



F. Nicholas Grasberger III
Chairman and Chief Executive Officer



Fellow Stockholders:

2018 was an important year for Harsco, as we continued our journey through a half-decade period of transformation of our core businesses. Through that transformation, we have positioned Harsco to compete – and win – in an ever-changing marketplace. We now have the scale and the stability to pursue an ambitious growth strategy – and the healthy balance sheet required to support that strategy.

In 2018, we once again exceeded our projections provided at the beginning of the year, and we anticipate another year of double-digit growth in 2019. Our 2018 results were solid across our entire business, with adjusted operating income increasing approximately 25 percent. Our adjusted operating margins increased 150 basis points, with each segment realizing double-digit margins. Perhaps most significantly, adjusted Return on Invested Capital was 16 percent – up nearly five points from 2017. It is important to note that each business segment contributed to this strong performance, which highlights the progress we have made in driving consistency across our portfolio.

Metals & Minerals' operating income grew for the third consecutive year, as our focus on driving innovation and ongoing evolution as an environmental solutions provider continued to produce positive results. Our May acquisition of Altek built on our environmental services portfolio, and further strengthened our platform serving the global aluminum space. M&M was awarded renewals and new wins at approximately 40 sites in 2018, as customer demand for solutions to manage and efficiently extract value from critical waste streams continues to increase. Meanwhile, our investments in commercial effectiveness continue to strengthen our foundation. In short, M&M has never been better positioned to grow and broaden its scope in terms of products, services, and geography.

Our **Industrial** segment experienced its second consecutive year of strong growth, driven by improved demand for all three of our major product lines, which led to higher revenues for the year. Based on feedback from our Industrial customers, confidence remains high in a continued robust market for the year ahead, which is supporting a strong order book and record backlog. This backlog, combined with rebounding oil prices, gives us growing confidence in Industrial's ability to deliver another strong performance in 2019.

Harsco Rail had a solid 2018, with adjusted operating income up 15 percent and a significant backlog going into 2019. Rail signed several noteworthy transit contracts during the latter half of the year, including the Government of Singapore, and the municipal transit authorities in both Washington and New York. Rail also is seeing meaningful growth opportunities overseas, particularly in the aftermarket, safety, and diagnostic segments.

Our success going forward will be fueled by continued investment in our people, our processes, and our culture. Led by an exceptionally strong executive team, Harsco is a values-driven organization in which employees are made to feel both appreciated and inspired. Our core values are a competitive advantage; they remind us what is important, drive our performance, and unite us around a common goal.

In closing, I'd like to thank our stockholders, our Board of Directors, and the nearly 10,000 global employees who support our vision for the future of Harsco. I am excited about the strength of our products and

services, and about the opportunities that are ahead of us. We are a remarkable company, with an extraordinary history, and a very promising future. Our capacity to deliver the very best – to embrace innovation and constantly seek ways to do and be better – is deeply rooted in both our values and our heritage. Indeed, I believe that the single most important factor in Harsco's success has been our unwavering commitment to the customers and communities we serve. This commitment has been the bedrock of our business since its founding. It is a reason for our longevity, and it will be the catalyst of our continued evolution.

A handwritten signature in black ink, appearing to read "F. Nicholas Grasberger III". The signature is fluid and cursive, with a large initial "F" and a stylized "N" and "G".

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March 14, 2019