HARSCO

# Investor Presentation

March 2020

# SAFE HARBOR STATEMENT



This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## 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 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 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 and the impact on the cost of the Company to obtain debt financing; (14) failure to retain key management and employees; (15) the amount and timing of repurchases of the Company's common stock, if any; (16) the outcome of any disputes with customers, contractors and subcontractors; (17) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets; (20) the occurance of any event, change or other circumstances that could give rise to the termination of the definitive agreement entered into to acquire the ESOL business; 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, 2019. 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.

## Explanatory Note Regarding Estimates

This presentation includes certain estimates. These estimates reflect management's best estimates based upon currently available information and certain assumptions we believe to be reasonable. These estimates are inherently uncertain, subject to risks and uncertainties, many of which are not within our control, have not been reviewed by our independent auditors and may be revised as a result of management's further review. In addition, these estimates are not a comprehensive statement of our financial results, and our actual results may differ materially from these estimates due to developments that may arise between now and the time the results are final. There can be no assurance that the estimates will be realized, and our results may vary significantly from the estimates, including as a result of unexpected issues in our business and operations. Accordingly, you should not place undue reliance on such information. See "Forward-Looking Statements".

## Non-GAAP Measures

Throughout this presentation, the Company refers to certain non-GAAP measures, including without limitation, adjusted EBITDA, adjusted operating income (loss) from continuing operations, adjusted diluted earnings per share from continuing operations, free cash flow and free cash flow before growth capital expenditures. 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 Appendix in this presentation.

# Acquisition of ESOL

# TRANSFORMING INTO A GOLBAL MARKET LEADING SINGLE-THESIS ENVIRONMENTAL SOLUTIONS PLATFORM



**Harsco is undergoing a strategic transformation to:**

- Simplify the portfolio
- Increase scale and capabilities in environmental solutions
- Shift to less cyclical, capital-light businesses with attractive growth potential
- Unlock value and drive potential re-rating over time

**May 2018**
Acquired ALTEK

**May 2019**
Harsco M&M Becomes Harsco Environmental

**June 2019**
Acquired Clean Earth

**July 2019**
Sold Air-X

**November 2019**
Sold Patterson-Kelley

**January 2020**
Sold IKG

**February 2020**
Announced ESOL Acquisition



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# COMBINATION OF ESOL AND CLEAN EARTH IS UNIQUE OPPORTUNITY TO CREATE A LEADING NATIONAL HAZARDOUS WASTE MANAGEMENT PLATFORM



- Highly complementary assets aligned with Harsco's environmental services focus
- Expands geographic portfolio across U.S., creating leading national hazardous waste processing platform
- Broadens and deepens customer relationships across diverse industries
- Leverages Clean Earth team's institutional knowledge and proven ability to optimize ESOL assets
- Expands exposure across value chain through large logistics fleet
- Expected to deliver earnings accretion and cash flow generation
- Meaningful opportunities for operational improvement cost synergies and revenue growth
- Creates attractive value proposition for shareholders

**Upon close, ~85% of Harsco revenue will come from environmental solutions and services**



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# ESOL ACQUISITION SUMMARY



## Transaction Structure and Valuation

- $462 million cash acquisition, subject to post-closing adjustments
- Transaction valued at 13x 2020 EBITDA
- Targeting to double EBITDA in Year 3

## Financial Impact and Attractive Financial Benefits

- Combined Clean Earth and ESOL business expected to generate annual revenues of approximately $850 million
- ESOL expected to contribute revenues of approximately $550 million in 2020 (full-year basis)
- ESOL expected to generate adjusted EBITDA of approximately $35 million in 2020 (full-year basis); historical average adjusted EBITDA much higher
- Expected to be modestly accretive to Harsco cash earnings per share within the first (partial) year of ownership
- Expected to contribute positively to free cash flow and provide meaningful EPS accretion in first full year after close

## Synergies

- Expected to generate approximately $15 million of run-rate cost synergy savings in Year 3
- Anticipate additional opportunities for revenue growth

## Balance Sheet and Financing

- Combination of borrowings under revolving credit facility and new debt financing
- Future excess cash flow to be used to reduce debt
- Anticipated pro forma net leverage ratio of ~3.5x, with maintained commitment to target long-term leverage ratio of 2.5x

## Timing and Closing

- Transaction approved by Boards of Directors of both companies
- Anticipated to close by the end of Q1, subject to customary closing conditions, including regulatory approval
- ESOL to be combined with Clean Earth Segment



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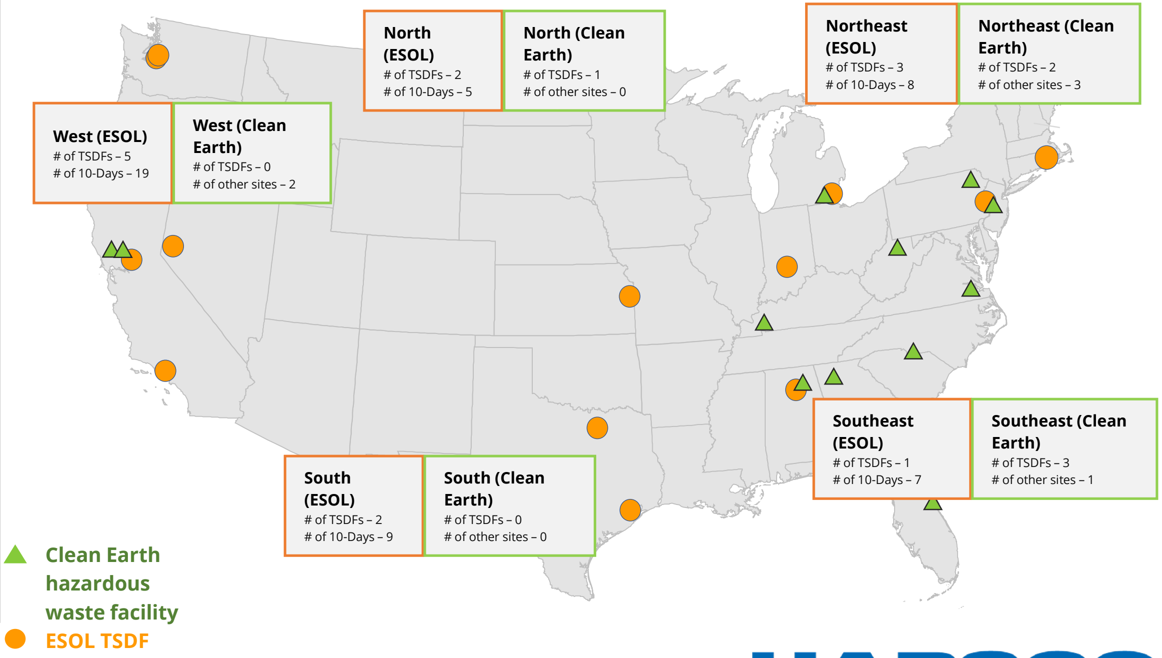
# ESOL IS A LEADER IN ENVIRONMENTAL AND REGULATED WASTE MANAGEMENT

- Provides **comprehensive hazardous waste solutions** to **diverse customers** across the industrial, retail and healthcare industries
- Operates valuable network of **13 federally permitted TSDFs** (treatment, storage and disposal facilities) and **48 ten-day transfer facilities**
- Serves **more than 90,000 customer** locations with **450,000 service stops** annually through a **fleet of 700+ vehicles**
- Collects, receives, and processes more than **500,000 tons of waste annually** across **more than 569 unique waste codes**

## ESOL's Facility Footprint is Highly Complementary to Clean Earth's Existing Hazardous Waste Processing Network



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# ESOL PROVIDES COMPREHENSIVE SOLUTIONS TO BLUE-CHIP CUSTOMERS ACROSS THREE PRIMARY INDUSTRY SEGMENTS



| | Industrial | Retail | Healthcare |
|---|---|---|---|
| **Segment Overview** | Hazardous waste collection, transportation, disposal, recycling, remediation, field services and emergency response<br><br>Offerings include fuels blending, waste water treatment, solidification and stabilization, neutralization, solvent distillation and recovery, E-waste recycling and U-waste recycling<br><br>Customers across aerospace, chemical, education, consumer products, and pharmaceutical industries | Turn-key services to manage the safe processing and disposal of hazardous waste from retail environments<br><br>Primary waste streams include items that were mislabeled / returned, items that have batteries, chemicals, beauty products, personal healthcare products, fertilizers and pesticides and other basic household items<br><br>Customers include superstores, home centers pharmacies, groceries and e-commerce platforms | Services include logistics, transfer and disposal of hazardous waste, lab packing and emergency response<br><br>Waste generators include hospitals, physician offices, dental practices, nursing homes, veterinarians and others |
| **Segment Revenue[1]** | 45% | 40% | 15% |
| **# of Waste Generators** | 7,800 | 150 | 25,000 |
| **Selected Waste Generators** | Boeing, paintcare, Toyota, P&G, GE, valspar, Dow, Sherwin-Williams, WM Waste Management, Temple University | Costco Wholesale, Walgreens, amazon, The Home Depot, Walmart, Whole Foods Market, petco, FedEx, CVS pharmacy | HCA Hospital Corporation of America, LabCorp Laboratory Corporation of America, Adventist Health Feather River, Dr. Campbell Century Dentists & Orthodontists, U.S. Renal Care, VCA, Long Island Jewish Medical Center Northwell Health, Center for Elders' Independence |

1. Estimated 2019 revenue mix for ESOL.



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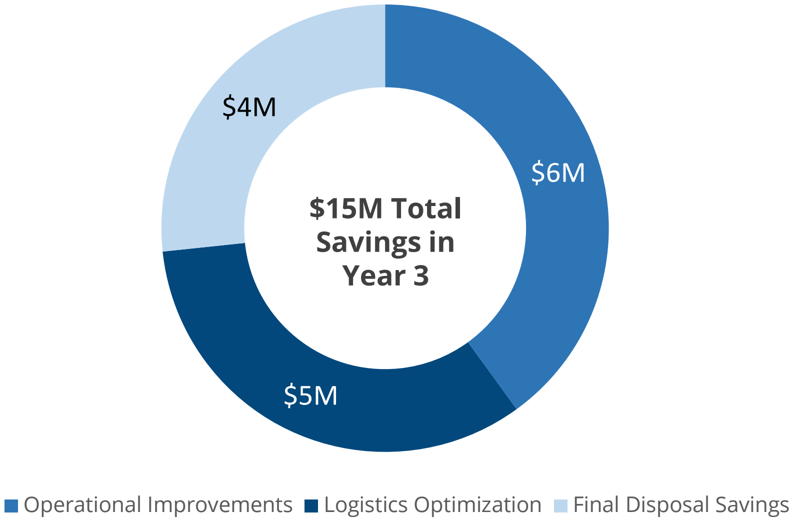
# CLEARLY IDENTIFIED AND ACHIEVABLE SYNERGIES

## Annual Run-Rate Cost Synergies

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## Incremental Growth Opportunities

- Expanded customer base with greater exposure to Western and Mid-West states
- Exposure to new retail customers, and deeper exposure in healthcare
- Scale advantages from larger processing capacity across a national network
- Cross-selling opportunities across Clean Earth and ESOL customer bases, as well as the Harsco Environmental platform



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# PROVIDES COMPELLING BENEFITS TO ALL STAKEHOLDERS



## Customers

Broader selection of service offerings and capabilities throughout the value chain

Large, valuable network of federally-permitted facilities across the U.S.

Service expanded to new customers, while deepening industrial and healthcare expertise

## Investors

Expected to deliver meaningful earnings accretion and cash flow generation

Significant cost and revenue growth opportunities

Meaningful value creation opportunity through execution of operational improvements

## Employees

Unites two customer-centric cultures with a shared focus on sustainability

Better positioned to serve customers' needs with enhanced resources

Provides more opportunities for development and advancement as part of a larger organization



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# Q4 2019 Results & Outlook

# Q4 2019 FINANCIAL SUMMARY



## KEY PERFORMANCE INDICATORS

- Q4 adjusted operating income of $31 million consistent with market update provide in January
- Environmental delivered double digit margins (comparable with prior year) despite weak end-markets
- Clean Earth realized very strong growth relative to prior-year quarter
- Rail lower year-on-year due to manufacturing challenges
- Q4 FCF totaled $28 million
- Repurchased ~349 thousand shares
- Net leverage ratio = 2.4x

| | | CHANGE VS. 2018 | |
|---|---|---|---|
| $ in millions except EPS; Continuing Operations | **Q4 2019** | **$** | **% or bps** |
| **Revenues, as reported** | 400 | 68 | 21% |
| **Operating Income - GAAP** | 20 | (8) | (29)% |
| *% of Sales* | *5.0%* | | *(350)bps* |
| **Adjusted Operating Income[1]** | 31 | 3 | 12% |
| *% of Sales[1]* | *7.7%* | | *(50)bps* |
| **GAAP Diluted Earnings Per Share** | 0.03 | (0.38) | (93)% |
| **Adjusted Diluted Earnings Per Share[1]** | 0.12 | (0.09) | (43)% |
| **Free Cash Flow[2]** | 28 | (32) | (53)% |

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.



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# 2020 SEGMENT OUTLOOK*

| Excluding unusual items | | | 2020 VERSUS 2019 |
|---|---|---|---|
|   | **REVENUES** | ▲ | Low-single digits percentage |
| | **ADJUSTED EBITDA** | ▲ | Low-single digits percentage |
| | **DRIVERS** | + | New contracts, service and product demand growth, cost/improvement savings |
| | | - | Exited sites, SG&A investment |
|   | **REVENUES** | ▲ | $310 to $330 million; mid-point translates to high-single digits growth y-o-y |
| | **ADJUSTED EBITDA** | ▲ | $50 to $55 million, net of $5 million Corporate allocation (was zero in 2019) |
| | **DRIVERS** | + | Full-year impact, organic growth within each line of business, permit modification and expansions, synergies |
| | | - | Less favorable mix |
|   | **REVENUES** | ▲ | ~30% at mid-point of range |
| | **ADJUSTED EBITDA** | ▲ | ~30% at mid-point of range |
| | **DRIVERS** | + | Backlog, global demand for MOW equipment and services, Protran Technology growth, productivity initiatives |
| | | - | After-market parts mix, R&D and SG&A investments |
| **CORPORATE COSTS** | | | $26 to $29 million for the full-year |

*As of February 21, 2020. The information on this slide is provided for reference back to the Outlook provided by Harsco on February 21, 2020 only, and is not meant to provide an update on information presented. Harsco is under no obligation to update information set forth herein.



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# 2020 OUTLOOK – CONSOLIDATED*



| | 2020 Outlook |
|---|---|
| GAAP OPERATING INCOME | $124 - 154M |
| ADJUSTED EBITDA[1] | $280 - 310M |
| GAAP DILUTED EARNINGS PER SHARE | $0.63 - 0.91 |
| ADJUSTED DILUTED EARNINGS PER SHARE[1] | $0.84 to $1.12 |
| FREE CASH FLOW BEFORE GROWTH CAPITAL[1] | $80 - 110M |
| FREE CASH FLOW[2] | $10 - 40M |

**2020 ADJUSTED EBITDA GUIDANCE COMPARES WITH PROFORMA 2019 ADJUSTED EBITDA OF $283 MILLION**

(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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# Q1 2020 OUTLOOK*



Adjusted EBITDA[1] is expected to be between
**$43M –$48M**

Adjusted diluted earnings per share[1] of
**$0.01 –$0.04**

Corporate costs
**of $6 - 7 million**

## YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

HARSCO ENVIRONMENTAL

**Lower services and products demand, site exits and FX; partially offset by new sites and cost initiatives**

CLEANEARTH A HARSCO COMPANY

**Improved processing volume and more favorable mix; partially offset by SG&A investments and Corporate cost allocation**

HARSCO RAIL Enabling TECHNOLOGY IN MOTION

**Less favorable equipment mix, after-market volume and mix; partially offset by higher Protran Technology volumes**

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

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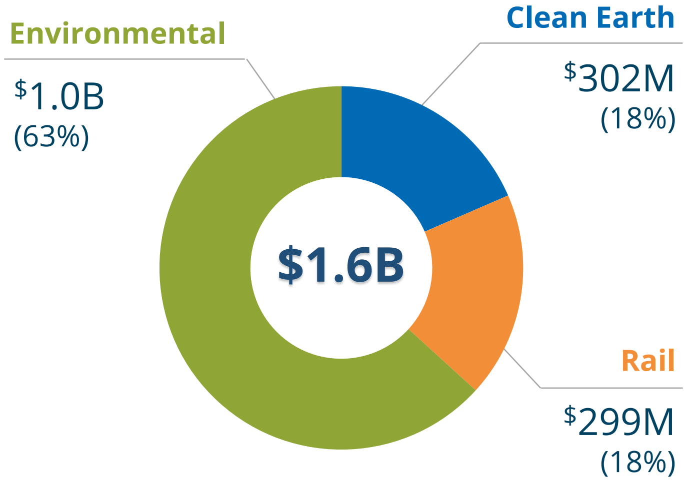
# Harsco Overview

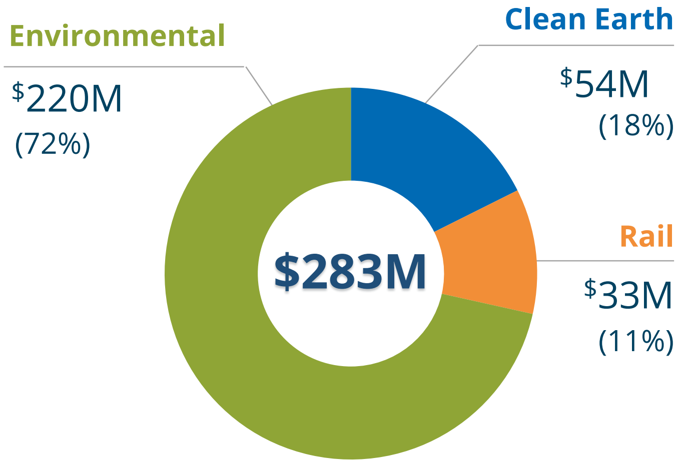
# HARSCO TODAY

- Market leading provider of environmental solutions for industrial and specialty waste streams and innovative technologies, serving industries that are fundamental to global growth.
- Recent M&A accelerates Harsco's environmental strategy and transformation to single thesis company, as a leading global provider of environmental solutions
- Strategic shift towards higher-growth and less-cyclical businesses with attractive margins

## FY 2019 Revenue (Proforma)[1]




## 2019 EBITDA (Adjusted, Proforma)[1]




(1) See tables in appendix for Reconciliations. Also percentages don't total due to rounding, and note that Clean Earth EBITDA is not adjusted for synergies or other costs savings.



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# HISTORICAL PERSPECTIVE



**2015 – 2017: BUILT STRONG FOUNDATION**

- Harsco Environmental revitalized
- Improved and stabilized Harsco leadership team
- Implemented core business system and developed CI culture
- Strengthened balance sheet and cash flow performance
- Realized meaningful lift in profitability and ROIC

**2017 - 2018: PIVOTED TO GROWTH**

- Organic growth investments began in Harsco Environmental
- Built-out innovation capabilities and applied products team
- Acquired Altek Group, providing entry into adjacent environmental solutions market

**2019-2020: PORTFOLIO TRANSFORMATION**

- Purchased Clean Earth, provide entry into additional environmental services market
- Monetized energy business and remaining Industrial assets
- Agreed to acquire Stericycle's ESOL business, to further expand the scale and geographic portfolio of hazardous waste processing facilities

**ROIC-FOCUSED PORTFOLIO DEVELOPMENT**

**GROWTH TO OUTPACE SERVED MARKETS**

**STRATEGY ALIGNED WITH CREATING SHAREHOLDER VALUE**



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# HARSCO ENVIRONMENTAL

## MAKING A WORLD OF DIFFERENCE™

To our customers, our sites, our communities, our environment, and our people

**$1.0B**
2019 Revenue

**~70**
Customers

**30+**
Countries

**~155**
Sites

Serving
**30%**
of global LST[1]

(1) Excludes China, CIS, Iran, Japan, South Korea, Taiwan and Vietnam steel output.



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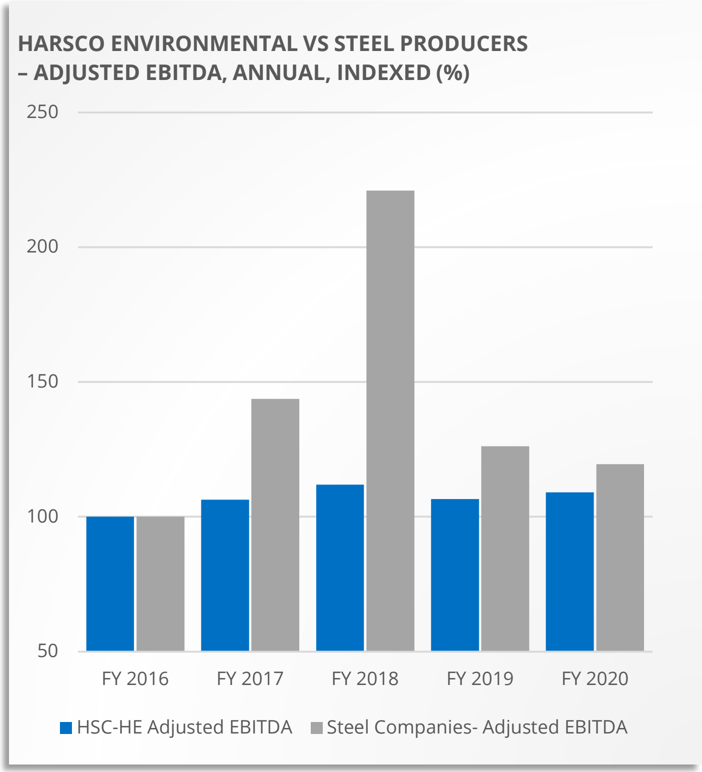
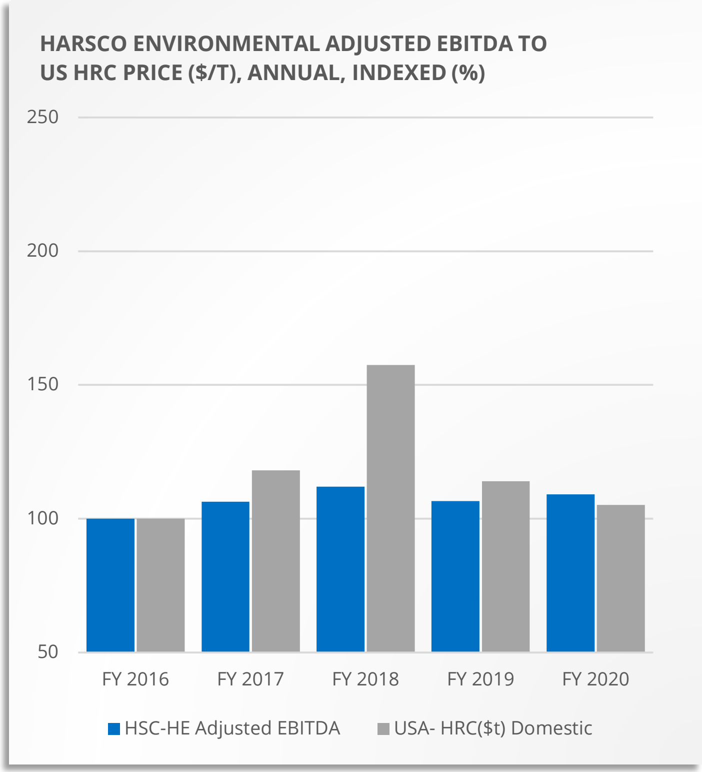
# ENVIRONMENTAL SEGMENT – STEADY GROWTH AND LIMITED VOLATILITY




* Steel producers considered are Nucor, Ternium, US Steel Corp and Allegheny Tech. EBITDA information provided by Refinitiv and represents consensus data. Also, note that there is no uniform definition of Adjusted EBITDA. Each company defines Adjusted EBITDA differently and, as a result, Adjusted EBITDA of one company may include, or exclude, specific items that are classified differently by other companies.

# HARSCO ENVIRONMENTAL – A GLOBAL MARKET LEADER

Transformation Initiatives
**SIGNIFICANTLY IMPROVED**
Return Profile

## VALUE DRIVERS

- Critical services for metal production and environmental solutions that create value from waste
- Differentiated operational expertise and technology
- Cost savings benefits to customers
- Long-term contracts and multi-decade relationships
- High renewal rates with fixed / variable pricing
- Diversity of customers, geographies and end markets

RESOURCE RECOVERY

MATERIALS MANAGEMENT & SERVICES

ENVIRONMENTAL &
(ZERO WASTE) PRODUCT SOLUTIONS



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# HARSCO ENVIRONMENTAL – APPLIED PRODUCTS

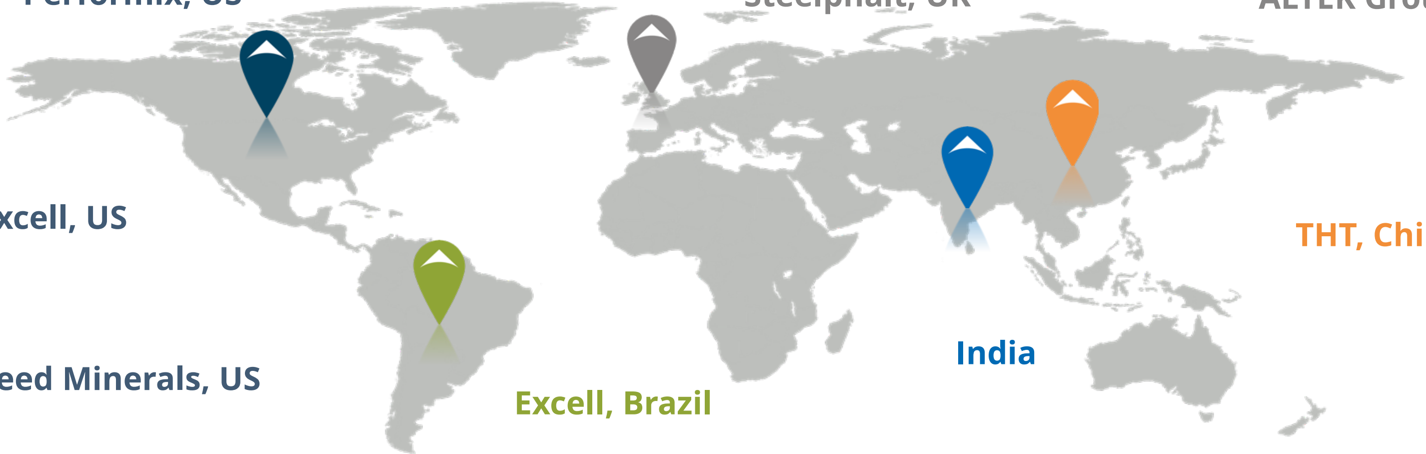


## ADVANCED MATERIAL TECHNOLOGIES DELIVERING ZERO WASTE SOLUTIONS

Performix, US

Steelphalt, UK

ALTEK Group, UK



Excell, US

THT, China

India

Reed Minerals, US

Excell, Brazil

ABRASIVES


FERTILIZER


ASPHALT


ROOFING GRANULES


ROAD CONSTRUCTION


METALLURGICAL ADDITIVES

SOIL CONDITIONER


CEMENT PRODUCTION


SLAG CONDITIONERS



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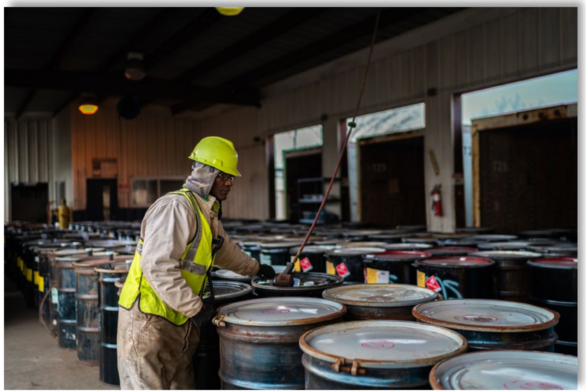
# CLEAN EARTH



| | |
|---|---|
| 2016 – 2019 Organic Revenue CAGR | 8% |
| # of Permits | ~250 |
| # of Permitted Facilities | 27 |
| Beneficial Re-Use of Waste | 99% |

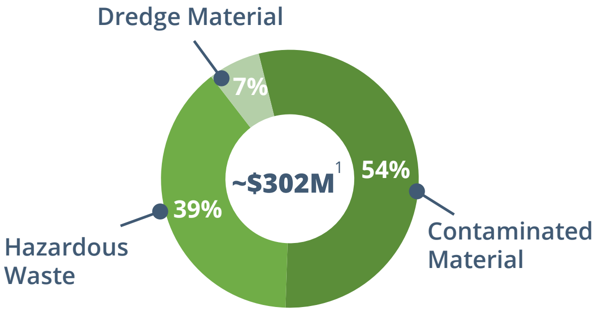
- Environmental services with significant regulatory oversight
- Diverse industrial customers with recurring and long-term customer relationships
- Growth platform and resilient business model
- Management team with proven track record of financial, environmental and safety performance
- Opportunity for cross-selling with Environmental and for global expansion over time



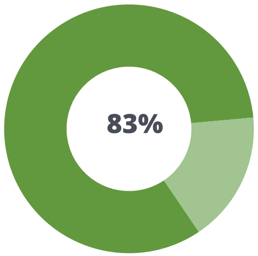
# CLEAN EARTH – LESS CYCLICAL WITH ATTRACTIVE GROWTH POTENTIAL



## REVENUE MIX BY BUSINESS




## HIGH CASH CONVERSION AND CAPITAL-LIGHT BUSINESS




EBITDA to FCF conversion – 83% (H2 2019)

## KEY INDUSTRY EXPOSURES

### Contaminated Material

- Infrastructure
- Private Development
- Underground Storage Tanks
- Manufactured Gas Plants
- Remediation

### Hazardous Waste

- Chemicals
- Environmental/ Facility Service
- Aerospace Defense
- Electric Utilities
- Aluminum

### Dredge

- Maintenance Dredging
- Environmental Dredging

## WASTE STREAMS


**Industrial Solvents**


**Haz. & Ind. Wastewater**


**Aerosols**


**Household Chemicals**


**Chemicals / Pesticides**


**Lab Packs**


**Lightbulbs**


**Mercury Devices**


**Batteries**


**Latex Paints**


**Clean Fill**


**Oncology Drugs**

(1) Revenue breakdown from 2019.



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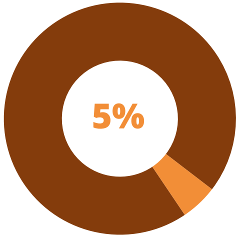
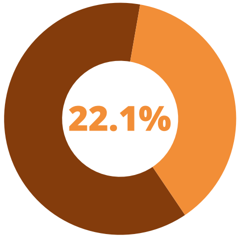
# HARSCO RAIL

## A CAPITAL-LIGHT BUSINESS WITH HIGH RETURNS




CapEx - 5% of revenue (2019)[1]




ROIC ~ 22.1% (2019)[1]

## REVENUE MIX BY BUSINESS

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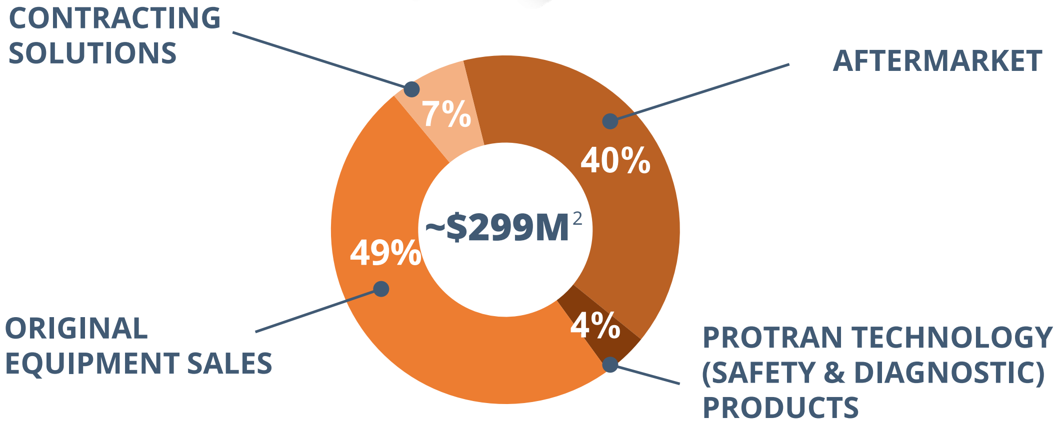
Enabling TECHNOLOGY IN MOTION




(1) Segment ROIC for 2019 = segment net operating profit after tax (NOPAT) divided by net operating assets.

(2) Revenue breakdown from 2019.



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# HARSCO RAIL – LEADER IN NORTH AMERICA RAIL MAINTENANCE EQUIPMENT WITH GLOBAL PRESENCE




-Original Equipment

-Aftermarket

-Protran Technology Products

-Contracting Solutions

## VALUE DRIVERS

- Growing demand for increased safety and track condition awareness
- Large and growing aftermarket opportunity
- Breadth of products and services, that support global infrastructure and rail investments
- Innovative technology and next generation equipment solutions
- Productivity improvements for customers
- Increased rail safety

# DISCIPLINED FINANCIAL STRATEGY



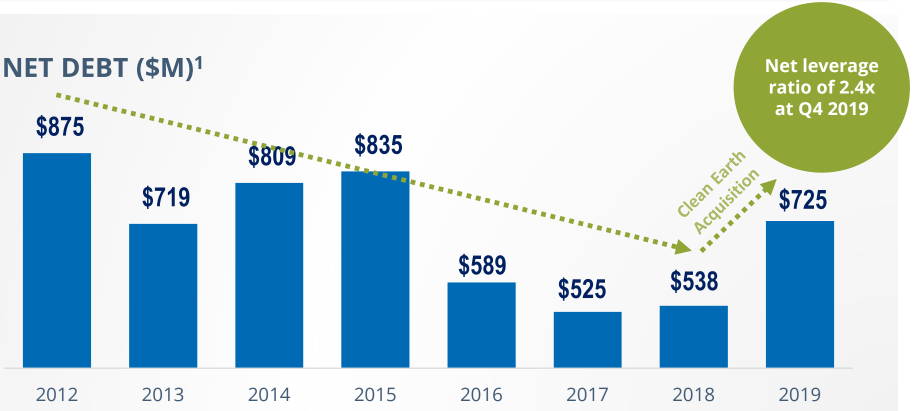
## PRINCIPALS

- Maintain efficient capital structure
- Maximize strategic flexibility
- Sustain working capital improvements in each business segment

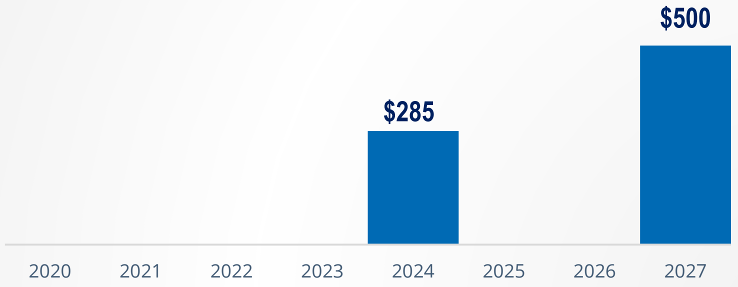
## PRIORITIES

- Financially driven capital allocation process
- Return capital to shareholders through $75M share repurchase authorization; $13M remaining under authorization
- Long-term leverage ratio target: 2.0x – 2.5x

## NET DEBT ($M)[1]




## MAJOR DEBT MATURITIES – Q4 2019[1]




(1) Net debt equals long term debt + short term borrowing + current maturities of long term debt – cash and cash equivalents. Net leverage ratio calculation in accordance with credit agreement.

# GROWTH OPPORTUNITIES – ENVIRONMENTAL



**Considerable White Space at Existing Sites (average ~6 services per site relative to 40+ service offerings)**

**Targeted Pursuit of New Sites (large opportunity given unique position in growth markets)**

**New and Expanded Environmental Product Solutions**


(1) Contract wins since 2016



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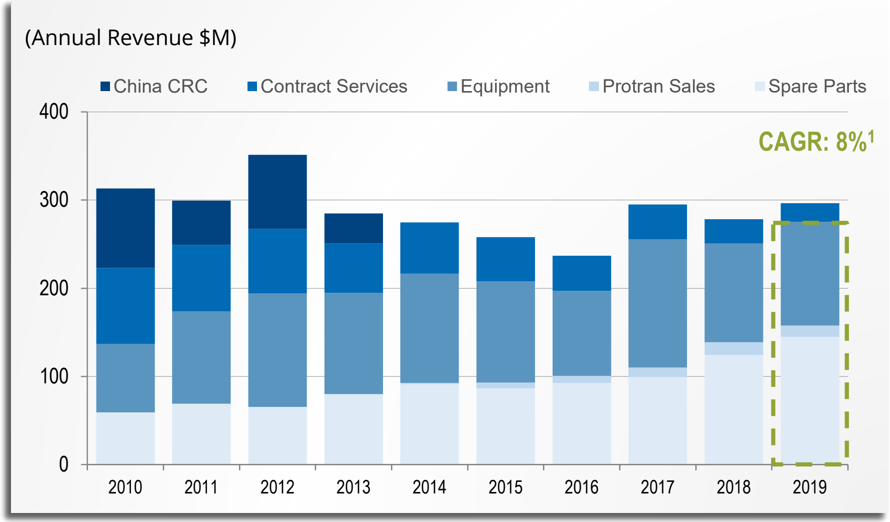
# GROWTH OPPORTUNITIES – CLEAN EARTH

- Growing list of materials designated as Hazardous and Contaminated
- Market penetration through new permits and treatments
- Permit modifications and expansions
- Increased maintenance and environment dredging activity
- Geographic expansion
- Fragmented industry provides M&A potential

# GROWTH OPPORTUNITIES – RAIL

## STRONG REVENUE GROWTH IN CORE PRODUCTS

- **Equipment & Services:** Significant international opportunities, capture increased spending by Metros
- **Aftermarket Parts:** Increase penetration of large installed base; non-OEM strategy
- **Protran Technology:** Suite of collision and advance safety warning systems; measurement and diagnostic technologies to monitor track conditions and plan maintenance




(1) CAGR attributable to Spare Parts, Protran Sales and Equipment.



HARSCO

# INNOVATION DRIVEN GROWTH

## A CULTURE GROUNDED IN SOLVING CUSTOMER NEED SUPPORTED BY BUSINESS DEVELOPMENT AND HOME-GROWN TECHNOLOGIES

INSIGHT → IDEA → FILTERING & EVALUATION → DEVELOPMENT → EXECUTION

- Solving environmental challenges & preserving natural resources
- Achieving productivity & cost improvements
- Strengthening safety performance
- Supporting infrastructure rail investments & performance
- Supporting energy reliability & independence

## SOME OF OUR INNOVATIVE SOLUTIONS


STEAM BOXES
MOBILE SCRAP SHEAR
FALCON METAL RECOVERY


PFAS WASTEWATER TREATMENT
LIGHTBULB RECYCLING
ONCOLOGY DRUG WASTE RECYCLING


CALLISTO TRACK GEOMETRY SOLUTIONS
STONEBLOWING
TX16 PRODUCTION / SWITCH TAMPER



HARSCO

# DELIVERING BUSINESS VALUE ACROSS OUR SUSTAINABILITY FOCUS AREAS



## SERVING OUR CUSTOMERS

### Helping our customers solve their most pressing sustainability challenges

- Our vision is to be a global leader of environmental solutions.
- Each of our divisions are delivering environmental products and services to global customers – a key component of our business today and of our growth strategy.

## PRESERVING OUR ENVIRONMENT

### Striving to eliminate or reduce our impacts globally

- We are committed to providing the highest-quality environmental management in our operations and improving our environmental footprint through continuous improvement efforts.

## PROTECTING OUR PEOPLE

### Ensuring a safe workplace

- Safety is of paramount importance in everything we do – our goal, each and every day, is that our people return home unharmed.

## INVESTING IN OUR PEOPLE & COMMUNITIES

### Supporting our communities and employees' growth

- We invest in the career development of our global employees, knowing that diversity of perspective, backgrounds, and talents strengthen our business.
- We are also committed to building strong, sustainable communities where we live and work.



HARSCO

# 2019 KEY FACTS & FIGURES – ENVIRONMENTAL & SAFETY



HARSCO ENVIRONMENTAL

25 MILLION
25 MILLION TONS
OF MATERIAL PROCESSED

10 MILLION
10 MILLION TONS
OF METAL RECOVERED & RECYCLED

5 MILLION
5 MILLION TONS
OF VALUE-ADDED PRODUCTS MARKETED

MORE THAN 40% OF OUR FACILITIES ARE ISO 14001 CERTIFIED

CLEANEARTH™ A HARSCO COMPANY

4.8 M TONS
OF SOIL AND DREDGED MATERIAL RECYCLED

31,500 TONS
OF FUEL RECYCLED

7.6M LBS
OF ELECTRINIC WASTE RECYCLED

99%
OF MATERIAL PROCESSED IS REPURPOSED FOR BENEFICIAL USE

HARSCO RAIL
Enabling TECHNOLOGY IN MOTION

95%
OF WASTE GENERATED IS RECYCLED OR REPURPOSED

0.36
TOTAL RECORDABLE INCIDENT RATE



HARSCO

# POSITIONED TO DELIVER SUSTAINABLE GROWTH & VALUE



- Capable management team with proven ability to optimize businesses
- Well-positioned businesses to deliver earnings growth
- ROIC-focused approach
- FCF and value levers to strengthen capital structure



HARSCO

# Appendix

# EXPERIENCED MANAGEMENT TEAM



**NICHOLAS GRASBERGER**
Chairman, President and Chief Executive Officer

**TRACEY MCKENZIE**
SVP & Chief HR Officer

**RUSS MITCHELL**
VP & Chief Operating Officer of Environmental

**PETER MINAN**
SVP & Chief Financial Officer

**RUSSELL HOCHMAN**
SVP, General Counsel, Chief Compliance Officer & Corporate Secretary

**JESWANT GILL**
President of Rail



HARSCO

# EXPERIENCED BOARD OF DIRECTORS

### CAROLANN HAZNEDAR

- Serves on the Board of Directors of Allison Transmission
- Retired Senior Vice President, Americas for DuPont Performance Materials
- 30+ years of management experience, leading several global businesses at E. I. du Pont de Nemours and Company

### DAVID C. EVERITT

- Lead Independent Director
- Former Co-Leader of Deere & Company's Agriculture and Turf Division
- Serves on the Board of Directors of Allison Transmission, Brunswick Corporation and Nutrien Ltd.

### EDGAR M. PURVIS

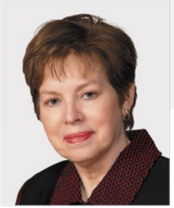
- Retired Executive Vice President and Chief Operating Officer of Emerson Electric Company
- Former member of the executive board of the Air-Conditioning, Heating and Refrigeration Institute

### F. NICHOLAS GRASBERGER

- Chairman of Board of Directors, President and Chief Executive Officer of Harsco
- Serves on the Board of Directors of Louisiana-Pacific Corporation
- Former Managing Director of Precision Polymers Division of Fenner Plc and Former Chief Financial Officer of Armstrong Holdings, Inc

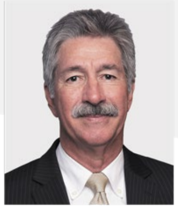
### JAMES F. EARL

- Retired Executive Vice President of GATX Corporation and President – GATX Rail International



### KATHY G. EDDY

- Founding partner of McDonough, Eddy, Parsons & Baylous, A.C., a public accounting and financial services corporation
- Former Chair of the American Institute of Certified Public Accountants Board of Directors



### MARIO LONGHI

- Former President and Chief Executive Officer of United States Steel Corporation (U.S. Steel)
- Former President and Chief Executive Officer of Gerdau Ameristeel Corporation
- Serves on the Board of Directors of ITT Corporation

### PHILLIP C. WIDMAN

- Serves on the Board of Directors of Sturm, Ruger & Company, Inc. and Vectrus, Inc.
- Former Senior Vice President and CFO of Terex
- Former Executive Vice President and CFO of Philip Services Corporation

# Q4 2019 ENVIRONMENTAL



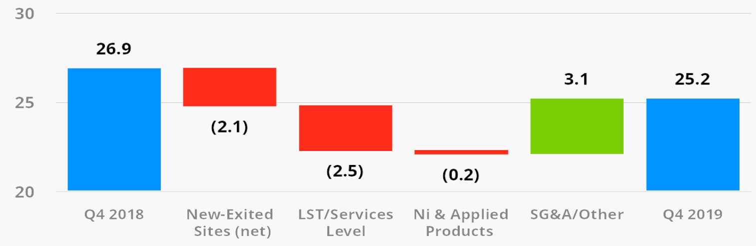
## SUMMARY RESULTS

$ in millions

| | Q4 2019 | Q4 2018 | % or bps |
|---|---|---|---|
| **Revenues, as reported** | 243 | 262 | (7)% |
| **Operating Income – GAAP** | 27 | 28 | (4)% |
| **Adjusted Operating Income[1]** | 25 | 27 | (6)% |
| **Adjusted Operating Margin[1]** | 10.4% | 10.3% | |
| **Free Cash Flow (2019)** | 13 | 68 | (81)% |

## ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions




- Revenues change mainly attributable to lower demand for steel services and certain applied products and FX translation impacts
- Adjusted operating income change reflects the above factors, including site exits, partially offset by lower administrative expenses
- 2019 FCF change reflects increase in growth-related capital spending and lower net cash from operating activities

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



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# Q4 2019 CLEAN EARTH



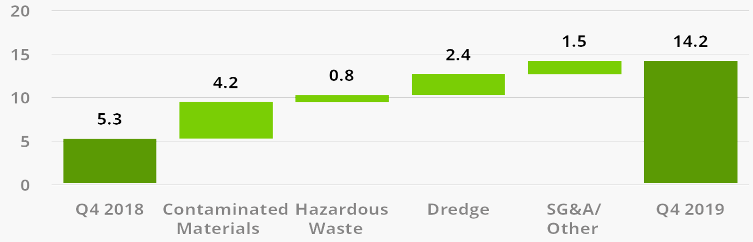
## SUMMARY RESULTS

$ in millions

| | Q4 2019 | Q4 2018 | % or bps |
|---|---|---|---|
| **Revenues, as reported** | 82 | 67 | 22% |
| **Operating Income – GAAP** | 9 | 1 | 506% |
| **Adjusted Operating Income[1]** | 14 | 5 | 166% |
| **Adjusted Operating Margin[1]** | 17.4% | 7.9% | |
| **Free Cash Flow (H2 2019)** | 29 | N/A | N/A |

## ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions




- Revenues increased as the result of volume growth and price-mix benefits as well as prior acquisitions
- Adjusted operating income improvement driven by the above factors as well as a more favorable mix
- Free cash flow totaled $29 million in H2; reflects strong cash conversion

nmf = not meaningful.
Note: The 2018 financial information provided above for Clean Earth is not incorporated within Harsco's consolidated results and is provided only for comparison purposes
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

# Q4 2019 RAIL

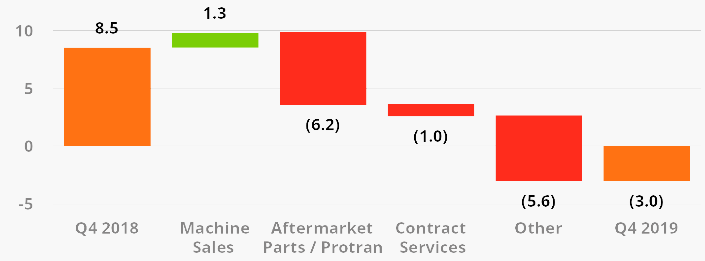
## SUMMARY RESULTS

$ in millions

| | Q4 2019 | Q4 2018 | % or bps |
|---|---|---|---|
| Revenues, as reported | 75 | 69 | 8% |
| Operating Income – GAAP | (3.2) | 7.8 | (142)% |
| Adjusted Operating Income[1] | (3.0) | 8.5 | (135)% |
| Adjusted Operating Margin[1] | (4.0)% | 12.2% | nmf |
| Free Cash Flow (2019) | (42) | 41 | (93)% |

## ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions




- Revenue growth attributable to higher equipment sales; partially offset by lower after-market, Protran and contracting sales
- Adjusted OI change due to above items as well as a less favorable short-cycle product mix and higher manufacturing costs; partially offset by equipment contributions
- Year-end backlog totaled $447 million; +50% year-on-year

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



HARSCO

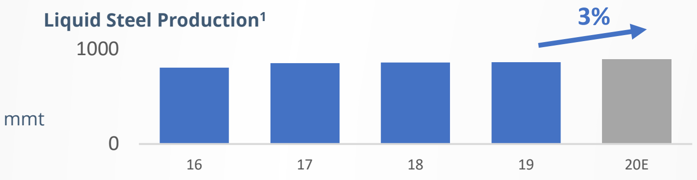
# BUSINESS SENSITIVE TO MACRO DRIVERS

## MANY BUSINESS DRIVERS | BUSINESS VARIABLES | IMPACT TO BOTTOM LINE

### MATERIALS MANAGEMENT AND MELTSHOP SERVICES

- Liquid steel production
- Fixed fees
- Equipment / labor rental demand

**Liquid Steel Production[1]**



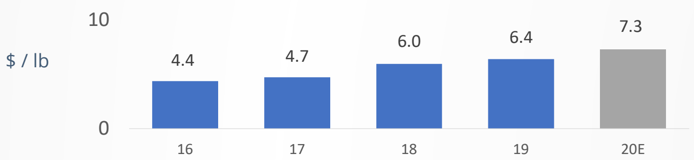

*Within current scope of operations…*

**~1%** liquid steel production change equals **~$2.2M** segment EBITDA improvement

### RESOURCE RECOVERY

- Scrap price
- Nickel price
- Chrome price
- Iron price

**Nickel Price**

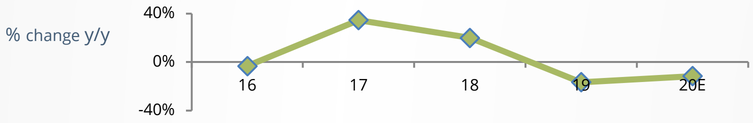



**$1** nickel price change equals **~$4M** segment EBITDA improvement

### ENVIRONMENTAL PRODUCTS

- Abrasive demand and price
- Roofing demand & price

**Scrap Price[2]**




**10%** scrap price change equals **~$2.0M** segment EBITDA improvement

(1) Global Liquid Steel Production excluding China Production

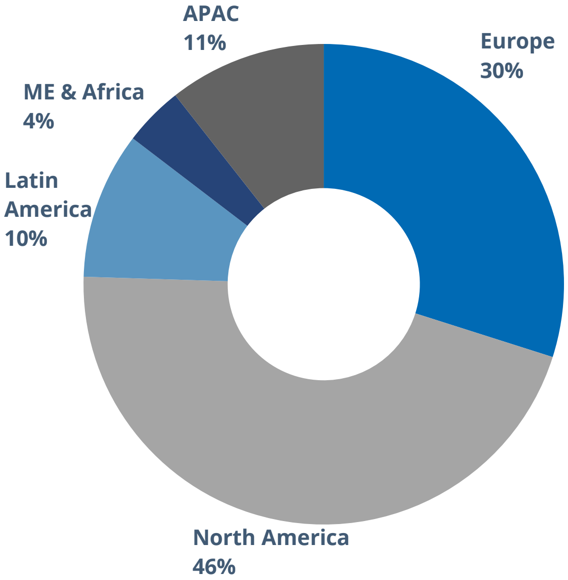
(2) (2) Reflects US and European Shredded, and HMS #1 forecasts

Source: World Steel Association, Deutsche Bank, Bank of America Merrill Lynch, Goldman Sachs, Citi Research, Barclays, Credit Suisse

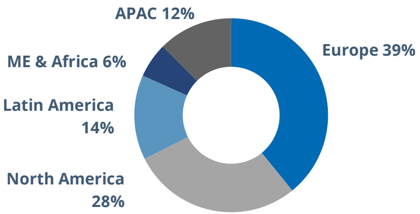
# REVENUE MIX BY GEOGRAPHY[1, 2]



## COMPANY

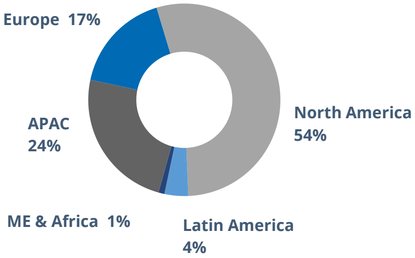



HARSCO ENVIRONMENTAL




CLEANEARTH™
A HARSCO COMPANY


HARSCO RAIL
Enabling TECHNOLOGY IN MOTION




(1) Revenue mix by location of origin for Company, Environmental and Industrial. Rail revenue mix is by location of customer.

(2) Company 2019 Information, as reported.



HARSCO

# RECONCILIATION OF NON-GAAP MEASURES



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

| | Three Months Ended December 31 | | | Twelve Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | | 2019 | 2018 | |
| Diluted earnings per share from continuing operations as reported | **$ 0.03** | $ 0.41 | | **$ 0.35** | $ 1.20 | |
| Corporate strategic costs (a) | **0.09** | — | | **0.31** | — | |
| Harsco Environmental Segment change in fair value to contingent consideration liability (b) | **(0.05)** | (0.04) | | **(0.10)** | (0.04) | |
| Harsco Clean Earth Segment change in fair value to contingent consideration liability (c) | **0.01** | — | | **0.01** | — | |
| Harsco Clean Earth Segment severance costs (d) | **0.01** | — | | **0.02** | — | |
| Corporate unused debt commitment and amendment fees (e) | **—** | — | | **0.09** | 0.01 | |
| Harsco Environmental Segment provision for doubtful accounts (f) | **—** | — | | **0.08** | — | |
| Harsco Rail Segment improvement initiative costs (g) | **—** | 0.01 | | **0.06** | 0.01 | |
| Harsco Environmental Segment site exit related (h) | **—** | — | | **(0.03)** | — | |
| Harsco Environmental Segment adjustment to slag disposal accrual (i) | **—** | — | | **—** | (0.04) | |
| Altek acquisition costs (j) | **—** | — | | **—** | 0.01 | |
| Deferred tax asset valuation allowance adjustment (k) | **—** | — | | **0.03** | (0.10) | |
| Impact of U.S. tax reform on income tax benefit (expense) (l) | **—** | (0.18) | | **—** | (0.18) | |
| Taxes on above unusual items (m) | **(0.03)** | — | | **(0.08)** | (0.01) | |
| Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense | **0.06** | 0.19 | (n) | **0.74** | 0.88 | (n) |
| Acquisition amortization expense, net of tax | **0.06** | 0.02 | | **0.16** | 0.07 | |
| **Adjusted diluted earnings per share from continuing operations** | **$ 0.12** | $ 0.21 | | **$ 0.90** | $ 0.94 | (n) |



HARSCO

# RECONCILIATION OF NON-GAAP MEASURES

(a) Consultant costs at Corporate associated with supporting and executing the Company's growth strategy (Q4 2019 $7.3 million pre-tax; Full year 2019 $25.2 million pre-tax).
(b) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q4 2019 $4.1 million pre-tax; Full year 2019 $8.5 million pretax; Q4 2018 $3.4 million pretax; Full year 2018 $2.9 million pre-tax). The Company adjusts Operating income and Diluted earnings per share from continuing operations to exclude the impact of the change in fair value to the acquisition-related contingent consideration liability for acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(c) Fair value adjustment to contingent consideration liability acquired in conjunction with the acquisition of Clean Earth (Q4 and Full year 2019 $0.8 million pre-tax).
(d) Harsco Clean Earth Segment severance recognized (Q4 2019 $0.6 million pre-tax; Full year 2019 $1.9 million pre-tax).
(e) Costs at Corporate related to the unused bridge financing commitment and Term Loan B amendment (Full year 2019 $7.4 million pre-tax) and the amendment of the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility (Full year 2018 $1.0 million pre-tax).
(f) Harsco Environmental Segment provision for doubtful accounts related to a customer in the U.K. entering administration (Full year 2019 $6.2 million pre-tax).
(g) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q4 2019 $0.2 million pre-tax; Full year 2019 $4.8 million pre-tax; Q4 and Full year 2018 $0.6 mill pre-tax).
(h) Harsco Environmental Segment site exit related (Full year 2019 $2.4 million pre-tax).
(i) Harsco Environmental Segment adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America (Full year 2018 $3.2 million pre-tax).
(j) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment (Full year 2018 $0.8 million pre-tax) and at Corporate (Full year $0.4 million pre-tax).
(k) Adjustment of certain existing deferred tax asset valuation allowances as a result of a site exit in a certain jurisdiction in 2019 and the Altek acquisition in 2018 (Full year 2019 $2.8 million; Full year 2018 $8.3 million).
(l) The Company recorded a benefit as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform (Q4 and Full year 2018 $15.4 million benefit).
(m) 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.
(n) 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 March 31 | | | Projected Twelve Months Ending December 31 | |
|---|---|---|---|---|---|
| | 2020 | | | 2020 | |
| | Low | | High | Low | High |
| Diluted earnings per share from continuing operations | $ (0.05) | | $ (0.01) | $ 0.63 | $ 0.91 |
| Estimated acquisition amortization expense, net of tax | 0.05 | | 0.05 | 0.21 | 0.21 |
| Adjusted diluted earnings per share from continuing operations | $ 0.01 | (a) | $ 0.04 | $ 0.84 | $ 1.12 |

(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.



HARSCO

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) 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 December 31, 2019:** | | | | | |
| Operating income (loss) as reported | $ 27,430 | $ 8,701 | $ (3,239) | $ (12,981) | $ 19,911 |
| Corporate strategic costs | — | — | — | 7,280 | 7,280 |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (4,089) | — | — | — | (4,089) |
| Harsco Clean Earth Segment change in fair value to contingent consideration liability | — | 825 | — | — | 825 |
| Harsco Clean Earth Segment severance costs | — | 601 | — | — | 601 |
| Harsco Rail Segment improvement initiative costs | — | — | 185 | — | 185 |
| Adjusted operating income (loss) including acquisition amortization expense | 23,341 | 10,127 | (3,054) | (5,701) | 24,713 |
| Acquisition amortization expense | 1,850 | 4,089 | 84 | — | 6,023 |
| Adjusted operating income (loss) | $ 25,191 | $ 14,216 | $ (2,970) | $ (5,701) | $ 30,736 |
| Revenues as reported | $ 243,314 | $ 81,883 | $ 74,590 | | $ 399,787 |
| Adjusted operating margin (%) | 10.4% | 17.4% | (4.0)% | | 7.7% |

The Company's management believes Adjusted operating income (loss), 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 OPERATING INCOME (LOSS) 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 December 31, 2018:** | | | | | |
| Operating income (loss) as reported | $ 28,461 | $ — | $ 7,771 | $ (8,088) | $ 28,144 |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (3,351) | — | — | — | (3,351) |
| Harsco Rail Segment improvement initiative costs | — | — | 640 | — | 640 |
| Adjusted operating income (loss) including acquisition amortization expense | 25,110 | — | 8,411 | (8,088) | 25,433 |
| Acquisition amortization expense | 1,819 | — | 71 | — | 1,890 |
| Adjusted operating income (loss) | $ 26,929 | $ — | $ 8,482 | $ (8,088) | $ 27,323 |
| Revenues as reported | $ 262,380 | $ — | $ 69,382 | | $ 331,762 |
| Adjusted operating margin (%) | 10.3% | | 12.2% | | 8.2% |

The Company's management believes Adjusted operating income (loss), 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 OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth | Harsco Rail | Corporate | Consolidated Totals |
|---|---|---|---|---|---|
| **Twelve Months Ended December 31, 2019:** | | | | | |
| Operating income (loss) as reported | $ 112,298 | $ 20,009 | $ 23,708 | $ (51,736) | $ 104,279 |
| Corporate strategic costs | — | — | — | 25,152 | 25,152 |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (8,505) | — | — | — | (8,505) |
| Harsco Environmental Segment provision for doubtful accounts | 6,174 | — | — | — | 6,174 |
| Harsco Rail Segment improvement initiative costs | — | — | 4,830 | — | 4,830 |
| Harsco Environmental Segment site exit related | (2,427) | — | — | — | (2,427) |
| Harsco Clean Earth Segment severance costs | — | 1,855 | — | — | 1,855 |
| Harsco Clean Earth Segment change in fair value to contingent consideration liability | — | 825 | — | — | 825 |
| Adjusted operating income (loss), including acquisition amortization expense | 107,540 | 22,689 | 28,538 | (26,584) | 132,183 |
| Acquisition amortization expense | 7,286 | 7,923 | 322 | — | 15,531 |
| Adjusted operating income (loss) | $ 114,826 | $ 30,612 | $ 28,860 | $ (26,584) | $ 147,714 |
| Revenues as reported | $ 1,034,847 | $ 169,522 | $ 299,373 | $ — | $ 1,503,742 |
| Adjusted operating margin (%) | 11.1% | 18.1% | 9.6% | | 9.8% |

The Company's management believes Adjusted operating income (loss), 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 OPERATING INCOME (LOSS) BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth | Harsco Rail | Corporate | Consolidated Totals |
|---|---|---|---|---|---|
| **Twelve Months Ended December 31, 2018:** | | | | | |
| Operating income (loss) as reported | $ 121,195 | $ — | $ 37,341 | $ (27,841) | $ 130,695 |
| Harsco Environmental adjustment to slag disposal accrual | (3,223) | — | — | — | (3,223) |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (2,939) | — | — | — | (2,939) |
| Altek acquisition costs | 753 | — | — | 431 | 1,184 |
| Harsco Rail Segment improvement initiative costs | — | — | 640 | — | 640 |
| Adjusted operating income (loss), including acquisition amortization expense | 115,786 | — | 37,981 | (27,410) | 126,357 |
| Acquisition amortization expense | 5,553 | — | 306 | — | 5,859 |
| Adjusted operating income (loss) | $ 121,339 | $ — | $ 38,287 | $ (27,410) | $ 132,216 |
| Revenues as reported | $ 1,068,304 | $ — | $ 279,294 | $ 74 | $ 1,347,672 |
| Adjusted operating margin (%) | 11.4% | | 13.7% | | 9.8% |

The Company's management believes Adjusted operating income (loss), 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 EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION INCLUDING HARSCO CLEAN EARTH FOR THE SIX MONTHS ENDED JUNE 30, 2019 TO INCOME FROM CONTINUING OPERATIONS AS REPORTED (a)** (Unaudited)

| | Twelve Months Ended December 31 |
|---|---|
| **(In thousands)** | **2019** |
| Income from continuing operations | $ 36,530 |
| **Add back:** | |
| Equity in income of unconsolidated entities, net | (273) |
| Income tax expense | 20,214 |
| Defined benefit pension expense | 5,493 |
| Unused debt commitment and amendment fees | 7,704 |
| Interest expense | 36,586 |
| Interest income | (1,975) |
| Depreciation and amortization | 132,594 |
| **Unusual items:** | |
| Corporate strategic costs | 25,152 |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (8,505) |
| Harsco Environmental Segment provision for doubtful accounts | 6,174 |
| Harsco Rail Segment improvement initiative costs | 4,830 |
| Harsco Environmental Segment site exit related | (2,427) |
| Harsco Clean Earth Segment severance costs | 1,855 |
| Harsco Clean Earth Segment change in fair value to contingent consideration liability | 825 |
| **Adjusted EBITDA** | 264,777 |
| Harsco Clean Earth for the six months ended June 30, 2019 | 18,300 |
| **Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019** | $ 283,077 |

Adjusted EBITDA and Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 are non-GAAP financial measures. Adjusted EBITDA consists of income from continuing operations adjusted to add back, income tax expense, net interest, defined benefit pension income and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 consists of Adjusted EBITDA and Clean Earth's Adjusted EBITDA for the first six months of 2019. The Company's management believes Adjusted EBITDA and Adjusted EBITDA including Harsco Clean Earth for the six months ended June 30, 2019 are meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance, and including Clean Earth's Adjusted EBITDA for the first six months of the year provides investors a view of the business on a full-year basis. However, these measures should be considered in addition to, rather than as substitutes for net income from continuing operations and other information provided in accordance with GAAP. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, as a result, Adjusted EBITDA may not be comparable to other similarly titled measures disclosed by other companies.

**HARSCO CORPORATION**
**RECONCILIATION OF PROJECTED ADJUSTED EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION TO PROJECTED INCOME FROM CONTINUING OPERATIONS**(Unaudited)

| | Projected Three Months Ending March 31 | | Projected Twelve Months Ending December 31 | |
|---|---|---|---|---|
| | 2020 | | 2020 | |
| **(In millions)** | **Low** | **High** | **Low** | **High** |
| **Income from continuing operations** | $ (3) | $ — | $ 58 | $ 81 |
| **Add back:** | | | | |
| Income tax expense | (1) | — | 23 | 32 |
| Net interest | 12 | 13 | 51 | 49 |
| Defined benefit pension income | (2) | (2) | (8) | (8) |
| Depreciation and amortization | 37 | 37 | 156 | 156 |
| **ADJUSTED EBITDA** | $ 43 | $ 48 | $ 280 | $ 310 |

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA consists of income from continuing operations adjusted to add back, income tax expense, net interest, defined benefit pension income and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. 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 substitutes for net 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 BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** (Unaudited)

| | Three Months Ended December 31, 2019 | | Twelve Months Ended December 31, 2019 | |
|---|---|---|---|---|
| **(In thousands)** | **2019** | **2018** | **2019** | **2018** |
| Net cash provided (used) by operating activities | **$ (50,192)** | $ 97,008 | **$ (163)** | $ 192,022 |
| Less capital expenditures | **(37,902)** | (40,866) | **(184,973)** | (132,168) |
| Less expenditures for intangible assets | **(65)** | — | **(1,311)** | — |
| Plus capital expenditures for strategic ventures (a) | **1,073** | 623 | **5,904** | 1,595 |
| Plus total proceeds from sales of assets (b) | **9,462** | 2,791 | **17,022** | 11,887 |
| Plus transaction-related expenditures (c) | **2,559** | — | **28,939** | — |
| Plus taxes paid on sale of business | **102,940** | — | **102,940** | — |
| Free cash flow | **27,875** | 59,556 | **(31,642)** | 73,336 |
| Add growth capital expenditures | **12,677** | 11,638 | **68,867** | 30,655 |
| Free cash flow before growth capital expenditures | **$ 40,552** | $ 71,194 | **$ 37,225** | $ 103,991 |

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.
(b) Asset sales are a normal part of the business model, primarily for the Harsco Environmental Segment.
(c) Expenditures directly related to the Company's acquisition and divestiture transactions.

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 for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management uses this as a key factor in the deployment of capital for strategic planning purposes. It is important to note that free cash flow and free cash flow before growth capital expenditures do 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 these measures. These measures 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 CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES** (Unaudited)

| | Projected Twelve Months Ending December 31 2020 | |
|---|---|---|
| **(In millions)** | **Low** | **High** |
| Net cash provided by operating activities | $ 180 | $ 220 |
| Less capital expenditures | (176) | (184) |
| Plus total proceeds from asset sales and capital expenditures for strategic ventures | 6 | 4 |
| Free cash flow | 10 | 40 |
| Add growth capital expenditures | 70 | 70 |
| Free cash flow before growth capital expenditures | $ 80 | $ 110 |

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 for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-GAAP financial measure, is meaningful to investors because management uses this as a key factor in the deployment of capital for strategic planning purposes. It is important to note that free cash flow and free cash flow before growth capital expenditures do 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 these measures. These measures 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 EBITDA BY SEGMENT INCLUDING PRE-ACQUISITION CLEAN EARTH TO OPERATING INCOME BY SEGMENT AS REPORTED** (Unaudited)

| | Twelve Months Ended December 31, 2019 | | | | |
|---|---|---|---|---|---|
| **(in thousands)** | **Harsco Environmental** | **Harsco Clean Earth** | **Harsco Rail** | **Corporate** | **Consolidated Total** |
| Operating income (loss) as reported | $ 112,298 | $ 20,009 | $ 23,708 | $ (51,736) | $ 104,279 |
| Corporate strategic costs | - | - | - | 25,152 | 25,152 |
| Harsco Environmental Segment change in fair value to contingent consideration liability | (8,505) | - | - | - | (8,505) |
| Harsco Environmental Segment provision for doubtful accounts | 6,174 | - | - | - | 6,174 |
| Harsco Rail Segment improvement initiative costs | - | - | 4,830 | - | 4,830 |
| Harsco Environmental Segment site exit related | (2,427) | - | - | - | (2,427) |
| Harsco Clean Earth Segment severance costs | - | 1,855 | - | - | 1,855 |
| Harsco Clean Earth Segment change in fair value to contingent consideration liability | - | 825 | - | - | 825 |
| Adjusted operating income (loss) | 107,540 | 22,689 | 28,538 | (26,584) | 132,183 |
| Depreciation and amortization | 112,126 | 12,855 | 4,875 | 2,738 | 132,594 |
| Adjusted EBITDA | 219,666 | 35,544 | 33,413 | (23,846) | 264,777 |
| Adjusted EBITDA - pre-acquisition Clean Earth | - | 18,300 | - | - | 18,300 |
| Adjusted EBITDA , including pre-acquisition Clean Earth | $ 219,666 | $ 53,844 | $ 33,413 | $ (23,846) | $ 283,077 |
| | | | | | |
| Revenues as reported | $ 1,034,847 | $ 169,522 | $ 299,373 | $ - | $ 1,503,742 |
| Revenues, pre-acquisition Clean Earth | - | 132,199 | - | | 132,199 |
| Revenues, including pre-acquisition Clean Earth | $ 1,034,847 | $ 301,721 | $ 299,373 | $ - | $ 1,635,941 |
| Adjusted EBITDA margin, including pre-acquisition Clean Earth(%) | 21.2% | 17.8% | 11.2% | | 17.3% |

Adjusted EBITDA and Adjusted EBITDA including pre-acquisition Clean Earth are non-GAAP financial measures. Adjusted EBITDA consists of income from continuing operations adjusted to add back, income tax expense, net interest, defined benefit pension income and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Adjusted EBITDA including pre-acquisition Clean Earth consists of Adjusted EBITDA and Clean Earth's Adjusted EBITDA prior to acquisition. The Company's management believes Adjusted EBITDA and Adjusted EBITDA including pre-acquisition Clean Earth are meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance, and including Clean Earth's pre-acquisition Adjusted EBITDA provides investors a view of the business on a consistent basis. However, these measures should be considered in addition to, rather than as substitutes for net 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.



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