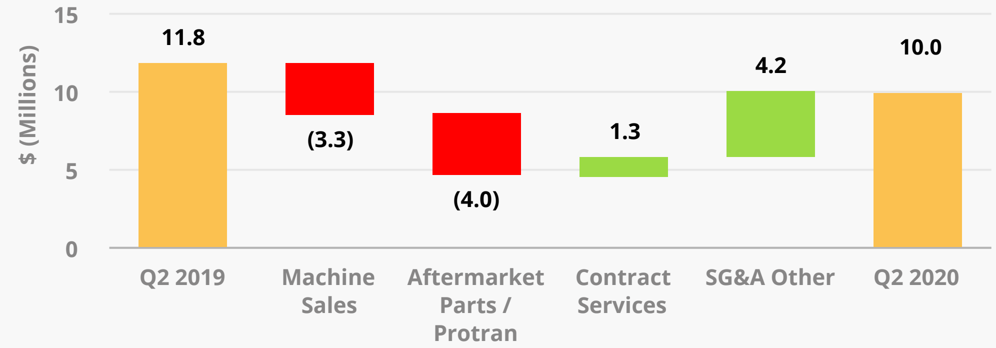
SUMMARY RESULTS

$ in millions

	Q2 2020	Q2 2019	% or bps
Revenues, as reported	82	82	—%
Operating Income – GAAP	8.6	9.4	(9)%
Adjusted EBITDA[1]	10	12	(16)%
Adjusted EBITDA Margin[1]	12.2%	14.5%	
Free Cash Flow (YTD)	(16)	(26)	37%

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Adjusted EBITDA change due to less favorable mix and lower aftermarket and technology product volumes partially offset by lower administrative expenses and higher contracting contributions.
- Backlog remains strong at $456 million; +57% year-on-year
- SCOR Program tracking well: achieved 75% of full year capacity objective in Q2

nmf = not meaningful.
(1) Excludes unusual items; 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 FROM CONTINUING OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (LOSS) AS REPORTED (Unaudited)

	Three Months Ended June 30		
	2020	2019	
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.14)**	$ (0.04)	
Corporate acquisition and integration costs (a)	**0.22**	0.15	
Corporate unused debt commitment and amendment fees (b)	**0.02**	0.09	
Harsco Environmental Segment provision for doubtful accounts (c)	—	0.07	
Harsco Rail Segment improvement initiative costs (d)	—	0.01	
Harsco Environmental Segment change in fair value to contingent consideration liability (e)	—	(0.05)	
Taxes on above unusual items (f)	**(0.05)**	(0.03)	
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	**0.05**	0.21	(h)
Acquisition amortization expense, net of tax (g)	**0.08**	0.02	
Adjusted diluted earnings per share from continuing operations	**$ 0.13**	$ 0.23	

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RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q2 2020 $17.2 million pre-tax;; Q2 2019 $12.4 million pre-tax).
(b) Costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities to increase the net debt to consolidated adjusted EBITDA ratio covenant (Q2 2020 $1.4 million pre-tax) and costs at Corporate related to the unused bridge financing commitment and Term Loan B amendment (Q2 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 $5.4 million pre-tax).
(d) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q2 2019 $1.2 million pre-tax).
(e) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q2 2019 $3.9 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.
(f) 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.
(g) Acquisition amortization expense was $8.4 million pre-tax for Q2 and $1.9 million pre-tax for Q2y.
(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.

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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, 2020:					
Operating income (loss) as reported	$ 13,563	$ (202)	$ 8,631	$ (20,124)	$ 1,868
Corporate acquisition and integration costs	—	—	—	17,176	17,176
Operating income (loss) excluding unusual items	13,563	(202)	8,631	(2,948)	19,044
Depreciation	24,663	5,138	1,257	521	$ 31,579
Amortization	1,921	6,347	83	—	8,351
Adjusted EBITDA	$ 40,147	$ 11,283	$ 9,971	$ (2,427)	$ 58,974
Revenues as reported	$ 203,991	$ 161,579	$ 81,711		$ 447,281
Adjusted EBITDA margin (%)	19.7 %	7.0 %	12.2 %		13.2 %

(a) The Company's acquisition of ESOL closed on April 6, 2020 and 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 acquisition and integration costs	—	—	—	12,390	12,390
Harsco Environmental Segment provision for doubtful accounts	5,359	—	—	—	5,359
Harsco Environmental Segment cumulative translation adjustment liquidation	(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	26,680	—	1,125	718	28,523
Amortization	1,817	—	84	—	1,901
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 ESOL closed on April 6, 2020 and 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 EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION TO LOSS FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended June 30
(In thousands)	**2020**
Loss from continuing operations	$ (9,603)
Add back (deduct):	
Equity in income of unconsolidated entities, net	(71)
Income tax benefit	(2,304)
Defined benefit pension income	(1,723)
Unused debt commitment and amendment fees	1,432
Interest expense	14,953
Interest income	(816)
Depreciation	31,579
Amortization	8,351
Unusual items:	
Corporate acquisition and integration costs	17,176
Adjusted EBITDA	$ 58,974

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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RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended June 30, 2020		Six Months Ended June 30, 2020	
(In thousands)	**2020**	**2019**	**2020**	**2019**
Net cash provided (used) by operating activities	**$ 33,057**	$ (9,466)	**$ 21,521**	$ 5,372
Less capital expenditures	**(23,319)**	(54,794)	**(51,213)**	(91,201)
Less expenditures for intangible assets	**16**	(525)	**(42)**	(525)
Plus capital expenditures for strategic ventures (a)	**225**	2,527	**1,364**	3,370
Plus total proceeds from sales of assets (b)	**1,767**	1,028	**3,952**	2,205
Plus transaction-related expenditures (c)	**5,961**	15,990	**15,940**	15,990
Plus taxes paid on sale of business	**376**	—	**$ 376**	$ —
Free cash flow	**18,083**	(45,240)	**$ (8,102)**	$ (64,789)

(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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