HARSCO

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Q4 2016 Results & Outlook

Conference Call | February 24, 2017

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.

Safe Harbor

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," "plan" or other comparable terms. Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (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) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (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 and those with inadequate liquidity) to maintain their credit availability; (17) the Company's ability to successfully implement and receive the expected benefits of cost-reduction and restructuring initiatives, including the achievement of expected cost savings in the expected time frame; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets; (20) the impact of a transaction, if any, resulting from the Company's determination to explore strategic options for the separation of the Harsco Metals & Minerals Segment; and (21) 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, 2015 and Part II, Item 1A, Risk Factors of the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2016. 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 the Company's call and this presentation, the Company refers to certain non-GAAP measures, including, without limitation, adjusted operating income (loss) from continuing operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, return on invested capital and free cash flow. For a reconciliation of non-GAAP measures to U.S. GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Company's earnings press release issued today, and the Appendix in this presentation.

CEO Perspective – 2016 and Outlook

- 2016 Highlights
  - Full-year adjusted OI and FCF above guidance established last February
  - M&M results improved despite earlier exits and lower LST and commodities
  - Controlled Corporate costs
  - Industrial and Rail executed efficiency actions as managed through cycle trough
  - Achieved significant debt reduction and completed refinancing
  - Leadership appointments completed in M&M and Rail
- Q4 GAAP results impacted by adjustment to Rail forward loss provision
- 2017 Outlook reflects FX headwinds and mixed market assumptions
- Business updates:
  - M&M – Consistent execution; outlook positive but more muted in some areas; targeting additional operational savings; FCF to remain strong
  - Industrial – Energy market trends favorable but timing and pace of recovery uncertain; product capabilities position business well for eventual recovery
  - Rail – Spare parts and Intelligent Solutions trends remain positive; North American market softness likely to persist; FCF to improve in 2017
- Priorities: focused on selective growth investments, ROIC improvements and maintaining financial flexibility

Q4 2016 Financial Summary –
Key Performance Indicators

($ - millions, except EPS)	Fourth Quarter	Change vs. 2015 $	Change vs. 2015 %
Revenues	360	(27)	(7)%
GAAP Operating Income	24	18	nmf
% of Sales	*6.7%*		*nmf*
Adjusted Operating Income(1)	28	2	9%
% of Sales	*7.8%*		*120bps*
GAAP Diluted Earnings Per Share	(0.19)	(0.11)	nmf
Adjusted Diluted Earnings Per Share(1)	0.16	0.05	46%
Free Cash Flow(2)	38	32	nmf
ROIC (LTM)(2)	6.9%		60bps

- **Q4 adjusted operating income toward high-end of guidance range of $20-29 million; strong M&M performance and lower Corporate costs supported results**
- **Adjusted operating income increased compared to prior-year quarter due to M&M and Corporate spending; partially offset by decrease in Industrial earnings**
- **GAAP EPS includes $28 million (net of taxes) of unusual items; Rail forward loss provision and debt refinancing charges and costs**
- **Q4 FCF higher than anticipated due mainly to lower M&M capital expenditures; year-over-year increase driven by M&M and Rail**

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

FY 2016 Financial Summary –
Key Performance Indicators

($ - millions, except EPS)	2016	Change vs. 2015 $	Change vs. 2015 %
Revenues	1,451	(272)	(16)%
GAAP Operating Income	63	(25)	(28)%
% of Sales	*4.4%*		*(70)bps*
Adjusted Operating Income[(1)]	116	(20)	(14)%
% of Sales	*8.0%*		*10bps*
GAAP Diluted Earnings Per Share	(1.07)	(1.16)	nmf
Adjusted Diluted Earnings Per Share[(1)]	0.48	(0.08)	(14)%
Free Cash Flow[(2)]	100	76	nmf
ROIC (LTM)[(2)]	6.9%		60bps

- ❑ **2016 adjusted operating income reflects meaningful improvement in M&M performance, despite no uplift from metal markets; also sizable decline in Corporate costs**
- ❑ **Cyclical pressures contributed to lower Industrial and Rail adjusted earnings, which offset the above factors (Rail comparison impacted by $11 million FX gain in 2015)**
- ❑ **GAAP EPS includes $125 million (net of taxes) of unusual items**
- ❑ **Free cash flow increased dramatically due to M&M and Corporate; working capital in M&M and capex contributed to higher FCF**

nmf = not meaningful. (1) Excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.
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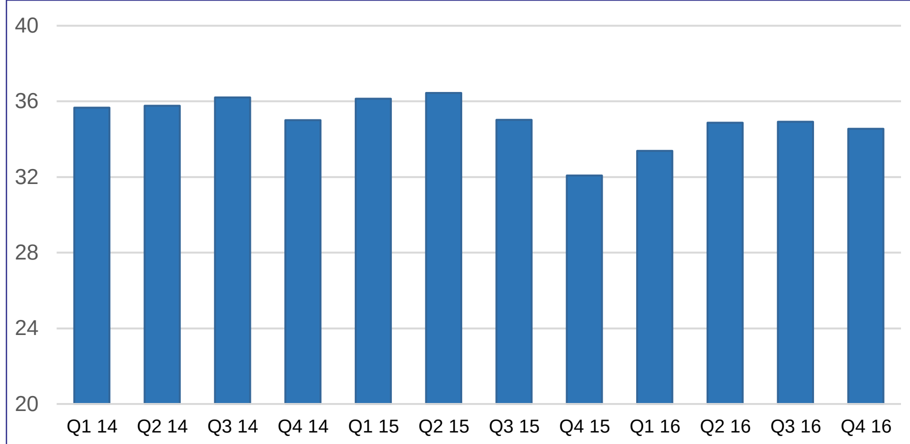
Q4 2016 – Metals & Minerals

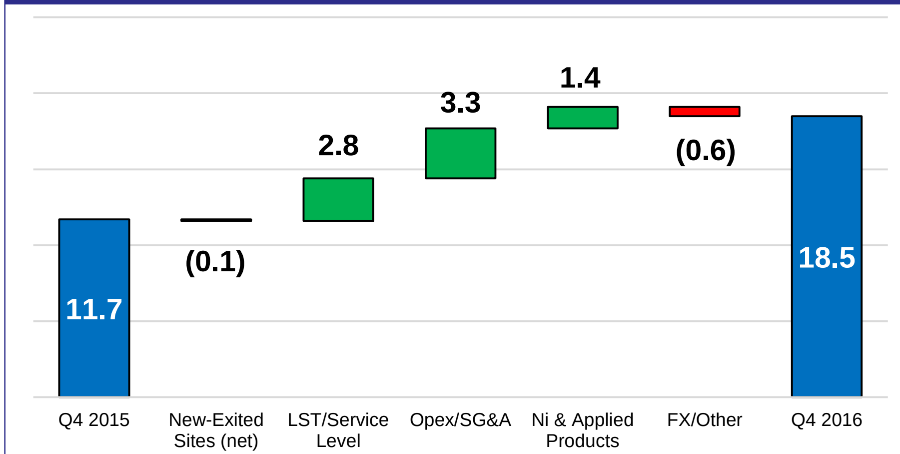
Summary Results

($ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	235	243	(4)%
GAAP operating income	20	nmf	nmf
GAAP operating margin	8.4%	0.2%	
Adjusted operating income*	19	12	59%
Adjusted operating margin*	7.9%	4.8%	
Free cash flow (YTD)	152	64	nmf
ROIC (TTM)	9.0%	5.5%	350bps

LST Continuing Sites (million tons)



Adjusted Operating Income Bridge



Business Highlights

- **Revenues declined modestly as impact of site exits and FX were partially offset by higher LST/service levels and nickel-related sales**
- **Adjusted earnings increased as a result of prior Project Orion actions, other operating improvements, higher LST & nickel demand**
- **Free cash flow higher in 2016 due to cash earnings, working capital and lower capex**

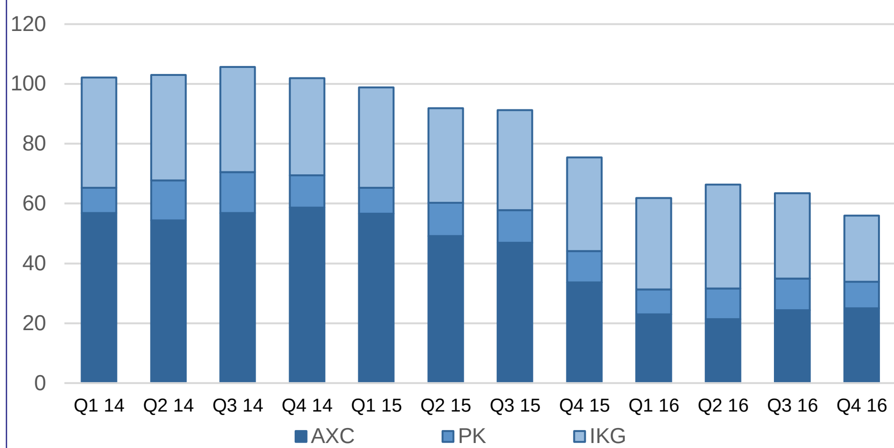
nmf = not meaningful; *excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.

Q4 2016 - Industrial

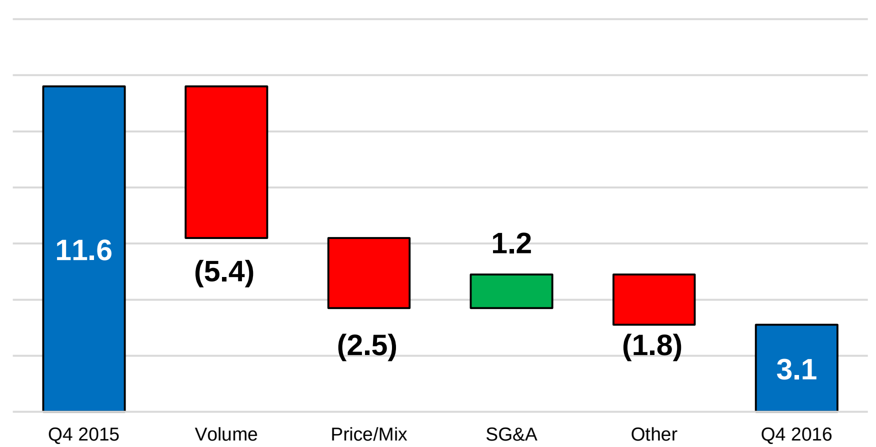
Summary Results

($ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	56	75	(26)%
Operating income - GAAP	3	12	(73)%
Operating margin - GAAP	5.5%	15.4%	
Free cash flow (YTD)	23	59	(61)%
ROIC (TTM)	18.8%	41.6%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- Revenue change reflects lower demand for heat exchangers and industrial grating
- Operating income and margin declined due to the above and product sales mix
- Free cash flow change in 2016 reflects the decline in cash earnings

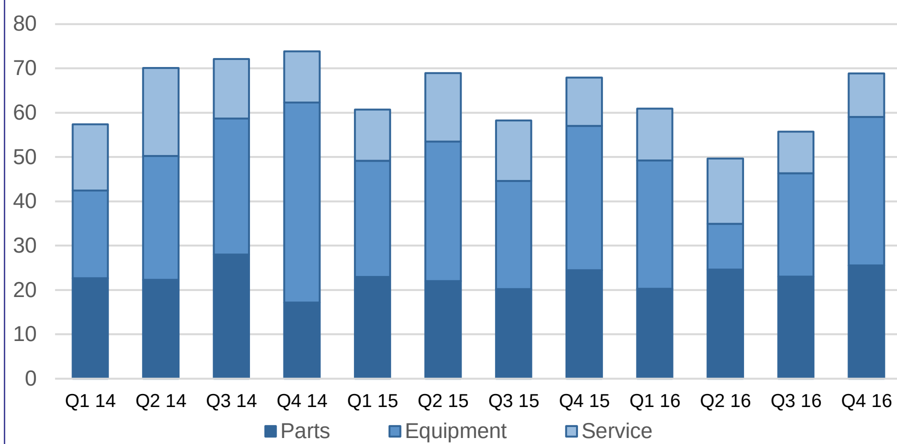
nmf = not meaningful; See tables at end of presentation for GAAP to non-GAAP reconciliations.

Q4 2016 - Rail

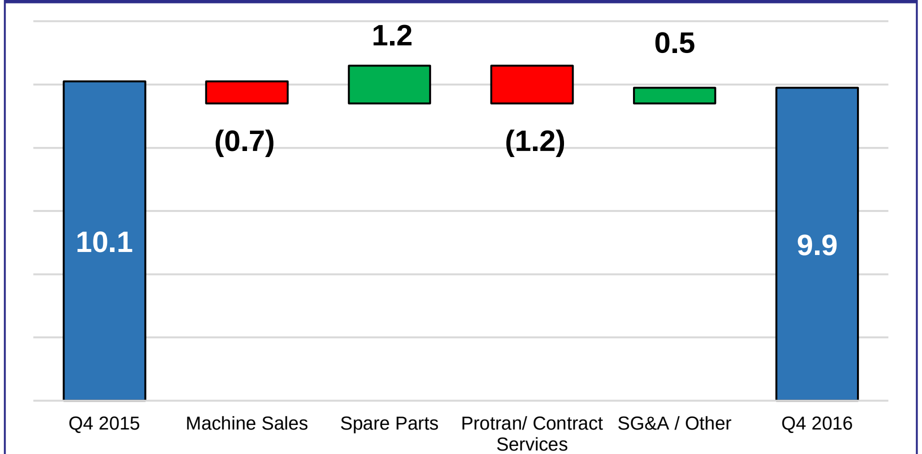
Summary Results

($ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	70	69	1%
GAAP operating income	5	10	(51)%
GAAP operating margin	7.1%	14.6%	
Adjusted operating income*	10	10	nmf
Adjusted operating margin*	14.2%	14.6%	
Free cash flow (YTD)	(9)	(1)	nmf
ROIC (TTM)	26.8%	92.7%	nmf

Revenue Mix



Adjusted Operating Income Bridge



Business Highlights

- Revenues largely unchanged as higher spare parts sales were offset by lower contract services
- Adjusted operating income and margin consistent with prior-year due to above
- 2016 free cash flow change attributable to lower cash earnings, partially offset by cash from working capital

nmf = not meaningful; *excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.

2017 Summary Outlook

	2017 Outlook	2016 Actual
GAAP Operating Income	**$100 to $120 million**	$63 million
Adjusted Operating Income[1]	**$100 to $120 million**	$116 million
Free Cash Flow	**$60 million to $80 million**	$100 million
ROIC[1]	**8.0% to 9.0%**	6.9%
GAAP Diluted Earnings/(Loss) Per Share	**$0.32 to $0.50**	$(1.07)
Adjusted Diluted Earnings Per Share[1]	**$0.32 to $0.50**	$0.48

(1) Excludes unusual items.

2017 Business Outlook

Excluding unusual items		**2017 versus 2016**
Metals & Minerals	**Revenues**	**unchanged to ↓ single digits**
	Operating Income	**Unchanged at mid-point, excluding unusual items**
	Drivers	**+ Commodities prices, LST, cost/operational savings, new sites - FX, nickel & Applied Product volumes, services mix**
Industrial	**Revenues**	**Unchanged to ↑ single digits**
	Operating Income	**↑ single digits at mid-point**
	Drivers	**+ Demand for heat exchangers and boilers, new products - IKG demand, product mix**
Rail	**Revenues**	**↑ 25-30% (↑ single digits excluding SBB revenue)**
	Operating Income	**↑ single digits at mid-point, excluding unusual items**
	Drivers	**+ Spare parts and Protran volumes, offshore equipment sales - North American rail spending, contract services**
Corporate Costs		**↑ due to pension and professional fees**

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Q1 2017 Outlook

- Adjusted operating income is expected to be between $15 to $20 million versus $18 million in Q1 2016

- Adjusted diluted (loss)/earnings per share of $(0.01) to $0.04

- Year-over-year considerations include:
  - M&M: Cost improvements, as well as higher LST and nickel prices
  - Industrial: Weaker demand for industrial grating and less favorable product sales mix
  - Rail: Lower equipment sales and less favorable product sales mix
  - Corporate costs higher than prior-year quarter

Q&A

Appendix

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING UNUSUAL ITEMS TO DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	**2015**	**2016**	**2015**
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.19)**	$ (0.08)	**$ (1.07)**	$ 0.09
Net loss on dilution and sale of equity investment (a)	**—**	—	**0.66**	—
Harsco Rail Segment forward contract loss provision (b)	**0.06**	—	**0.56**	—
Loss on early extinguishment of debt (c)	**0.43**	—	**0.44**	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (d)	**—**	0.08	**0.06**	0.06
Harsco Metals & Minerals Segment separation costs (e)	**—**	0.10	**0.04**	0.12
Expense of deferred financing costs (f)	**—**	—	**0.01**	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (g)	**(0.01)**	—	**(0.01)**	—
Harsco Metals & Minerals Segment contract termination charges (h)	**—**	—	**—**	0.17
Harsco Metals & Minerals Segment salt cake processing and disposal charges (i)	**—**	—	**—**	0.06
Harsco Metals & Minerals Segment Project Orion charges (j)	**—**	0.06	**—**	0.06
Harsco Metals & Minerals Segment subcontractor settlement charge (k)	**—**	—	**—**	0.05
Harsco Metals & Minerals Segment multi-employer pension plan charge (l)	**—**	—	**—**	0.01
Harsco Infrastructure Segment loss on disposal (m)	**—**	—	**—**	0.01
Taxes on above unusual items (n)	**(0.14)**	(0.05)	**(0.21)**	(0.08)
Adjusted diluted earnings per share from continuing operations excluding unusual items	**$ 0.16** (o)	$ 0.11	**$ 0.48**	$ 0.56 (o)

(a) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Full year 2016 $53.8 million pre-tax).

(b) Harsco Rail Segment forward contract loss provision related the Company's contracts with the federal railway system of Switzerland (Q4 2016 $5.0 million pre-tax; Full year 2016 $45.1 million pre-tax).

(c) Loss on early extinguishment of debt recorded at Corporate (Q4 and Full year 2016 $35.3 million pre-tax).

(d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (Full year 2016 $5.1 million pre-tax; Q4 2015 $6.4 million pre-tax; Full year 2015 $5.0 million pre-tax).

(e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 $3.3 million pre-tax; Q4 2015 $8.2 million pre-tax; Full year $9.9 million pre-tax).

(f) Expense of deferred financing costs associated with the Company's repayment of approximately $85 million on its Term Loan Facility recorded at Corporate (Full year 2016 $1.1 million pre-tax).

(g) Harsco Metals & Minerals Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (Q4 and Full year 2016 $1.2 million pre-tax).

(h) Harsco Metals & Minerals Segment charges related to a contract terminations (Q4 2015 $0.3 pre-tax income; Full Year 2015 $13.5 million pre-tax loss).

(i) Harsco Metals & Minerals Segment charges incurred in connection with the processing and disposal of salt cakes (Full year 2015 $7.0 million pre-tax). The Company's Bahrain operations are operated under a strategic venture for which its strategic venture partner has a 35% minority interest. Accordingly, the net impact of the charge to the Company's Net income (loss) attributable to Harsco Corporation was $4.6 million.

(j) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q4 and Full year 2015 $5.1 million pre-tax).

(k) Harsco Metals & Minerals Segment charges related to a settlement with a subcontractor (Full year 2015 $4.2 million pre-tax).

(l) Harsco Metals & Minerals Segment charges related to a multi-employer pension plan (Full year 2015 $1.1 million pre-tax).

(m) Loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Full year 2015 $1.0 million pre-tax).

(n) 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.

(o) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share from continuing operations excluding unusual items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION
REVIEW OF OPERATIONS BY SEGMENT EXCLUDING UNUSUAL ITEMS (Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2016:					
Adjusted operating income (loss) excluding special items	**$ 18,543**	**$ 3,099**	**$ 9,916**	**$ (3,567)**	**$ 27,991**
Revenues as reported	**$ 234,617**	**$ 55,981**	**$ 69,590**	**$ 34**	**$ 360,222**
Operating margin (%)	**7.9 %**	**5.5 %**	**14.2 %**		**7.8 %**
Three Months Ended December 31, 2015:					
Adjusted operating income (loss) excluding unusual items	$ 11,654	$ 11,640	$ 10,077	$ (7,788)	$ 25,583
Revenues as reported	$ 243,261	$ 75,373	$ 68,798	$ —	$ 387,432
Adjusted operating margin (%) excluding unusual items	4.8 %	15.4 %	14.6 %		6.6 %
Twelve Months Ended December 31, 2016:					
Adjusted operating income (loss) excluding unusual items	**$ 85,577**	**$ 23,182**	**$ 27,523**	**$ (20,533)**	**$ 115,749**
Revenues as reported	**$ 965,540**	**$ 247,542**	**$ 238,107**	**$ 34**	**$ 1,451,223**
Adjusted operating margin (%) excluding unusual items	**8.9 %**	**9.4 %**	**11.6 %**		**8.0 %**
Twelve Months Ended December 31, 2015:					
Adjusted operating income (loss) excluding unusual items	$ 62,162	$ 57,020	$ 50,896	$ (34,747)	$ 135,331
Revenues as reported	$ 1,106,162	$ 357,256	$ 259,674	$ —	$ 1,723,092
Adjusted operating margin (%) excluding unusual items	5.6 %	16.0 %	19.6 %		7.9 %

The Company's management believes Adjusted operating margin (%) excluding unusual items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2016:					
Operating income as reported	**$ 19,700**	**$ 3,099**	**$ 4,916**	**$ (3,567)**	**$ 24,148**
Harsco Rail Segment forward contract loss provision	**—**	**—**	**5,000**	**—**	**5,000**
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	**(1,157)**	**—**	**—**	**—**	**(1,157)**
Adjusted operating income (loss), excluding unusual items	**$ 18,543**	**$ 3,099**	**$ 9,916**	**$ (3,567)**	**$ 27,991**
Revenues as reported	**$ 234,617**	**$ 55,981**	**$ 69,590**	**$ 34**	**$ 360,222**
Three Months Ended December 31, 2015:					
Operating income (loss) as reported	$ 438	$ 11,640	$ 10,077	$ (15,957)	$ 6,198
Harsco Metals & Minerals Segment separation costs	—	—	—	8,169	8,169
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	6,399	—	—	—	6,399
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment contract termination charges	(253)	—	—	—	(253)
Adjusted operating income (loss) excluding unusual items	$ 11,654	$ 11,640	$ 10,077	$ (7,788)	$ 25,583
Revenues as reported	$ 243,261	$ 75,373	$ 68,798	$ —	$ 387,432

The Company's management believes Adjusted operating income (loss) excluding unusual items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2016:					
Operating income (loss) as reported	$ 81,634	$ 23,182	$ (17,527)	$ (23,820)	$ 63,469
Harsco Rail Segment forward contract loss provision	—	—	45,050	—	45,050
Harsco Metals & Minerals Segment site exit	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss), excluding unusual items	$ 85,577	$ 23,182	$ 27,523	$ (20,533)	$ 115,749
Revenues as reported	$ 965,540	$ 247,542	$ 238,107	$ 34	$ 1,451,223
Twelve Months Ended December 31, 2015:					
Operating income (loss) as reported	$ 26,289	$ 57,020	$ 50,896	$ (45,669)	$ 88,536
Harsco Metals & Minerals Segment contract termination charges, net	13,484	—	—	—	13,484
Harsco Metals & Minerals Segment separation costs	—	—	—	9,922	9,922
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—	—	—	7,000
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment site exit and underperforming contract charges	4,977	—	—	—	4,977
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—	—	—	4,220
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—	—	—	1,122
Harsco Infrastructure Segment loss on disposal	—	—	—	1,000	1,000
Adjusted operating income (loss) excluding unusual items	$ 62,162	$ 57,020	$ 50,896	$ (34,747)	$ 135,331
Revenues as reported	$ 1,106,162	$ 357,256	$ 259,674	$ —	$ 1,723,092

The Company's management believes Adjusted operating income (loss) excluding unusual items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended March 31, 2016:					
Operating income (loss) as reported	$ 6,941	$ 6,471	$ 4,906	$ (8,887)	$ 9,431
Harsco Metals & Minerals Segment site exit charges	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Adjusted operating income (loss), excluding unusual items	$ 12,041	$ 6,471	$ 4,906	$ (5,600)	$ 17,818
Revenues as reported	$ 229,672	$ 61,869	$ 61,740	$ —	$ 353,281

The Company's management believes Adjusted operating income (loss) excluding unusual items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

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

	Three Months Ended December 31		Twelve Months Ended December 31	
(In thousands)	**2016**	**2015**	**2016**	**2015**
Net cash provided by operating activities	**$ 55,030**	$ 32,405	**$ 159,785**	$ 121,507
Less capital expenditures	**(19,394)**	(31,969)	**(69,340)**	(123,552)
Plus capital expenditures for strategic ventures (a)	**58**	129	**170**	439
Plus total proceeds from sales of assets (b)	**2,127**	5,189	**9,305**	25,966
Free cash flow	**$ 37,821**	$ 5,754	**$ 99,920**	$ 24,360

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.
(b) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment.

The Company's management believes that Free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from (used in) operations less capital expenditures net of asset sales proceeds. 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, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

	Projected Twelve Months Ending December 31 2017	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 149	$ 158
Less capital expenditures	(90)	(80)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	1	2
Free Cash Flow	$ 60	$ 80

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. 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, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF RETURN ON INVESTED CAPITAL EXCLUDING UNUSUAL ITEMS TO NET INCOME (LOSS) FROM CONTINUING OPERATIONS AS REPORTED (a)

(Unaudited)

(In thousands)	Year Ended December 31 2016	Year Ended December 31 2015
Income (loss) from continuing operations	**$ (80,422)**	$ 7,312
Unusual items:		
Net loss on dilution and sale of equity investment	**53,822**	—
Harsco Rail Segment forward contract loss provision	**45,050**	—
Loss on early extinguishment of debt	**35,337**	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	**5,100**	4,977
Harsco Metals & Minerals Segment separation costs	**3,287**	9,922
Expense of deferred financing costs	**1,125**	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	**(1,157)**	—
Harsco Metals & Minerals Segment contract termination charges	**—**	13,484
Harsco Metals & Minerals Segment salt cake processing and disposal charges	**—**	7,000
Harsco Metals & Minerals Segment Project Orion charges	**—**	5,070
Harsco Metals & Minerals Segment subcontractor settlement charge	**—**	4,220
Harsco Metals & Minerals Segment multi-employer pension plan charge	**—**	1,122
Harsco Infrastructure Segment loss on disposal	**—**	1,000
Taxes on above unusual items (b)	**(17,335)**	(6,198)
Net income from continuing operations, as adjusted	**44,807**	47,909
After-tax interest expense (c)	**31,790**	29,486
Net operating profit after tax as adjusted	**$ 76,597**	$ 77,395
Average equity	**$ 290,995**	$ 308,182
Plus average debt	**821,559**	910,955
Average capital	**$ 1,112,554**	$ 1,219,137
Return on invested capital excluding unusual items	**6.9 %**	6.3 %

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

(b) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.

(c) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

The Company's management believes Return on invested capital excluding unusual items, which is a non-U.S. GAAP financial measure, is meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, net income or other information provided in accordance with U.S. GAAP.