HARSCO

Q2 2021

Quarterly Results and Outlook

Conference Call

August 3, 2021

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 outcome of any disputes with customers, contractors and subcontractors; (16) 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; (17) implementation of environmental remediation matters; (18) risk and uncertainty associated with intangible assets and (19) 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, 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, free cash flow and free cash flow before growth capital. 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

- Team performed well in second quarter; continuing strong growth and operational momentum
- 2021 Full Year Outlook maintained
- ESOL integration progressing well and expected to be completed by year-end
- Comprehensive ESG Report issued in Q2; ambition is to be a global provider of environmental solutions and an ESG leader within the industry
- Announced appointment of Anshooman Aga as CFO, effective August 16
- Priorities remain integration and strengthening financial flexibility

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2020 ESG HIGHLIGHTS

E

29 new environmental solutions launched in 2020

14.8 million tons of material recycled or repurposed in 2020

5.85 million mt CO_2e avoided by HE recycling/ repurposing

S

1.06 Total Recordable Incident Rate (TRIR), **15% better** than our 2020 goal

Clean Earth achieved the **Gold Safety Award** for the Waste Collection trade for 2020

G

Named to Newsweek's **America's Most Responsible Companies 2021** list

Linked Executive pay to **ESG performance**

Launched our Compliance Ambassador Program

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Q2 2021 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Q2 2021 Adjusted EBITDA at upper-end of prior guidance ($73 to $79 million)
- Each business segment realized meaningfully YoY revenue growth
- Adjusted operating results improved YoY; reflects strengthening economic conditions, internal improvements and growth initiatives
- Performance in each segment also improved QoQ, with sequential improvement realized in Rail and Contaminated Materials
- Adjusted diluted EPS of $0.28; excludes strategic costs
- Free cash flow performance consistent with expectations; set to further strengthen for remainder of year

$ in millions except EPS; Continuing Operations	Q2 2021	Q2 2020	Q1 2021
Revenues, as reported	570	447	529
Operating Income - GAAP	36	2	25
Adjusted EBITDA[1]	78	59	66
% of Sales[1]	*13.7%*	*13.2%*	*12.4%*
GAAP Diluted Earnings (Loss) Per Share	0.18	(0.14)	0.02
Adjusted Diluted Earnings Per Share[1]	0.28	0.13	0.15
Free Cash Flow[2]	6	18	(32)

Note: 2020 financial results include ESOL contributions since acquisition on April 6, 2020.
(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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Q2 2021 ENVIRONMENTAL

SUMMARY RESULTS

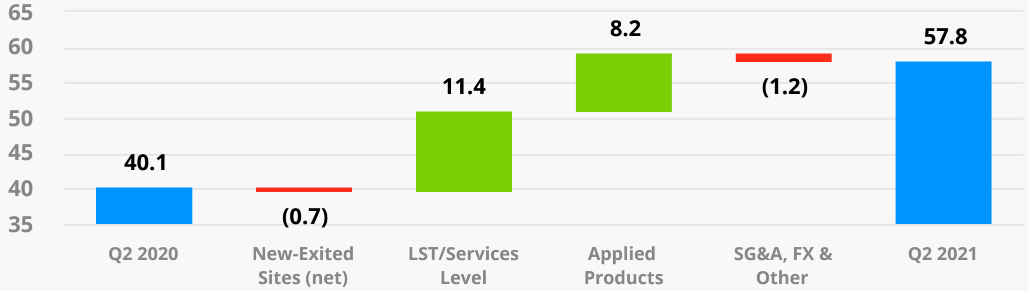
$ in millions

	Q2 2021	Q2 2020	Q1 2021
Revenues, as reported	273	204	258
Operating Income – GAAP	30	14	26
Adjusted EBITDA[1]	58	40	54
Adjusted EBITDA Margin[1]	21.2%	19.7%	20.8%
Free Cash Flow (YTD)	34	32	na

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

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues increase compared with prior-year quarter as a result of improved demand for environmental services and applied products along with favorable foreign exchange movements
- Adjusted EBITDA change YoY attributable to improved services and products demand as mentioned above
- Free cash flow year-to-date totaled $34 million; YoY increase reflects higher cash earnings partially offset by increased capital expenditures

Q2 2021 CLEAN EARTH

SUMMARY RESULTS

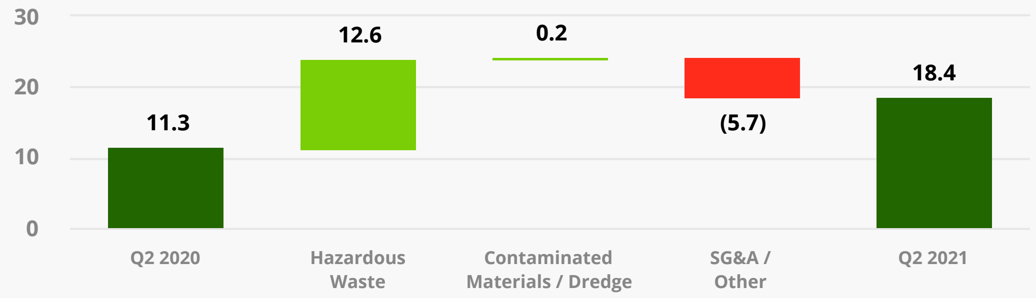
$ in millions

	Q2 2021	Q2 2020	Q1 2021
Revenues, as reported	196	162	189
Operating Income – GAAP	7	—	3
Adjusted EBITDA[1]	18	11	15
Adjusted EBITDA Margin[1]	9.4%	7.0%	7.7%
Free Cash Flow (YTD)	24	21	na

na = not applicable.
Note: 2020 financial results include ESOL contributions since acquisition on April 6, 2020.
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues increase compared with prior-year quarter attributable to increased demand within hazardous waste and contaminated-dredge materials businesses
- Adjusted EBITDA increase YoY driven by the above factors and integration improvements partially offset by investments to support Clean Earth platform, incentive compensation and additional Corporate allocation
- Free cash flow strong; change versus prior-year attributable to ESOL contributions

Q2 2021 RAIL

SUMMARY RESULTS

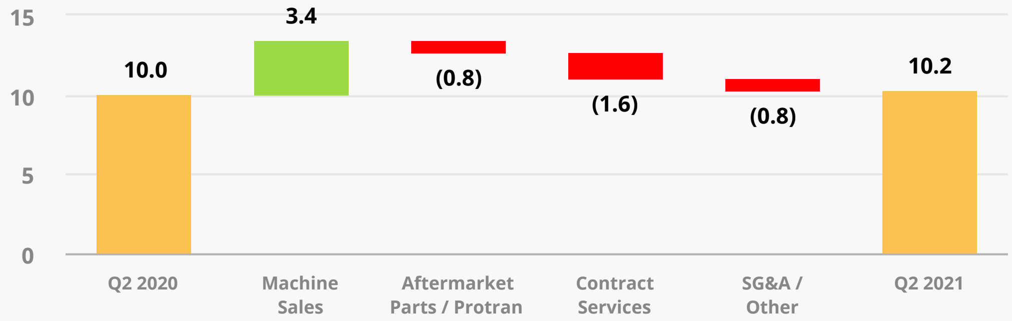
$ in millions

	Q2 2021	Q2 2020	Q1 2021
Revenues, as reported	101	82	82
Operating Income – GAAP	9	9	5
Adjusted EBITDA[1]	10	10	6
Adjusted EBITDA Margin[1]	10.1%	12.2%	7.3%
Free Cash Flow (YTD)	(32)	(16)	na

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

ADJUSTED EBITDA BRIDGE[1]

$ in millions



- Revenues growth compared with prior-year quarter attributable to higher global equipment sales
- Adjusted EBITDA is in line with prior-year quarter and reflects higher equipment contributions partially offset less favorable sales mix across other business-lines and higher SG&A expenses
- Free cash flow change attributable to fewer contract advances

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2021 OUTLOOK - CONSOLIDATED

	2021 Outlook	Prior 2021 Outlook	2020 Actuals
GAAP OPERATING INCOME	$118 - 133M	$120 - 135M	$21M
ADJUSTED EBITDA[1]	$295 - 310M	Unchanged	$238M
GAAP DILUTED EARNINGS PER SHARE	$0.42 - $0.57	$0.45 - $0.59	$(0.41)
ADJUSTED DILUTED EARNINGS PER SHARE[1]	$0.82 - $0.96	Unchanged	$0.49
FREE CASH FLOW BEFORE GROWTH CAPITAL[1]	$95 - 115M	Unchanged	$42M
FREE CASH FLOW[2]	$35 - 55M	Unchanged	$2M

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

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Q3 2021 OUTLOOK

- Adjusted EBITDA[1] is expected to be between
  $75M-$81M

- Adjusted diluted earnings per share[1] is expected to be between
  $0.23-$0.29

- Corporate costs of approximately
  $10 million

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

YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

HARSCO ENVIRONMENTAL

Higher environmental service volumes and applied products demand along with favorable commodity prices

CleanEarth™

Higher contributions from each business line and improvements partially offset by the impact of investments and integration costs

HARSCO RAIL Enabling TECHNOLOGY IN MOTION

Higher aftermarket and technology contributions and lower operating costs

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Q&A

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Appendix

2021 SEGMENT OUTLOOK

Excluding unusual items		2021 VERSUS 2020	
HARSCO ENVIRONMENTAL	REVENUES	▲	High single-digit growth, excluding FX translation impacts
	ADJUSTED EBITDA[1]	▲	Approximately 25% at mid-point
	DRIVERS	+	Services and applied products demand growth, new contracts / sites, higher commodities
		–	Exited sites, SG&A spending
CleanEarth	REVENUES	▲	3% to 5% proforma; ~$790 million at mid-point
	ADJUSTED EBITDA[1]	▲	$76 to $81 million, net of $3 million additional Corporate allocation
	DRIVERS	+	Full-year impact of ESOL, integration benefits, organic growth
		–	SG&A investments, one-time integration costs, Corporate allocation
HARSCO RAIL Enabling TECHNOLOGY IN MOTION	REVENUES	▲	25% to 30%
	ADJUSTED EBITDA[1]	▲	Approximately 65% at mid-point
	DRIVERS	+	Equipment & Protran Technology growth, contracting volumes
		–	R&D and SG&A investments
CORPORATE COSTS			$36 to $37 million for the full-year

(1) Excludes unusual items.

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		Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Diluted earnings (loss) per share from continuing operations as reported	**$ 0.18**	$ (0.14)	**$ 0.20**	$ (0.25)
Corporate unused debt commitment fees, amendment fees and loss on extinguishment of debt (a)	**—**	0.02	**0.07**	0.02
Corporate strategic costs (b)	**0.02**	—	**0.02**	—
Corporate acquisition and integration costs (c)	**—**	0.22	**—**	0.39
Harsco Environmental Segment severance costs (d)	**—**	—	**—**	0.07
Taxes on above unusual items (e)	**(0.01)**	(0.05)	**(0.02)**	(0.08)
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	**0.20** (g)	0.05	**0.27**	0.15
Acquisition amortization expense, net of tax (f)	**0.08**	0.08	**0.16**	0.14
Adjusted diluted earnings per share from continuing operations	**$ 0.28**	$ 0.13	**$ 0.43**	$ 0.29

RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities to establish a New Term Loan the proceeds of which were used to repay in full the outstanding Term Loan A and Term Loan B, to extend the maturity date of the Revolving Credit Facility and to increase certain levels set forth in the total net leverage ratio covenant (Q2 2021 $0.1 million pre-tax; six months 2021 $5.3 million pre-tax) and costs associated with amending the Company's existing Senior secured Credit Facilities, to increase the net debt to consolidated adjusted EBITDA covenant ratio (Q2 2020 $1.4 million pre-tax; six months 2020 $1.9 million pre-tax).
(b) Certain strategic costs incurred at Corporate associated with supporting and executing the Company's growth strategy (Q2 and six months 2021 $1.7 million pre-tax).
(c) Acquisition and integration costs at Corporate (Q2 2020 $17.2 million pre-tax; six months 2020 $30.9 million pre-tax).
(d) Harsco Environmental Segment severance costs (six months 2020 $5.2 million pre-tax).
(e) 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.
(f) Acquisition amortization expense was $8.2 million pre-tax and $16.4 million pre-tax for Q2 and six months 2021, respectively; and $8.4 million pre-tax and $14.3 million pre-tax for Q2 and six months 2020, respectively.
(g) Does not total due to rounding.

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

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended March 31	
	2021	
Diluted income per share from continuing operations as reported	$ 0.02	
Corporate unused debt commitment fees, amendment fees and loss on extinguishment of debt (a)	0.07	
Taxes on above unusual items (b)	(0.01)	
Adjusted diluted loss per share from continuing operations, including acquisition amortization expense	0.07	(d)
Acquisition amortization expense, net of tax (c)	0.08	
Adjusted diluted earnings per share from continuing operations	$ 0.15	

RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities to establish a New Term Loan the proceeds of which were used to repay in full the outstanding Term Loan A and Term Loan B, to extend the maturity date of the Revolving Credit Facility and to increase certain levels set forth in the total net leverage ratio covenant ($5.3 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) Acquisition amortization expense was $8.2 million pre-tax.
(d) 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 LOSS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Twelve Months Ended December 31 2020	
Diluted loss per share from continuing operations as reported	$ (0.41)	
Corporate acquisition and integration costs (a)	0.61	
Harsco Environmental Segment severance costs (b)	0.09	
Corporate contingent consideration adjustments (c)	0.03	
Corporate unused debt commitment and amendment fees (d)	0.02	
Harsco Clean Earth Segment integration costs (e)	0.02	
Corporate acquisition related tax benefit (f)	(0.03)	
Taxes on above unusual items (g)	(0.16)	
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	0.19	(i)
Acquisition amortization expense, net of tax (h)	0.31	
Adjusted diluted earnings per share from continuing operations	$ 0.49	(i)

RECONCILIATION OF NON-GAAP MEASURES

(a) Acquisition and integration costs at Corporate ($48.5 million pre-tax).
(b) Harsco Environmental Segment severance costs ($7.4 million pre-tax).
(c) Adjustment to contingent consideration related to the acquisition of Clean Earth recorded on Corporate ($2.3 million pre-tax). The Company adjusts operating income and Diluted earnings per share from continuing operations to exclude the impact of the change in fair value to the acquisition-related contingent consideration liability for acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(d) 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 ($1.9 million pre-tax).
(e) Costs incurred in the Harsco Clean Earth Segment related to the integration of ESOL ($1.9 million pre-tax).
(f) Acquisition related tax benefit recorded on Corporate assumed as part of the Clean Earth Acquisition ($2.7 million).
(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) Acquisition amortization expense was $31.0 million pre-tax.
(i) Does not total due to rounding.

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

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

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

	Projected Three Months Ending September 30		Projected Twelve Months Ending December 31		
	2021		2021		
	Low	High	Low	High	
Diluted earnings per share from continuing operations	$ 0.15	$ 0.21	$ 0.42	$ 0.57	
Corporate unused debt commitment fees, amendment fees and loss on extinguishment of debt	—	—	0.07	0.07	
Corporate strategic costs	—	—	0.02	0.02	
Taxes on above unusual items	—	—	(0.02)	(0.02)	
Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense	0.15	0.21	0.49	0.64	
Estimated acquisition amortization expense, net of tax	0.08	0.08	0.33	0.33	
Adjusted diluted earnings per share from continuing operations	$ 0.23	$ 0.29	$ 0.82	$ 0.96	(a)

(a) 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 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	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2021:					
Operating income (loss) as reported	$ 30,223	$ 7,386	$ 8,912	$ (10,302)	$ 36,219
Corporate strategic costs	—	—	—	1,681	1,681
Operating income (loss) excluding unusual items	30,223	7,386	8,912	(8,621)	37,900
Depreciation	25,550	4,905	1,207	494	32,156
Amortization	2,035	6,063	85	—	8,183
Adjusted EBITDA	$ 57,808	$ 18,354	$ 10,204	$ (8,127)	$ 78,239
Revenues as reported	$ 272,546	$ 196,128	$ 101,146		$ 569,820
Adjusted EBITDA margin (%)	21.2 %	9.4 %	10.1 %		13.7 %

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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	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 %

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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
Six Months Ended June 30, 2021:					
Operating income (loss) as reported	$ 56,158	$ 10,564	$ 13,576	$ (19,255)	$ 61,043
Corporate strategic costs	—	—	—	1,681	1,681
Operating income (loss) excluding unusual items	56,158	10,564	13,576	(17,574)	62,724
Depreciation	51,267	10,242	2,418	977	64,904
Amortization	4,083	12,146	170	—	16,399
Adjusted EBITDA	$ 111,508	$ 32,952	$ 16,164	$ (16,597)	$ 144,027
Revenues as reported	$ 530,532	$ 385,407	$ 182,736		$ 1,098,675
Adjusted EBITDA margin (%)	21.0 %	8.5 %	8.8 %		13.1 %

(a) The Company's acquisition of ESOL closed on April 6, 2020.

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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
Six Months Ended June 30, 2020:					
Operating income (loss) as reported	$ 24,083	$ 4,043	$ 15,103	$ (38,480)	$ 4,749
Corporate acquisition and integration costs	—	—	—	30,939	30,939
Harsco Environmental Segment severance costs	5,160	—	—	—	5,160
Operating income (loss) excluding unusual items	29,243	4,043	15,103	(7,541)	40,848
Depreciation	50,038	7,759	2,472	1,034	61,303
Amortization	3,857	10,245	167	—	14,269
Adjusted EBITDA	$ 83,138	$ 22,047	$ 17,742	$ (6,507)	$ 116,420
Revenues as reported	$ 445,550	$ 240,391	$ 160,181		$ 846,122
Adjusted EBITDA margin (%)	18.7 %	9.2 %	11.1 %		13.8 %

(a) The Company's acquisition of ESOL closed on April 6, 2020.

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended March 31, 2021:					
Operating income (loss) as reported	$ 25,935	$ 3,178	$ 4,664	$ (8,953)	$ 24,824
Depreciation	25,717	5,337	1,211	483	32,748
Amortization	2,048	6,083	85	—	8,216
Adjusted EBITDA	$ 53,700	$ 14,598	$ 5,960	$ (8,470)	$ 65,788
Revenues as reported	$ 257,986	$ 189,279	$ 81,590		$ 528,855
Adjusted EBITDA margin (%)	20.8 %	7.7 %	7.3 %		12.4 %

Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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 CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED INCOME (LOSS) FROM CONTINUING OPERATIONS AS REPORTED

(Unaudited)

	Three Months Ended June 30	
(In thousands)	**2021**	**2020**
Consolidated income (loss) from continuing operations	$ 16,155	$ (9,603)
Add back (deduct):		
Equity in (income) loss of unconsolidated entities, net	76	(71)
Income tax (benefit) expense	8,564	(2,304)
Defined benefit pension income	(3,974)	(1,723)
Unused debt commitment fees, amendment fees and loss on extinguishment of debt	50	1,432
Interest expense	15,986	14,953
Interest income	(638)	(816)
Depreciation	32,156	31,579
Amortization	8,183	8,351
Unusual items:		
Corporate project costs	1,681	—
Corporate acquisition and integration costs	—	17,176
Consolidated Adjusted EBITDA	$ 78,239	$ 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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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 CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED INCOME (LOSS) FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

(In thousands)	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Consolidated income (loss) from continuing operations	$ 19,047	$ (17,299)
Add back (deduct):		
Equity in (income) loss of unconsolidated entities, net	195	(167)
Income tax expense (benefit)	12,793	(2,986)
Defined benefit pension income	(7,927)	(3,312)
Unused debt commitment and amendment fees	5,308	1,920
Interest expense	32,850	27,602
Interest income	(1,223)	(1,009)
Depreciation	64,904	61,303
Amortization	16,399	14,269
Unusual items:		
Corporate strategic costs	1,681	—
Corporate acquisition and integration costs	—	30,939
Harsco Environmental Segment severance costs	—	5,160
Consolidated Adjusted EBITDA	$ 144,027	$ 119,174

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate Adjusted EBITDA equals Consolidated Adjusted EBITDA. The Company's management believes Adjusted EBITDA is meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance. However, this measure should be considered in addition to, rather than as a substitute for, net income from continuing operations, operating income from continuing operations and other information provided in accordance with GAAP. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, as a result, Adjusted EBITDA may not be comparable to other similarly titled measures disclosed by other companies.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED LOSS FROM CONTINUING OPERATIONS AS REPORTED

(Unaudited)

		Twelve Months Ended December 31
(In thousands)		**2020**
Consolidated loss from continuing operations	$	(28,160)
Add back (deduct):		
Equity in income of unconsolidated entities, net		(186)
Income tax benefit		(2,779)
Defined benefit pension income		(7,229)
Unused debt commitment and amendment fees		1,920
Interest expense		59,689
Interest income		(2,174)
Depreciation		125,556
Amortization		30,976
Unusual items:		
Corporate acquisition and integration costs		48,493
Harsco Environmental Segment severance costs		7,399
Corporate contingent consideration adjustments		2,301
Harsco Clean Earth Segment integration costs		1,859
Consolidated Adjusted EBITDA	$	237,665

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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 September 30		Projected Twelve Months Ending December 31	
	2021		2021	
(In millions)	**Low**	**High**	**Low**	**High**
Consolidated income from continuing operations	$ 13	$ 19	$ 46	$ 58
Add back:				
Income tax expense	5	7	26	30
Net interest	16	15	63	62
Defined benefit pension income	(4)	(4)	(14)	(14)
Depreciation and amortization	44	44	175	175
Consolidated Adjusted EBITDA	$ 75 (a)	$ 81	$ 295 (a)	$ 310 (a)

(a) Does not total due to rounding.

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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 HARSCO CLEAN EARTH PROJECTED ADJUSTED EBITDA TO HARSCO CLEAN EARTH PROJECTED OPERATING INCOME
(Unaudited)

	Harsco Clean Earth	
	Projected Twelve Months Ending December 31	
	2021	
(In millions)	**Low**	**High**
Operating income	$ 33	$ 38
Depreciation and amortization	43	43
Adjusted EBITDA	$ 76	$ 81

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 expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; 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 and Corporate 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 FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2021**	**2020**	**2021**	**2020**
Net cash provided by operating activities	**$ 36,703**	$ 33,057	**$ 13,530**	$ 21,521
Less capital expenditures	**(41,264)**	(23,319)	**(68,646)**	(51,213)
Less expenditures for intangible assets	**(64)**	16	**(132)**	(42)
Plus capital expenditures for strategic ventures (a)	**926**	225	**1,798**	1,364
Plus total proceeds from sales of assets (b)	**6,180**	1,767	**10,042**	3,952
Plus transaction-related expenditures (c)	**3,920**	5,961	**18,004**	15,940
Plus taxes paid on sale of business	**—**	376	**—**	376
Free cash flow	**$ 6,401**	$ 18,083	**$ (25,404)**	$ (8,102)

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's condensed consolidated 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 and costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities.

The Company's management believes that Free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds and transaction-related expenditures and income taxes for planning and performance evaluation purposes. It is important to note that Free cash flow before growth capital expenditures 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 FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended March 31
(In thousands)	**2021**
Net cash used by operating activities	$ (23,173)
Less capital expenditures	(27,382)
Less expenditures for intangible assets	(68)
Plus capital expenditures for strategic ventures (a)	872
Plus total proceeds from sales of assets (b)	3,862
Plus transaction-related expenditures (c)	14,084
Free cash flow	$ (31,805)

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's condensed consolidated 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 and costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities.

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

(In thousands)	Twelve Months Ended December 31 2020
Net cash provided by operating activities	$ 53,818
Less capital expenditures	(120,224)
Less expenditures for intangible assets	(317)
Plus capital expenditures for strategic ventures (a)	3,650
Plus total proceeds from sales of assets (b)	6,204
Plus transaction-related expenditures (c)	42,801
Plus taxes paid on sale of divested businesses (d)	16,216
Free cash flow	2,148
Add growth capital expenditures	40,194
Free cash flow before growth capital expenditures	$ 42,342

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's consolidated 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 before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds and transaction-related expenditures and income taxes for planning and performance evaluation purposes. It is important to note that Free cash flow before growth capital expenditures 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

RECONCILIATION OF NON-GAAP MEASURES

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

	Projected Twelve Months Ending December 31	
	2021	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 167	$ 207
Less capital expenditures	(162)	(183)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	12	13
Plus transaction related expenditures	18	18
Free cash flow	35	55
Add growth capital expenditures	60	60
Free cash flow before growth capital expenditures	$ 95	$ 115

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