Q3 2020

Quarterly Results Conference Call

November 3, 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 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 June 30, 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

- Business conditions improved markedly in Q3
- Free cash flow performance positive in third quarter; attention to capital and cost discipline remains in place
- Environmental underlying operating performance favorable
- ESOL results illustrate business resilience and early improvement actions; remain confident in 3-year financial targets
- Rail fundamentals lagging other markets, although industry data points to a likely bottom; Rail backlog stable
- Q4 outlook reflects improvement in end-markets; free cash flow expected to be positive
- Harsco poised to exit crisis a stronger company; and set to continue its transformation to pure-play environmental solutions company

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Q3 2020 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Adjusted EBITDA of $59 million consistent with qualitative guidance
- Strong Environmental results and lower Corporate spending boosted results
- COVID-19 impacts dominate year-on-year comparisons
- Revenue increase quarter-on-quarter reflects easing of COVID-19 impacts; EBITDA impacted by timing of expenses
- Positive free cash flow illustrate capital spending and working capital discipline

$ in millions except EPS; Continuing Operations	Q3 2020	Q3 2019	Q2 2020
Revenues, as reported	509	423	447
Operating Income - GAAP	5	47	2
Adjusted EBITDA[1]	59	87	59
% of Sales[1]	*11.6%*	*20.5%*	*13.2%*
GAAP Diluted Earnings Per Share	(0.10)	0.22	(0.14)
Adjusted Diluted Earnings Per Share[1]	0.08	0.36	0.13
Free Cash Flow[2]	18	5	18

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.

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Q3 2020 ENVIRONMENTAL

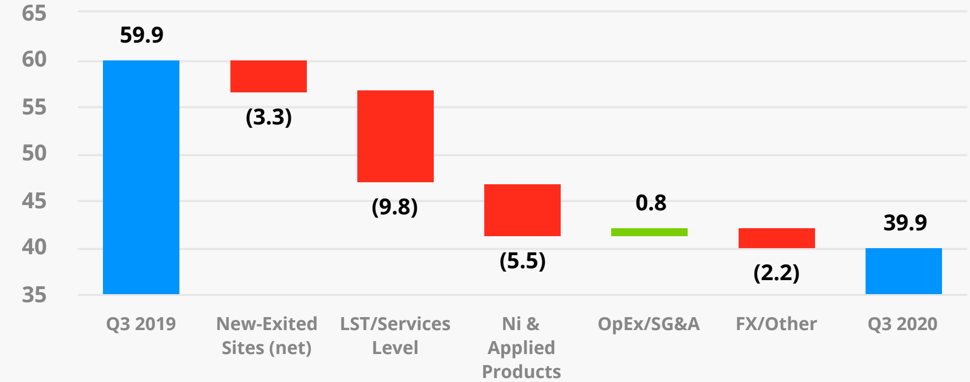
SUMMARY RESULTS

$ in millions

	Q3 2020	Q3 2019	Q2 2020
Revenues, as reported	223	261	204
Operating Income – GAAP	12	33	14
Adjusted EBITDA[1]	40	60	40
Adjusted EBITDA Margin[1]	17.9%	22.9%	19.7%
Free Cash Flow (YTD)	64	10	32

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Adjusted EBITDA change Y/Y mainly attributable to lower demand for environmental services and applied products as a result of COVID-19, partially offset by lower operating expenses
- Compared with Q2 20, Adjusted EBITDA essentially unchanged as higher services demand was offset by timing of expenditures
- Free cash flow totals $64M 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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Q3 2020 CLEAN EARTH

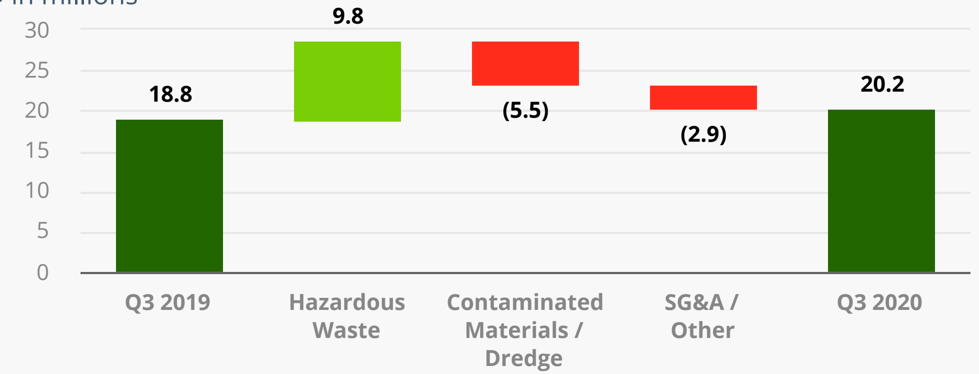
SUMMARY RESULTS

$ in millions

	Q3 2020	Q3 2019	Q2 2020
Revenues, as reported	194	88	162
Operating Income – GAAP	9	11	—
Adjusted EBITDA[1]	20	19	11
Adjusted EBITDA Margin[1]	10.4%	21.4%	7.0%
Free Cash Flow (YTD)	38	12	21

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Adjusted EBITDA improvement Y/Y driven by ESOL acquisition and higher contributions from dredged material processing, partially offset by lower hazardous and soil volumes due to the pandemic
- Adjusted EBITDA change Q/Q reflects strong volume increase and ESOL margin progress from improvement initiatives
- Free cash flow performance strong; totals $38 million year-to-date

nmf = not meaningful.
Note: 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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Q3 2020 RAIL

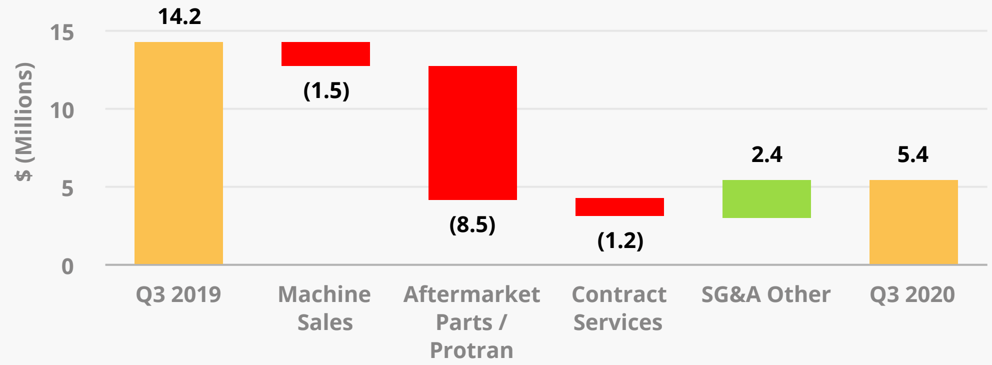
SUMMARY RESULTS

$ in millions

	Q3 2020	Q3 2019	Q2 2020
Revenues, as reported	93	75	82
Operating Income – GAAP	4	12	9
Adjusted EBITDA[1]	5	14	10
Adjusted EBITDA Margin[1]	5.8%	19.1%	12.2%
Free Cash Flow (YTD)	(22)	(45)	(16)

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenue growth Y/Y and Q/Q attributable to increased equipment volumes
- Adjusted EBITDA change mainly reflects less favorable product mix and lower aftermarket and technology volumes
- Backlog remains strong at $452 million

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

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Q4 OUTLOOK

Harsco Anticipated Ranges For The Quarter:

Adjusted EBITDA: $58 to $63 million

Free Cash Flow: $20 to $25 million

Q&A

Appendix

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended September 30	
	2020	**2019**
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.10)**	$ 0.22
Corporate acquisition and integration costs (a)	**0.13**	0.03
Contingent consideration adjustments (b)	**0.03**	—
Harsco Clean Earth Segment integration costs (c)	**—**	—
Harsco Environmental Segment provision for doubtful accounts (d)	**—**	0.01
Harsco Rail Segment improvement initiative costs (e)	**—**	0.01
Harsco Environmental Segment change contingent consideration adjustments (f)	**—**	(0.01)
Harsco Environmental Segment site exit related (g)	**—**	—
Harsco Clean Earth Segment severance costs (h)	**—**	0.02
Deferred tax asset valuation allowance adjustment (i)	**—**	0.03
Corporate acquisition related tax benefit (j)	**(0.04)**	—
Taxes on above unusual items (k)	**(0.03)**	—
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	**—** (m)	0.31 (m)
Acquisition amortization expense, net of tax (l)	**0.08**	0.06
Adjusted diluted earnings per share from continuing operations	**$ 0.08**	$ 0.36 (m)

RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q3 2020 $10.6 million pre-tax; Q3 2019 $2.7 million pre-tax).
(b) Adjustment to contingent consideration related to the acquisition of Clean Earth recorded on Corporate (Q3 2020 $2.4 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 acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(c) Costs incurred in the Harsco Clean Earth Segment related to the integration of ESOL (Q3 2020 $0.1 million, pre-tax).
(d) Harsco Environmental Segment provision for doubtful accounts related to a customer in the U.K. entering administration (Q3 2019 $0.8 million pre-tax).
(e) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q3 2019 $0.8 million pre-tax).
(f) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q3 2019 $0.9 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 acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(g) Harsco Environmental Segment site exit related (Q3 2019 $0.2 million pre-tax).
(h) Harsco Clean Earth Segment severance recognized (Q3 2019 $1.3 million pre-tax).
(i) Adjustment of certain existing deferred tax asset valuation allowances as a result of a site exit in a certain jurisdiction in 2019 (Q3 2019 $2.8 million).
(j) Acquisition related tax benefit recorded on Corporate assumed as part of the Clean Earth Acquisition (Q3 and nine months 2020 $2.8 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) Acquisition amortization expense was $8.3 million pre-tax for Q3 2020 and $5.7 million pre-tax for Q3 2019.
(m) 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 DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS TO DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended June 30 2020
Diluted loss per share from continuing operations as reported	$ (0.14)
Corporate acquisition and integration costs (a)	0.22
porate unused debt commitment and amendment fees (b)	0.02
Taxes on above unusual items (c)	(0.05)
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	0.05
Acquisition amortization expense, net of tax (d)	0.08
Adjusted diluted earnings per share from continuing operations	**$ 0.13**

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q2 2020 $17.2 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).
(c) 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.
(d) Acquisition amortization expense was $8.4 million pre-tax for Q2 2020.

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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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 September 30, 2020:					
Operating income (loss) as reported	$ 12,317	$ 8,902	$ 4,059	$ (20,214)	$ 5,064
Corporate acquisition and integration costs	$ —	$ —	$ —	$ 10,645	$ 10,645
Corporate contingent consideration adjustments	$ —	$ —	$ —	$ 2,437	$ 2,437
Harsco Clean Earth Segment integration costs	—	114	—	—	114
Operating income (loss) excluding unusual items	12,317	9,016	4,059	(7,132)	18,260
Depreciation	25,588	5,010	1,258	497	32,353
Amortization	1,970	6,218	85	—	8,273
Adjusted EBITDA	$ 39,875	$ 20,244	$ 5,402	$ (6,635)	$ 58,886
Revenues as reported	$ 222,507	$ 194,098	$ 92,793		$ 509,398
Adjusted EBITDA margin (%)	17.9 %	10.4 %	5.8 %		11.6 %

(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 September 30, 2019:					
Operating income (loss) as reported	$ 32,794	$ 11,308	$ 12,115	$ (9,472)	$ 46,745
Corporate acquisition and integration costs	—	—	—	2,743	2,743
Harsco Clean Earth Segment severance costs	—	1,254	—	—	1,254
Harsco Environmental Segment contingent consideration adjustments	(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	25,557	2,359	1,192	716	29,824
Amortization	1,751	3,834	84	—	5,669
Adjusted EBITDA	$ 59,855	$ 18,755	$ 14,236	$ (6,013)	$ 86,833
Revenues as reported	$ 260,883	$ 87,639	$ 74,633		$ 423,155
Adjusted EBITDA margin (%)	22.9 %	21.4 %	19.1 %		20.5 %

(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.

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.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED LOSS FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

(In thousands)	**Three Months Ended September 30 2020**
Consolidated loss from continuing operations	$ (6,604)
Add back (deduct):	
Equity in income of unconsolidated entities, net	(9)
Income tax benefit	(1,654)
Defined benefit pension income	(1,859)
Interest expense	15,794
Interest income	(604)
Depreciation	32,353
Amortization	8,273
Unusual items:	
Corporate acquisition and integration costs	10,645
Corporate contingent consideration adjustments	2,437
Clean Earth Segment integration costs	114
Consolidated Adjusted EBITDA	$ 58,886

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 PROJECTED CONSOLIDATED ADJUSTED EBITDA TO PROJECTED CONSOLIDATED INCOME FROM CONTINUING OPERATIONS

(Unaudited)

	Projected Three Months Ending December 31	
	2020	
(In millions)	**Low**	**High**
Consolidated income from continuing operations	$ 1	$ 3
Add back:		
Income tax expense	1	4
Net interest	16	16
Defined benefit pension income	(2)	(2)
Depreciation and amortization	42	42
Consolidated Adjusted EBITDA	$ 58	$ 63

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 FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020		Three Months Ended June 30
(In thousands)	2020	2019	2020	2019	2020
Net cash provided by operating activities	$ 20,755	$ 44,657	$ 42,276	$ 50,029	$ 33,057
Less capital expenditures	(27,883)	(55,870)	(79,096)	(147,071)	(23,319)
Less expenditures for intangible assets	(127)	(721)	(169)	(1,246)	16
Plus capital expenditures for strategic ventures (a)	603	1,461	1,967	4,831	225
Plus total proceeds from sales of assets (b)	521	5,355	4,473	7,560	1,767
Plus transaction-related expenditures (c)	10,732	10,390	26,672	26,380	5,961
Plus taxes paid on sale of divested businesses (d)	13,809	—	$ 14,185	$ —	376
Free cash flow	18,410	5,272	$ 10,308	$ (59,517)	$ 18,083

(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.
(d) Income taxes paid on gains on the sale of discontinued businesses.

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 and income taxes 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.

RECONCILIATION OF NON-GAAP MEASURES

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

	Projected Three Months Ending December 31	
	2020	
(In thousands)	**Low**	**High**
Net cash provided by operating activities	**$ 50**	$ 60
Less capital expenditures	**(31)**	(37)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	**1**	2
Free cash flow	**$ 20**	$ 25

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 and income taxes 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.

HARSCO