



F. Nicholas Grasberger III
President and Chief Executive Officer

Fellow Stockholders:

In my letter to you one year ago, I wrote that “Harsco is stronger today than at any time in the last several years.” After another year of building on that success, I am pleased to report that today, Harsco is stronger still. We closed 2017 on a highly positive note – with a competitive edge not seen in a very long time – and we expect that same momentum to carry throughout 2018.

Year over year, our consolidated revenue grew over 10 percent, and our adjusted operating income increased nearly 30 percent. At the same time, adjusted operating margins jumped more than a point. Adjusted earnings per share grew more than 50 percent. Our Return on Invested Capital – a metric of primary focus – increased to 11.5 percent, near the high end of the target range established three years ago, and nearly double what it was in 2015.

For the second straight year, adjusted operating income was up mid-double digits for our Metals & Minerals business, and we experienced strong margin growth; Metals & Minerals’ operating margins are at their highest level in over a decade. The continued success of Metals & Minerals is the direct result of the nearly half-decade we have spent building process discipline, reassessing our position in the marketplace, and optimizing our portfolio by addressing underperforming sites. Today, Metals & Minerals is a leaner, more efficient business that is able to make adjustments in stride with both customer demand and market evolution. That organizational agility – the ability to see a need, and the ability to pivot to meet that need – was one of the overarching goals of our restructuring. It also has been one of its key



successes. Accordingly, among our key wins in 2017 was the renewal of nearly 30 contracts – and the signing of ten new ones. We plan to allocate significantly greater resources this year to innovation, and to further expanding our geographic footprint. Metals & Minerals is now poised for growth – a posture that would have seemed unthinkable just a few short years ago.

The three businesses comprising our Industrial group also delivered strong operating income and operating margin growth in 2017 – the second consecutive year of growth for the division. We are beginning to see returns on innovation and engineering investments we have made in recent years; owing to those investments, Industrial’s operating income is growing faster than its revenues. As with Metals & Minerals, innovation and customer intimacy will continue to drive the Industrial businesses.

In our Rail segment, adjusted operating income improved at a low double-digit rate despite a weak North American market. The new leadership team has made significant improvements in management talent, core processes and structure that have enabled the business to outperform despite market headwinds. We also have made notable progress in positioning the business for better revenue balance in terms of both products and geographies.

There has been a great deal of hard work to get to this position: poised for growth, and actively pursuing it in each of our businesses. These are opportunities born of our success, and buttressed by the strong foundation we have built in recent years. Each business has built an attractive

pipeline of growth opportunities, and we expect to invest at a rate not seen at Harsco in many years.

Of course, none of this would be possible without the drive and dedication of our employees.

Harsco's finest product is the nearly 10,000 ingenious and industrious men and women who comprise our workforce. At every site and at every office I visit, all across the globe, I see employees who are committed to our company, and to our values, and who exhibit that commitment in how they conduct their work.

For over 170 years, Harsco has upheld a commitment to responsible business and uncompromising standards. As shareholders, we are stewards of a legacy grounded in purpose and values. It is an honor to lead this company – and an exciting time in which to do it.

Thank you for your continued support.

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

F. Nicholas Grasberger III
President and Chief Executive Officer
March 14, 2018