HARSCO

Investor Presentation

August 2019

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, including the acquisition of CEHI Acquisition Corporation and Subsidiaries ("Clean Earth"); (13) potential severe volatility in the capital markets; (14) failure to retain key management and employees of Clean Earth; (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; and (20) 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, 2018 and Part 1A, "Risk Factors," of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 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 operating income (loss) from continuing operations, adjusted operating income including discontinued operations, adjusted operating income before acquisition amortization expense and including discontinued operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, adjusted diluted earnings per share including discontinued operations, adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, adjusted return on invested capital, 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.

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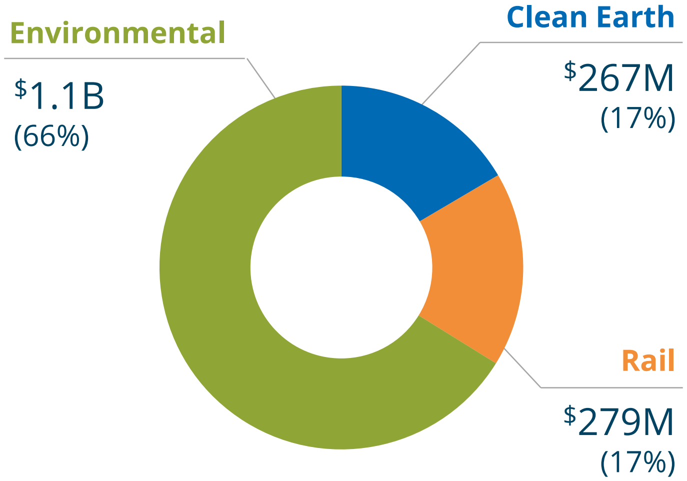
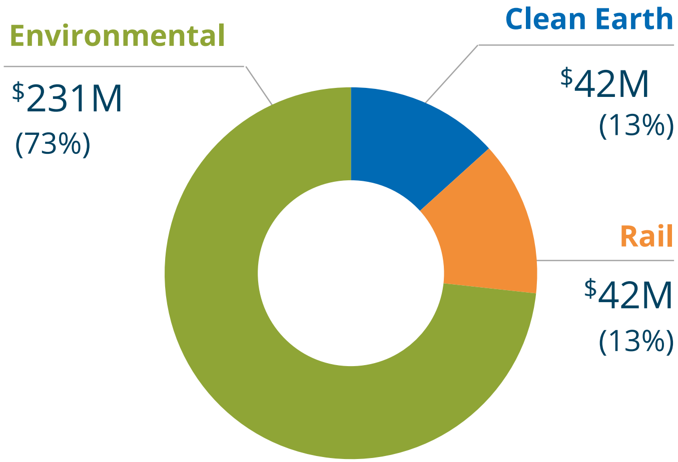
HARSCO TODAY

- Market leading provider of environmental solutions and services and manufacturer of engineered products, 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

FY 2018 Revenue (Proforma)[1]



2018 EBITDA (Adjusted, Proforma)[1]



(1) See tables in appendix for Reconciliations. Also percentages don't total due to rounding.

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MEGA TRENDS PLAY TO OUR STRENGTHS

1 NATURAL RESOURCE CONSERVATION

2 SAFETY

3 GLOBAL INFRASTRUCTURE INVESTMENTS

4 ENVIRONMENTAL POLICY CHANGES

5 TRADE POLICY

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INVESTMENTS HIGHLIGHTS

STRONG FOUNDATION

- High-performing businesses
- Diversified portfolio, customers, geographies and markets
- Proven management team
- Continuous improvement culture and core business system
- Strong balance sheet and cash flow
- Disciplined capital allocation process

ATTRACTIVE MARKET ENVIRONMENT

- Serving critical industries with underlying growth
- Positive secular trends: environmental solutions and sustainability as well as rail safety and analytics
- Market outlook favorable

POSITIONED FOR GROWTH

- Accelerated innovation driven by customer needs
- Significant market share and penetration opportunities
- Meaningful operating leverage
- Robust pipeline of organic growth and M&A opportunities, particularly in Environmental

ROIC-FOCUSED PORTFOLIO DEVELOPMENT

GROWTH TO OUTPACE SERVED MARKETS

STRATEGY ALIGNED WITH CREATING SHAREHOLDER VALUE

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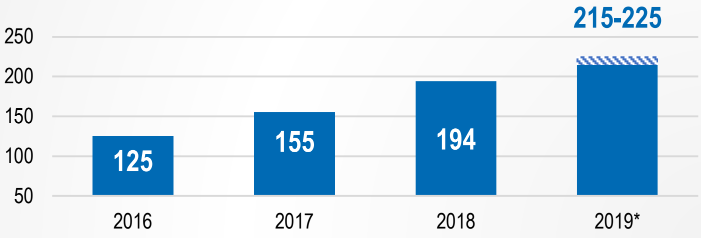
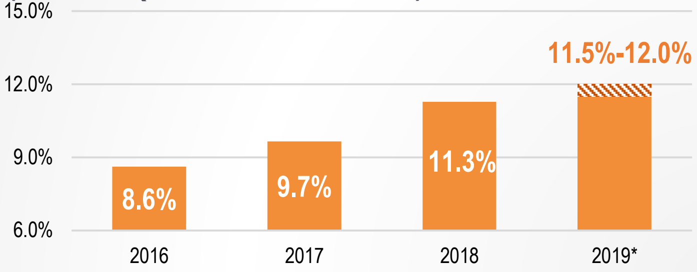
POISED FOR LONG-TERM GROWTH WITH IMPROVING PERFORMANCE

ADJUSTED OPERATING INCOME BEFORE ACQUISITION AMORTIZATION[1]

($ Millions)

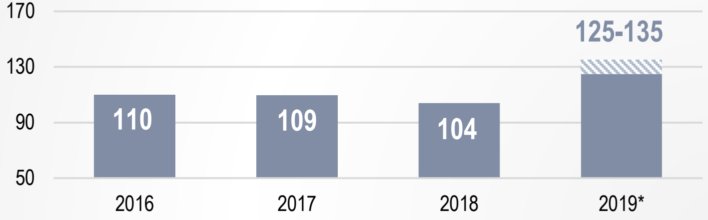


ADJUSTED OPERATING INCOME MARGIN[1] (BEFORE ACQUISITION AMORTIZATION)

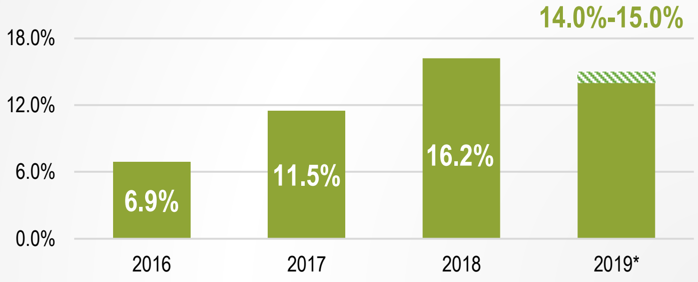


FREE CASH FLOW BEFORE GROWTH CAPEX[1]

($ Millions)



ROIC[1]



(1) See tables at end of presentation for GAAP to non-GAAP reconciliations.

* 2019 guidance as reported on 7.31.19

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HARSCO ENVIRONMENTAL

$1.1B

2018 Revenue

70	30+	~145	Serving 30%
Customers	Countries	Sites	of global LST[1]

MAKING A WORLD OF DIFFERENCE™

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

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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

20%

OF ENVIRONMENTAL'S REVENUES

ATTRACTIVE MARGIN PROFILE

ABRASIVES

FERTILIZER

ASPHALT

ROOFING GRANULES

ROAD CONSTRUCTION

METALLURGICAL ADDITIVES

SOIL CONDITIONER

CEMENT PRODUCTION

SLAG CONDITIONERS

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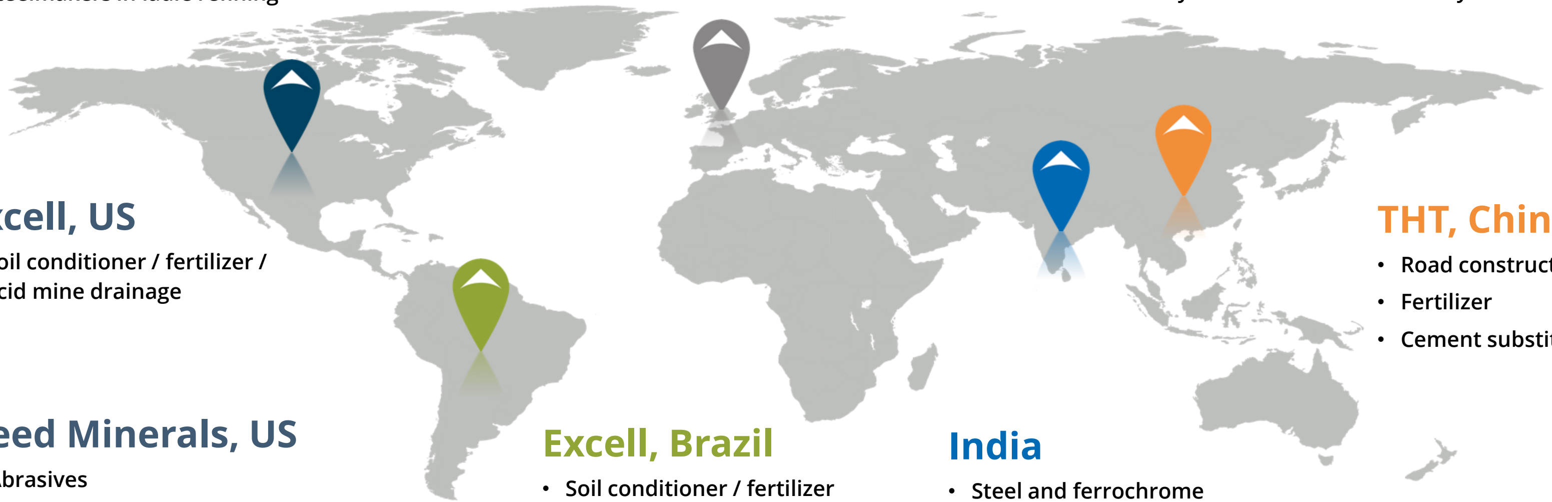
HARSCO ENVIRONMENTAL – APPLIED PRODUCTS

GLOBAL PRESENCE WITH EXPANSION POTENTIAL



Performix, US

- Specialty additives used by steelmakers in ladle refining

Steelphalt, UK

- Asphalt for road construction

ALTEK Group, UK

- Productivity and environmental solutions, mainly for the aluminum industry

Excell, US

- Soil conditioner / fertilizer / acid mine drainage

THT, China

- Road construction
- Fertilizer
- Cement substitute

Reed Minerals, US

- Abrasives
- Roofing granules

Excell, Brazil

- Soil conditioner / fertilizer

India

- Steel and ferrochrome slag based products
- Road construction
- Fertilizer

CLEAN EARTH IS A STRONG FIT AND LOGICAL EXPANSION OF HARSCO'S PORTFOLIO

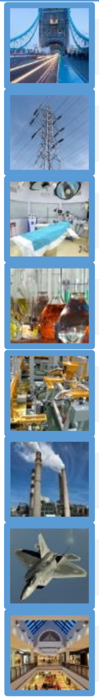
Key Facts and Figures(1)

2014 – 2018 Organic Revenue CAGR	7%
2014 – 2018 Total Revenue CAGR	14%
# of Permits	220
# of Permitted Facilities	27
# of Commercial TSDF Sites	6
Beneficial Re-Use of Waste	

- Provides entry into adjacent, high-margin environmental services markets with significant regulatory barriers of entry
- Diverse industrial customers with recurring and long-term customer relationships
- Focus on innovation with deep organizational process knowledge
- Resilient business model, with attractive financial characteristics
- Growth platform (strong organic growth, acquisitions)
- Strong alignment of values and cultures
- Management team with proven track record of financial, environmental and safety performance
- Opportunity for cross-selling with Environmental and for global expansion over time

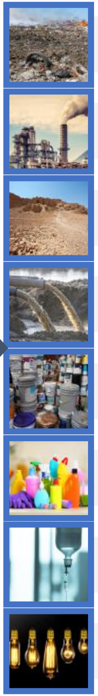
CLEAN EARTH – DIVERSE CUSTOMER BASE AND INDUSTRY EXPOSURE, WITH OPERATIONAL EXPERTISE

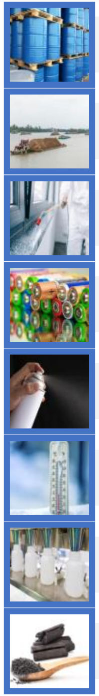
CUSTOMER (WASTE GENERATOR)



- Infrastructure
- Power & Utilities
- Healthcare
- Chemicals
- Manufacturing
- Energy
- Aerospace & Defense
- Retail

WASTE STREAMS





- Contaminated Materials
- Industrial Solvents
- Manufactured Gas Plants
- Dredged Material
- Clean Fill
- Chemicals / Pesticides
- Haz. & Ind. Wastewater
- Batteries
- Latex Paints
- Aerosols
- Household Chemicals
- Mercury Devices
- Oncology Drugs
- Lab Packs
- Lightbulbs
- Coal Combustion

CLEAN EARTH TREATMENT CAPABILITIES

- Thermal Desorption
- Stabilization
- Bioremediation
- Solidification
- Lab Packing
- Chemical Fixation
- Fuel Blending
- De-characterization

VALUE PROPOSITION

Recycling / Beneficial Reuse

- ✓ Cost Effective
- ✓ Reliability / Speed
- ✓ Regulatory Compliance
- ✓ Service Capabilities and Capacity
- ✓ Proven ability to Grow the Business

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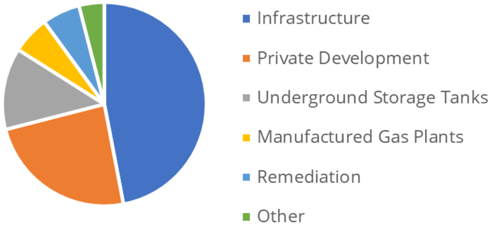
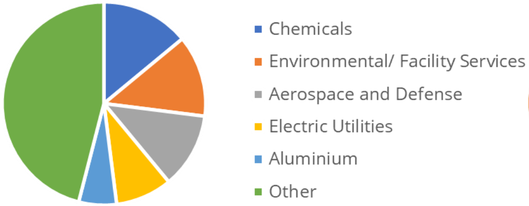
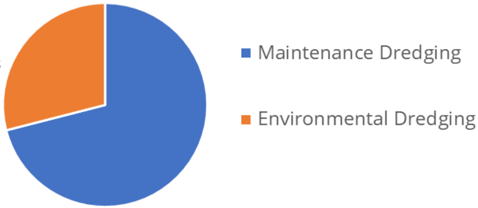
CLEAN EARTH – BUSINESS LINE OVERVIEW

	Contaminated Materials	Hazardous Waste	Dredge
% of Revenue	~50%	~40%	~10%
Description	Treats contaminated soil generated from industrial activities	Provides tracking, testing, processing, recycling, and disposal services for hazardous waste streams	Treats dredge material from both maintenance and environmental-driven projects
Key Industry Exposures			
# of Facilities	14	11	2

- Clean Earth's business lines are unified by the following:
  - Focus on special wastes with ongoing processing needs
  - Industry leader with strong asset position
  - Processing demand driven by basic industry activity, infrastructure investments, environmental compliance and regular maintenance
  - Strong margin and cash flow business with limited capital requirements

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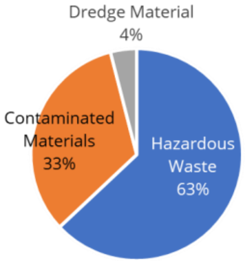
CLEAN EARTH – ATTRACTIVE MARKET FUNDAMENTALS

Large Addressable Market

- Highly fragmented industry provides ample runway for growth
- Meaningful additional M&A opportunities

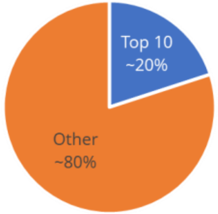
U.S. Addressable Market: ~$8 billion



Diverse Customers and Industry Exposures

- Widely diversified base of customers across a variety of industries
- Provides an avenue for Harsco to grow with broader industrial customer base

Limited Customer Concentration



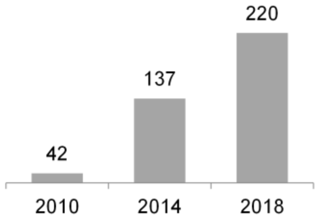
Recurring Revenue Drivers

- Business is typically recession-resistant due to necessity of services and extensive regulatory framework
- Regulatory requirements drive high demand for service — customers must manage wastes in timely and compliant manner
- Years of improper disposal and treatment support future growth

High Barriers to Entry

- Permits are scarce and very valuable — no new commercial Resource Conservation Recovery Act (RCRA) Part B permits for processing hazardous waste have been issued in over 30 years
- Maintains internal team dedicated to regulatory compliance — a key differentiator and core competency that drives quality processes

Active Permits



Source: Company information and estimates

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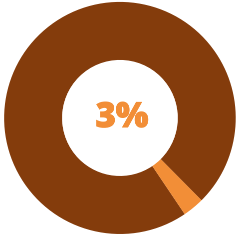
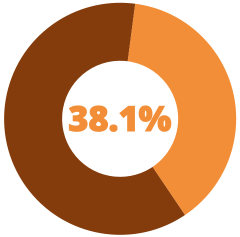
HARSCO RAIL

A CAPITAL-LIGHT BUSINESS WITH HIGH RETURNS

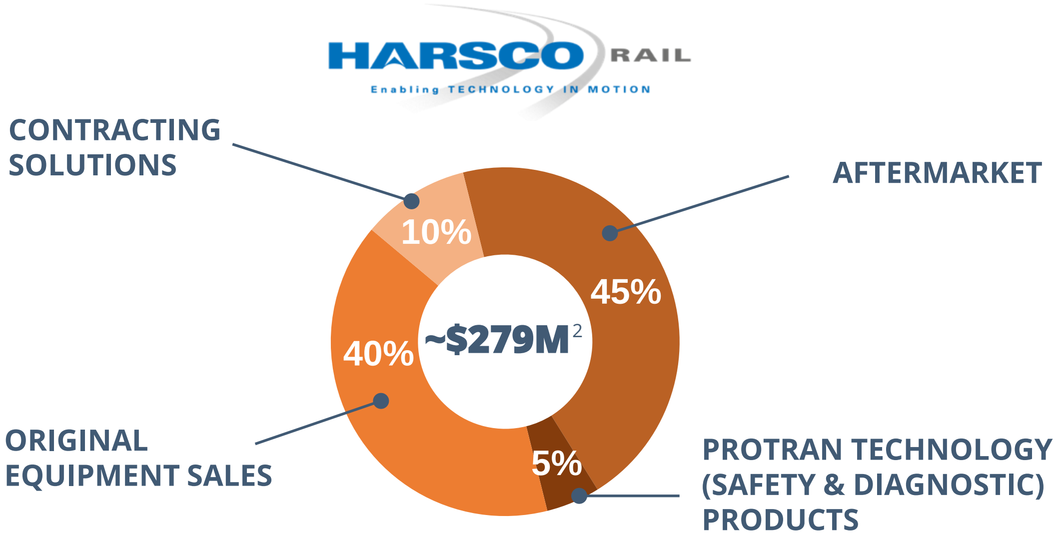


Yearly CapEx
3% of revenue (2018)[1]



ROIC ~ 38.1% (2018)[1]

REVENUE MIX BY BUSINESS



(1) Segment ROIC for 2018 = segment net operating profit after tax (NOPAT) divided by net operating assets.

(2) Revenue breakdown from 2018.

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HARSCO RAIL – LEADER IN NORTH AMERICA RAIL MAINTENANCE EQUIPMENT WITH GROWING PRESENCE IN ASIA & EUROPE

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Enabling TECHNOLOGY IN MOTION

-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

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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

CALLISTO TRACK GEOMETRY SOLUTIONS
STONEBLOWING
FUTURE SMALL EQUIPMENT SOLUTION

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GROWTH OPPORTUNITIES – ENVIRONMENTAL

Considerable White Space at Existing Sites (average less than 5 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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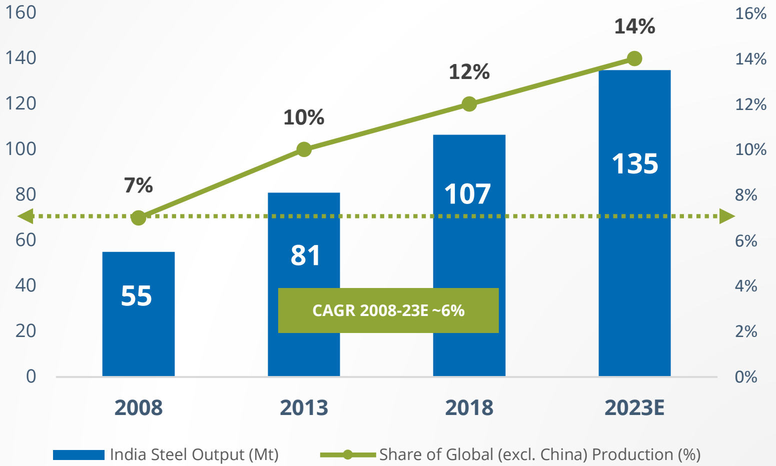
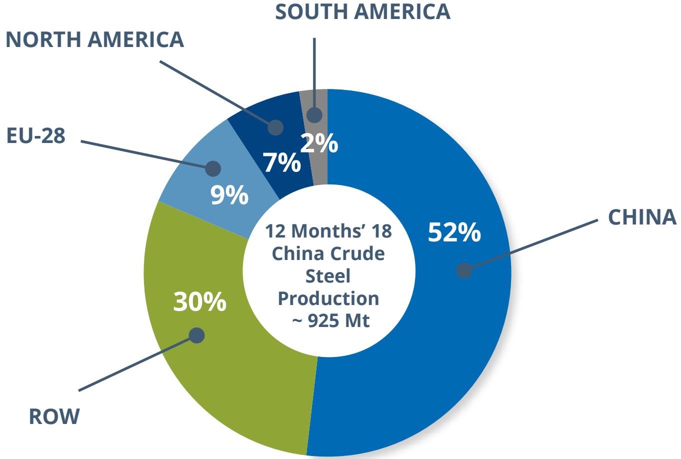
GROWTH OPPORTUNITIES – ENVIRONMENTAL

INDIA STEEL PRODUCTION: ONLY GLOBAL STEEL MILL SERVICES COMPANY WITH FULL-SCALE OPERATIONS IN GROWING INDIAN MARKET



CHINA: SIGNIFICANT OPPORTUNITIES FROM OUTSOURCING STEEL MILL SERVICES



Source: World Steel Association, Oxford economics, World Steel Association , Goldman Sachs, Credit Suisse, Deutsche Bank

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GROWTH OPPORTUNITIES – CLEAN EARTH

Growing list of materials designated as Hazardous and Contaminated

Continued market penetration through new permits and treatments as well as market expansion

Permit modifications and expansions

Geographic expansion

Increased maintenance and environment dredging in core and new markets

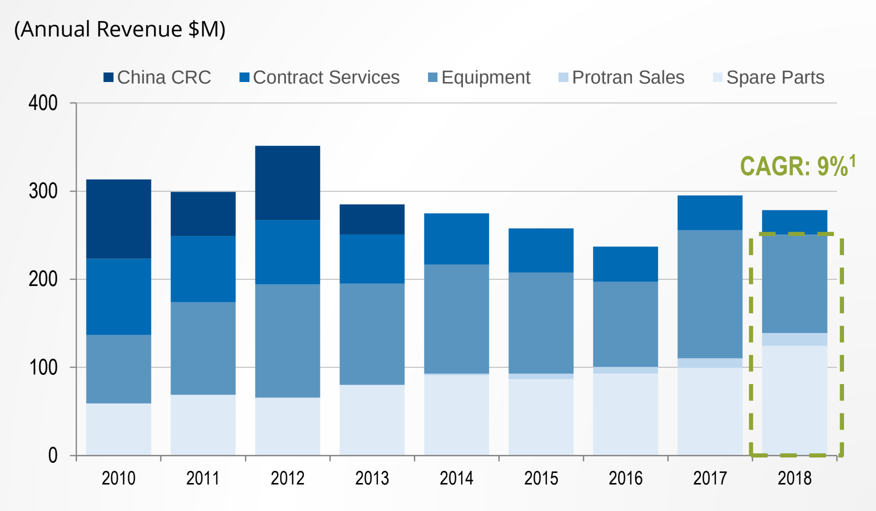
Large, actionable M&A pipeline

Recent Examples by Business Line

Business Line	Example
Hazardous Materials	Permit Modifications: 220 active permits with 14+ permit modifications pending approval and a 100% success rate on permit renewals historically
Contaminated Materials	Mobile Units: Expands and strengthens customer base by providing treatment services onsite
Dredging	Environmental Dredging: identified sizable upcoming projects to clean up contaminated waterways that will contribute to current business line backlog

STRONG REVENUE GROWTH IN CORE PRODUCTS

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



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

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GROWTH OPPORTUNITIES – SHIFTING FOCUS TO PORTFOLIO CHANGING M&A

INVESTMENT CRITERIA

- Profitable business model strategically aligned with Harsco's growth objectives
- Value-enhancing and earnings accretive in the short-term
- Opportunity to deliver cost and/or revenue synergies
- Attractive characteristics (e.g. reduced cyclicality, unique technology or access to attractive market)
- Meets risk-adjusted IRR hurdle rates through the cycle
- Maintains reasonable leverage ratios

Growth is Balanced Between Organic and Acquisitions

JUNE 2019: ACQUIRED CLEAN EARTH INC. FOR $625 MILLION IN CASH

MAY 2018: ALTEK ACQUIRED FOR £45M CASH, WITH THE POTENTIAL FOR ADDITIONAL CONSIDERATION SUBJECT TO THE FUTURE PERFORMANCE OF ALTEK

Greatest Near Term Opportunities are in Environmental Solutions

DISCIPLINED FINANCIAL STRATEGY

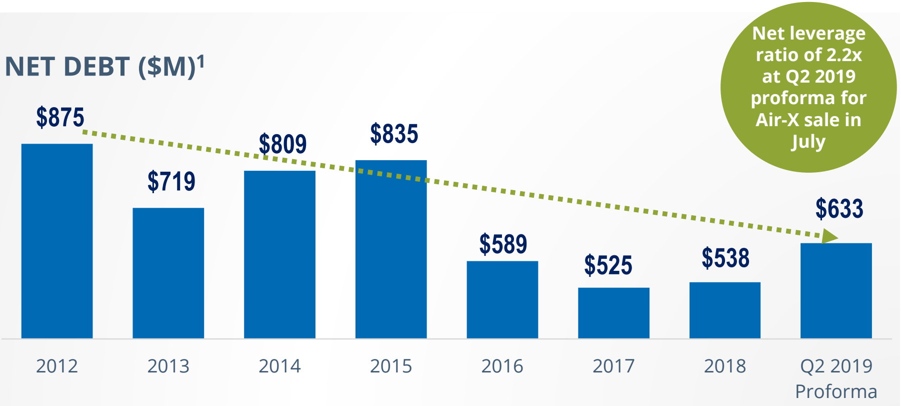
PRINCIPALS

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

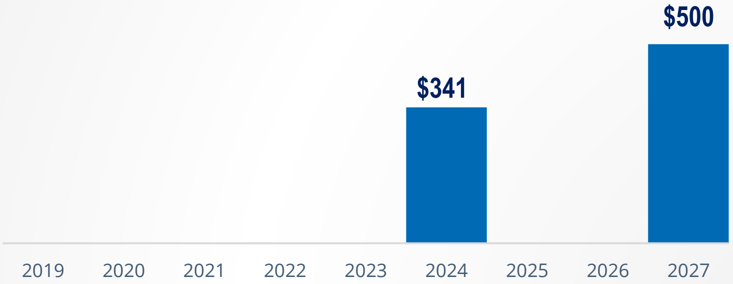
PRIORITIES

- Financially driven capital allocation process
- Return capital to shareholders through $75M share repurchase authorization; $30M utilized in 2018
- ROIC > cost of capital
- Long-term leverage ratio: 2.0x – 2.5x

NET DEBT ($M)[1]



MAJOR DEBT MATURITIES - Q2 2019 PROFORMA[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. Q2 2019 proforma net debt totaled $633 million after considering proceeds from Air-X-Changers sale ($592 million); also translates to proforma leverage ratio of 2.2x. Major debt maturities also reflect the proceeds from this sale which occurred in July 2019.

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2019 OUTLOOK – CONSOLIDATED

	2019 Outlook[3]	2019 Prior	2018 Actual (previously reported)[4]
OPERATING INCOME[1]	$181 to $191M	$192 to $207M	$191M
ADJUSTED OPERATING INCOME BEFORE ACQUISITION AMORTIZATION[1]	$215 to $225M	$216 to $231M	$194M
DILUTED EARNINGS PER SHARE	$0.89 to $1.02	$1.15 to $1.33	$1.64
ADJUSTED DILUTED EARNINGS PER SHARE (BEFORE ACQUISITION AMORTIZATION)[1]	$1.38 to $1.51	$1.44 to $1.61	$1.40
FREE CASH FLOW BEFORE GROWTH CAPITAL[1]	$125 to $135M	$135 to $150M	$104M
FREE CASH FLOW[2]	$55 to $65M	$55 to $70M	$73M
ROIC[1]	14.0% to 15.0%	16.0% to 17.0%	16.2%

(1) Excludes unusual items. Adjusted operating income and 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.
(3) Includes Harsco Industrial for H1 2019 and Clean Earth for H2 2019.
(4) Restated 2018 financial information to reflect Harsco Industrial as Discontinued Operations is included in the supporting schedules.

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POSITIONED TO DELIVER SUSTAINABLE GROWTH & VALUE

High-performing businesses well-positioned to deliver earnings growth

Significant financial flexibility and FCF to pursue growth opportunities and enhance shareholder returns

ROIC-focused approach

Positioned to capitalize on favorable market and industry trends

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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

CHRIS DODS
President of Clean Earth

PETER MINAN
SVP & Chief Financial Officer

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

JESWANT GILL
President of Rail

SCOTT GERSON
President of Industrial

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

HARSCO

Q2 2019 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Q2 adjusted operating income including Industrial of $53 million was within prior guidance range ($53-58 million)
- Rail and Industrial realized strong earnings growth relative to prior-year quarter
- Environmental results impacted by weakening end-market through Q2; performance Y/Y also impacted by Applied Products contributions, site exits and FX
- Adjusted EPS including Industrial was 37c; compares to guidance range of 35-40c
- Q2 FCF impacted by seasonality and timing; set to improve in H2

		CHANGE VS. 2018	
$ in millions except EPS	Q2 2019	$	% or bps
Revenues	351	11	3%
GAAP Operating Income	18	(20)	(53)%
% of Sales	*5.1%*		*(610)Bps*
Adjusted Operating Income[1]	33	(3)	(9)%
% of Sales[1]	*9.4%*		(120)Bps
GAAP Diluted Earnings Per Share	(0.04)	(0.41)	Nmf
Adjusted Diluted Earnings Per Share[1]	0.21	(0.04)	(16)%
Free Cash Flow[2]	(45)	(74)	Nmf
ROIC (TTM)[1]	14.9%		110bps

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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Q2 2019 ENVIRONMENTAL

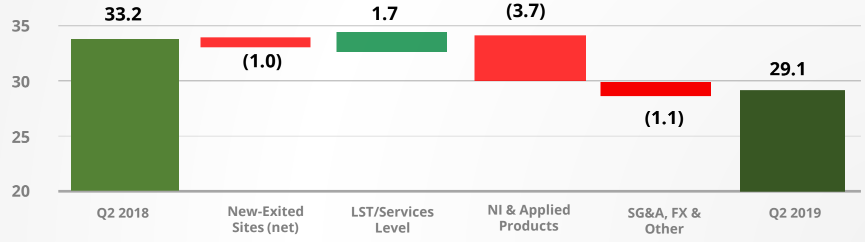
SUMMARY RESULTS

$ in millions

	Q2 2019	Q2 2018	% or bps
Revenues, as reported	269	272	(1)%
Operating Income – GAAP	28	36	(23)%
Adjusted operating income[1]	29	33	(12)%
Adjusted operating margin[1]	10.8%	12.2%	
Free Cash Flow (YTD)	(16)	17	nmf
ROIC (TTM)[1]	11.2%	12.7%	(150)bps

ADJUSTED OPERATING INCOME BRIDGE[1]

$ in millions



- Revenues essentially unchanged as FX translation offset positive growth factors
- Adjusted OI change reflects lower contributions from certain Applied Products businesses, FX impacts and site exits; partially offset by services demand and lower SG&A spending
- YTD FCF change reflects lower cash earnings and increase in growth-related capital spending

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

HARSCO

Q2 2019 RAIL

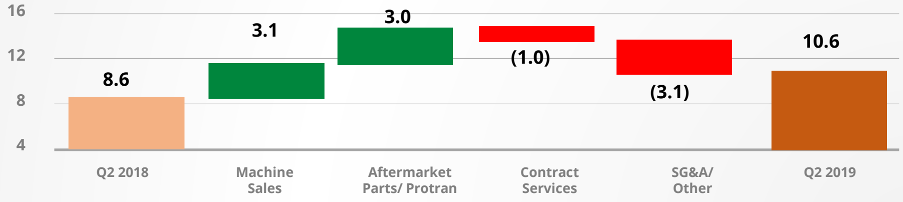
SUMMARY RESULTS

$ in millions

	Q2 2019	Q2 2018	% or bps
Revenues, as reported	81.6	67.6	21%
Operating Income – GAAP	9.4	8.6	10%
Adjusted operating income[1]	10.6	8.6	23%
Adjusted operating margin[1]	13.0%	12.8%	
Free Cash Flow (YTD)	(26)	1	nmf
ROIC (TTM)	44.7%	28.6%	nmf

OPERATING INCOME BRIDGE

$ in millions



- Revenues increase driven by higher demand for original equipment and after-market parts
- Adjusted operating income increase attributable to above and a more favorable sales mix; partially offset by investments
- YTD FCF impacted by increased capital spending and working capital changes due to business growth

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

HARSCO

2019 SEGMENT OUTLOOK

Excluding unusual items and acquisition amortization			2019 VERSUS 2018
	**REVENUES**	▲	Mid-single digits %, before FX translation impacts
	OPERATING INCOME	▲	Low-single digits % at mid-point
	DRIVERS	+	LST/services demand, new contracts, operational savings
		–	Exited sites, investments, FX translation
	**REVENUES**	▲	30% to 35%
	OPERATING INCOME	▲	30% to 35%
	DRIVERS	+	Backlog, global demand for MOW equipment and after-market parts, Protran Technology growth, productivity initiatives
		–	R&D and SG&A investments, less favorable product mix, Contracting services
	**REVENUES**		H2 revenues of approximately $160 million
	OPERATING INCOME		H2 range of $32 to $35 million
	DRIVERS	+	Acquisitions, organic growth including new facilities and waste-streams, operating / logistics savings, Dredge projects
		–	Modest SG&A growth
CORPORATE COSTS			$24 to $25 million for the full-year

Q3 2019 OUTLOOK

Adjusted operating income[1] is expected to be between

$56M–$61M

Adjusted diluted earnings per share[1] of

$0.35–$0.41

Corporate costs

higher than the prior-year quarter

YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

HARSCO ENVIRONMENTAL

Increased services demand, site growth and operational benefits, partially offset by exits

HARSCO RAIL

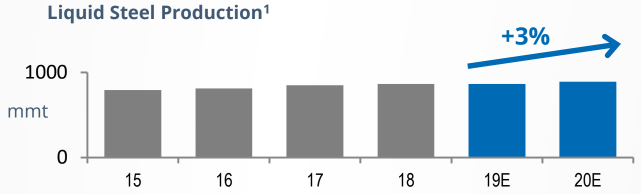
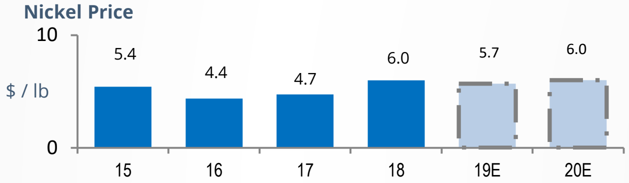
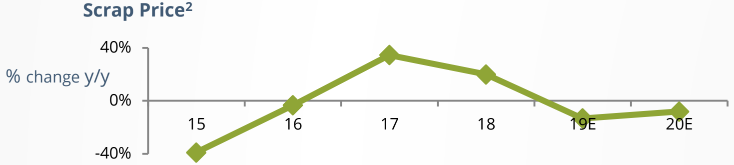
Difficult comparison to Q3 2018 as lower after-market contributions, product sales mix, R&D and SG&A investments will be partially offset by higher Protran contributions

CLEAN EARTH

2018 acquisitions, positive underlying volume trends, new facilities / waste-streams and lower operating costs; partially offset by SG&A investments

(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.

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 • Fuel cost • Inflation		*Within current scope of operations…* **~1%** liquid steel production change equals **~$2.2M** segment OI improvement
RESOURCE RECOVERY	• Scrap price • Nickel price • Chrome price • Iron price		**$1** nickel price change equals **~$4M** segment OI improvement
ENVIRONMENTAL PRODUCTS	• Abrasive demand and price • Roofing demand & price		**10%** scrap price change equals **~$2.0M** segment OI 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

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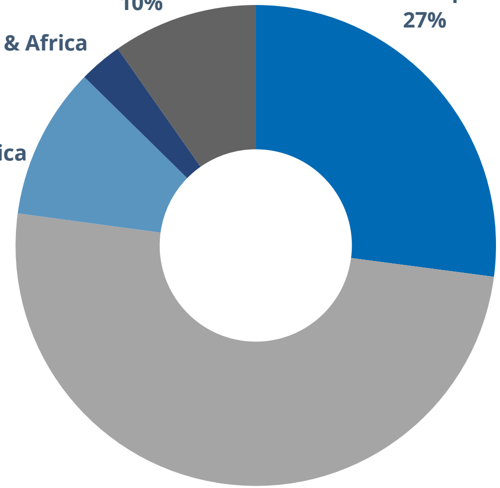
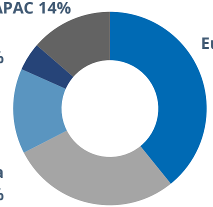
REVENUE MIX BY GEOGRAPHY[1, 2]

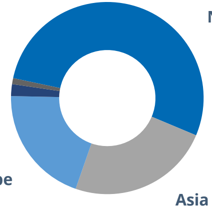
COMPANY



HARSCO ENVIRONMENTAL



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 2018 Information, as reported.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF PRO FORMA REVENUE BY SEGMENT TO REVENUE BY SEGMENT; AND PRO FORMA EBITDA BY SEGMENT AND ADJUSTED PRO FORMA EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) BY SEGMENT (Unaudited)

(In millions)	Harsco Environmental	Harsco Clean Earth	Harsco Rail	Corporate	Total
Twelve Months Ended December 31, 2018					
Revenue	$ 1,068,304	$ —	$ 279,294	$ 74	$ 1,347,672
Acquisition of Clean Earth	—	266,916	—	—	266,916
Pro forma revenue	$ 1,068,304	$ 266,916	$ 279,294	$ 74	$ 1,614,588
Operating income (loss)	$ 121,195	$ —	$ 37,341	$ (27,839)	$ 130,697
Acquisition of Clean Earth	—	19,689	—	—	19,689
Pro forma operating income (loss)	121,195	19,689	37,341	(27,839)	150,386
Depreciation and amortization	115,047	18,072	4,287	2,737	140,143
Pro forma EBITDA	236,242	37,761	41,628	(25,102)	290,529
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
Other	—	4,099	—	—	4,099
Adjusted pro forma EBITDA	$ 230,833	$ 41,860	$ 42,268	$ (24,671)	$ 290,290

Pro forma revenue, Pro forma EBITDA and Adjusted pro forma EBITDA are non-GAAP financial measures. Pro forma revenue consists of revenue and includes the Clean Earth acquisition. Pro forma EBITDA consists of operating income from continuing operations adjusted to add back depreciation and amortization (excluding amortization of deferred financing costs) and includes the Clean Earth acquisition. Adjusted pro forma EBITDA consists of Pro forma EBITDA adjusted to add back certain unusual items. The Company's management believes that Pro forma revenue, Pro forma EBITDA and Adjusted pro forma EBITDA are meaningful to investors because management reviews these measures in assessing and evaluating performance. However, these measures should be considered in addition to, rather than as substitutes for Operating income from continuing operations and other information provided in accordance with U.S. GAAP. The Company's method of calculating Pro forma revenue, Pro forma EBITDA and Adjusted pro forma EBITDA may differ from methods used by other companies and, as a result, these measures may not be comparable to other similarly titled measures disclosed by other companies.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF PROJECTED ADJUSTED OPERATING INCOME, EXCLUDING UNUSUAL ITEMS TO OPERATING INCOME (Unaudited)

	Projected Three Months Ended September 30, 2019		Projected Twelve Months Ended December 31, 2019	
(In millions)	**Low**	**High**	**Low**	**High**
Operating income (a) (b)	$ 50	$ 55	$ 142	$ 152
Corporate strategic and transaction related costs	—	—	15	15
Harsco Environmental Segment provision for doubtful accounts	—	—	5	5
Harsco Rail Segment improvement initiative costs	1	1	5	5
Harsco Environmental Segment change in fair value to contingent consideration liability	—	—	(4)	(4)
Harsco Environmental Segment cumulative translation adjustment liquidation	—	—	(2)	(2)
Adjusted operating income	51	56	161	171
Estimated acquisition amortization expense	5	5	15	15
Adjusted operating income before acquisition amortization expense	56	61	176	186
Operating income from the former Harsco Industrial Segment before acquisition amortization (c)	—	—	39	39
Adjusted operating income before acquisition amortization expense and including discontinued operations	$ 56	$ 61	$ 215	$ 225

(a) Includes results for the Harsco Clean Earth Segment for the period from July 1, 2019 to December 31, 2019.
(b) Excludes results for the former Harsco Industrial Segment.
(c) Includes results for the former Harsco Industrial Segment for the period from January 1, 2019 to June 30, 2019.

The Company's management believes Adjusted operating income before acquisition amortization expense and including discontinued operations, 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. 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. Inclusive of discontinued operations, which relate principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2018:					
Operating income (loss) as reported	$ 121,195	$ —	$ 37,341	$ (27,839)	$ 130,697
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)	115,786	—	37,981	(27,408)	126,359
Acquisition amortization expense	5,553	—	306	—	5,859
Adjusted operating income (loss) before acquisition amortization expense	121,339	—	38,287	(27,408)	132,218
Discontinued operations - Harsco Industrial before acquisition amortization expense	—	62,036	—	—	62,036
Adjusted operating income (loss) before acquisition amortization expense and including discontinued operations	$ 121,339	$ 62,036	$ 38,287	$ (27,408)	$ 194,254
Revenues as reported	$ 1,068,304	$ —	$ 279,294	$ 74	$ 1,347,672
Revenues in discontinued operations	—	374,708	—	—	374,708
Revenues including discontinued operations	$ 1,068,304	$ 374,708	$ 279,294	$ 74	$ 1,722,380
Adjusted operating margin (%)	11.4%		13.7%		9.8%
Adjusted operating margin (%) including discontinued operations	11.4%	16.6%	13.7%		11.3%

(a) The operating results of the former Harsco Industrial Segment has been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income (loss) before acquisition amortization expense and including discontinued operations, 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. 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. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2017:					
Operating income (loss) as reported	$ 102,362	$ —	$ 32,953	$ (31,019)	$ 104,296
Harsco Environmental Segment bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss)	106,951	—	32,953	(31,019)	108,885
Acquisition amortization expense	2,913	—	398	—	3,311
Adjusted operating income (loss) before acquisition amortization expense	109,864	—	33,351	(31,019)	112,196
Discontinued operations - Harsco Industrial before acquisition amortization expense	—	42,907	—	—	42,907
Adjusted operating income (loss) before acquisition amortization expense and including discontinued operations	$ 109,864	$ 42,907	$ 33,351	$ (31,019)	$ 155,103
Revenues as reported	$ 1,011,328	$ —	$ 295,999	$ 143	$ 1,307,470
Revenues in discontinued operations	—	299,592	—	—	299,592
Revenues including discontinued operations	$ 1,011,328	$ 299,592	$ 295,999	$ 143	$ 1,607,062
Adjusted operating margin (%)	10.9%		11.3%		8.6%
Adjusted operating margin (%) including discontinued operations	10.9%	14.3%	11.3%		9.7%

(a) The operating results of the former Harsco Industrial Segment has been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income (loss) before acquisition amortization expense and including discontinued operations, 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. 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. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. 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 BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO OPERATING INCOME (LOSS) AS REPORTED (Unaudited)

(In thousands)		**Consolidated Totals**
Twelve Months Ended December 31, 2016:		
Operating income as reported	$	35,513
Harsco Rail Segment forward contract loss provision		45,050
Harsco Environmental Segment site exit		5,100
Harsco Environmental Segment separation costs		3,287
Harsco Environmental Segment cumulative translation adjustment liquidation		(1,157)
Adjusted operating income		87,793
Acquisition amortization expense		6,125
Adjusted operating income before acquisition amortization expense		93,918
Discontinued operations - Harsco Industrial before acquisition amortization expense		31,179
Adjusted operating income before acquisition amortization expense and including discontinued operations	$	125,097
Revenues as reported	$	1,203,681
Revenues in discontinued operations		247,542
Revenues including discontinued operations	$	1,451,223
Adjusted operating margin (%)		7.8%
Adjusted operating margin (%) including discontinued operations		8.6%

(a) The operating results of the former Harsco Industrial Segment has been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income before acquisition amortization expense and including discontinued operations, 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. 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. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

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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	
	2019	
(In thousands)	Low	High
Net cash provided by operating activities	$ 187	$ 207
Less capital expenditures	(161)	(169)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	4
Transaction related expenses	23	23
Free cash flow	55	65
Add growth capital expenditures	70	70
Free cash flow before growth capital expenditures	$ 125	$ 135

The Company's management believes that Free cash flow before growth capital expenditures, 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 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-U.S. 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 U.S. GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF FREE CASH FLOW AND FREE CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES
(Unaudited)

	Twelve Months Ended December 31	
(In thousands)	**2018**	**2017**
Net cash used by operating activities	**$ 192,022**	$ 176,892
Less capital expenditures	**(132,168)**	(98,314)
Plus capital expenditures for strategic ventures (a)	**1,595**	865
Plus total proceeds from sales of assets (b)	**11,887**	13,418
Free cash flow	**73,336**	92,861
Add growth capital expenditures	**30,655**	16,465
Free cash flow before growth capital expenditures	**$ 103,991**	$ 109,326

(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.

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 for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-U.S. 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 U.S. GAAP.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF FREE CASH FLOW AND FREE CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES
(Unaudited)

(In thousands)	Twelve Months Ended December 31 2016
Net cash provided by operating activities	$ 159,876
Less capital expenditures	(69,340)
Plus capital expenditures for strategic ventures (a)	170
Plus total proceeds from sales of assets (b)	9,305
Free cash flow	100,011
Add growth capital expenditures	9,868
Free cash flow before growth capital expenditures	$ 109,879

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.

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 for planning and performance evaluation purposes. The Company's management also believes that free cash flow before growth capital expenditures, which is a non-U.S. 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 U.S. GAAP.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF RETURN ON INVESTED CAPITAL TO NET INCOME AS REPORTED (a) (Unaudited)

(In thousands)		Year Ended December 31 2018
Net income as reported	$	145,013
Harsco Environmental Segment adjustment to slag disposal accrual		(3,223)
Harsco Environmental Segment change in fair value to contingent consideration liability		(2,939)
Altek acquisition costs		1,184
Loss on early extinguishment of debt		1,034
Harsco Rail Segment improvement initiative costs		640
Taxes on above unusual items (b)		(361)
Impact of U.S. tax reform on income tax benefit		(15,409)
Deferred tax asset valuation allowance adjustment		(8,292)
Net income from continuing operations, as adjusted		117,647
After-tax interest expense (c)		29,374
Net operating profit after tax as adjusted	$	147,021
Average equity	$	274,164
Plus average debt		635,491
Average capital	$	909,655
Return on invested capital		16.2%

(a) Return on invested capital excluding unusual items is net income 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 23% for the year ended December 31, 2018 on an adjusted basis, for interest expense.

The Company's management believes Return on invested capital, 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.

HARSCO

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 2017
Net income as reported	$ 11,844
Unusual items:	
Harsco Environmental Segment adjustment to slag disposal accrual	—
Harsco Environmental Segment change in fair value to contingent consideration liability	—
Altek acquisition costs	—
Harsco Environmental Segment bad debt expense	4,589
Loss on early extinguishment of debt	2,265
Harsco Rail Segment restructuring costs	—
Taxes on above unusual items (b)	(2,052)
Impact of U.S. tax reform on income tax benefit	48,680
Deferred tax asset valuation allowance adjustment	—
Net income from continuing operations, as adjusted	65,326
After-tax interest expense (c)	29,957
Net operating profit after tax as adjusted	$ 95,283
Average equity	$ 189,560
Plus average debt	638,964
Average capital	$ 828,524
Return on invested capital excluding unusual items	11.5%

a) Return on invested capital excluding unusual items is net income 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% for the year ended December 31, 2017, on an adjusted basis, 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.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF RETURN ON INVESTED CAPITAL EXCLUDING UNUSUAL ITEMS TO NET INCOME AS REPORTED (a) (Unaudited)

(In thousands)	Year Ended December 31 2016
Net income as reported	$ (79,753)
Unusual items:	
Impact of U.S. tax reform on income tax benefit (expense)	—
Harsco Environmental Segment bad debt expense	—
Loss on early extinguishment of debt	35,337
Net loss on dilution and sale of equity investment	53,822
Harsco Rail Segment forward contract loss provision	45,050
Harsco Environmental Segment site exit and underperforming contract charges, net	5,100
Harsco Environmental Segment separation costs	3,287
Expense of deferred financing costs	1,125
Harsco Environmental Segment cumulative translation adjustment liquidation	(1,157)
Taxes on above unusual items (b)	(17,335)
Net income from continuing operations, as adjusted	45,476
After-tax interest expense (c)	31,790
Net operating profit after tax as adjusted	$ 77,266
Average equity	$ 290,995
Plus average debt	821,559
Average capital	$ 1,112,554
Return on invested capital excluding unusual items	6.9%

a) Return on invested capital excluding unusual items is net income 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.

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF PRO FORMA NET DEBT TO NET DEBT (Unaudited)

(In thousands)		Three Months Ended June 30, 2019 2019
Long-term Debt	$	1,313,843
Plus Short-term-borrowings		10,405
Plus Current maturities of long-term debt		6,840
Less Cash and cash equivalents		(106,094)
Net debt		1,224,994
Proceeds from Harsco Industrial Air-X-Changers sale		(592,000)
Pro forma net debt	$	632,994

The Company's management believes that Pro forma net debt, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews pro forma net debt for planning and performance evaluation purposes. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

HARSCO CORPORATIONRECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Unaudited)

	Projected Three Months Ending September 30 2019		Projected Twelve Months Ending December 31 2019	
	Low	High	Low	High
Diluted earnings per share from continuing operations (a)(b)	$ 0.24	$ 0.30	$ 0.63	$ 0.76
Corporate strategic and transaction related costs	—	—	0.19	0.19
Corporate unused debt commitment and amendment fees	—	—	0.09	0.09
Harsco Environmental Segment provision for doubtful accounts	—	—	0.07	0.07
Loss on early extinguishment of debt	0.06	0.06	0.06	0.06
Harsco Rail Segment improvement initiative costs	0.01	0.01	0.05	0.05
Harsco Environmental Segment change in fair value to contingent consideration liability	—	—	(0.04)	(0.04)
Harsco Environmental Segment cumulative translation adjustment liquidation	—	—	(0.03)	(0.03)
Taxes on above unusual items	—	—	(0.04)	(0.04)
Adjusted diluted earnings per share from continuing operations	0.31	0.37	0.98	1.11
Estimated acquisition amortization expense, net of tax	0.04	0.04	0.14	0.14
Diluted earnings per share from continuing operations, before acquisition related amortization expense	0.35	0.41	1.12	1.25
Diluted earnings per share from discontinued operations before acquisition amortization expense (c)	—	—	0.26	0.26
Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations	$ 0.35	$ 0.41	$ 1.38	$ 1.51

(a) Includes results for the Harsco Clean Earth Segment for the period from July 1, 2019 to December 31, 2019.
(b) Excludes results for the former Harsco Industrial Segment.
(c) Includes results for the former Harsco Industrial Segment for the period from January 1, 2019 to June 30, 2019.

The Company's management believes Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, 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. 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. Inclusion of discontinued operations, which relate principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE BEFORE ACQUISITION AMORTIZATION EXPENSE AND INCLUDING DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Twelve Months Ended December 31, 2018	
Diluted earnings per share from continuing operations as reported (a)	$ 1.20	
Harsco Environmental adjustment to slag disposal accrual (b)	(0.04)	
Harsco Environmental Segment change in fair value to contingent consideration liability (c)	(0.04)	
Altek acquisition costs (d)	0.01	
Loss on early extinguishment of debt (e)	0.01	
Harsco Rail Segment improvement initiative costs (f)	0.01	
Taxes on above unusual items (g)	(0.01)	
Impact of U.S. tax reform on income tax benefit (expense) (h)	(0.18)	
Deferred tax asset valuation allowance adjustment (i)	(0.10)	
Adjusted diluted earnings per share from continuing operations	0.88	(j)
Acquisition amortization expense, net of tax	0.07	
Adjusted diluted earnings per share from continuing operations excluding acquisition amortization expense	0.94	(j)
Diluted earnings per share from the former Harsco Industrial Segment, includes acquisition amortization expense	0.45	
Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations	$ 1.40	(j)

(a) Prior period amounts have been updated to reflect the former Harsco Industrial Segment as discontinued operations.
(b) Harsco Environmental adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America ($3.2 million pre-tax).
(c) Fair value adjustment to contingent consideration liability related to the acquisition of Altek ($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 the Altek acquisition because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.
(d) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment ($0.8 million pretax) and at Corporate ($0.4 million pretax).
(e) Loss on early extinguishment of debt associated with amending the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility ($1.0 million pre-tax).
(f) Costs associated with a productivity improvement initiative in the Harsco Rail Segment ($0.6 million pre-tax).
(g) Unusual items are tax-effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded, except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
(h) The Company recorded a benefit (expense) as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform ($15.4 million benefit).
(i) Adjustment of certain existing deferred tax asset valuation allowances as a result of the Altek acquisition ($8.3 million).
(j) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share before acquisition amortization expense and including discontinued operations, 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. 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. Inclusion of discontinued operations, which relate principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) INCLUDING DISCONTINUED OPERATIONS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth (a)	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2019:						
Operating income (loss) as reported	$ 27,577	$ —	$ —	$ 9,443	$ (19,221)	$ 17,799
Corporate strategic costs	—	—	—	—	12,390	12,390
Harsco Environmental Segment provision for doubtful accounts	5,359	—	—	—	—	5,359
Harsco Environmental Segment change in fair value to contingent consideration liability	(3,879)	—	—	—	—	(3,879)
Harsco Rail Segment improvement initiative costs	—	—	—	1,152	—	1,152
Adjusted operating income (loss)	29,057	—	—	10,595	(6,831)	32,821
Operating income in discontinued operations	—	—	20,413	—	—	20,413
Adjusted operating income (loss) including discontinued operations	$ 29,057	—	$ 20,413	$ 10,595	$ (6,831)	$ 53,234
Revenues as reported						
Revenues as reported	$ 269,338	$ —	$ —	$ 81,560	$ —	$ 350,898
Revenues in discontinued operations	—	—	116,796	—	—	116,796
Revenues including discontinued operations	$ 269,338	$ —	$ 116,796	$ 81,560	$ —	$ 467,694
Adjusted operating margin (%)	10.8%			13.0%		9.4%
Adjusted operating margin (%) including discontinued operations	10.8%		17.5%	13.0%		11.4%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019. Revenues and operating income for the three and six months ended June 30, 2019 are immaterial. The operating results of the former Harsco Industrial Segment has been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income (loss) including discontinued operations, 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. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. 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) INCLUDING DISCONTINUED OPERATIONS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Environmental	Harsco Clean Earth (a)	Harsco Industrial (a)	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2018:						
Operating income (loss) as reported	$ 35,661	$ —	$ —	$ 8,618	$ (6,215)	$ 38,064
Harsco Environmental adjustment to slag disposal accrual	(3,223)	—	—	—	—	(3,223)
Altek acquisition costs	753	—	—	—	431	1,184
Adjusted operating income (loss)	33,191	—	—	8,618	(5,784)	36,025
Operating income in discontinued operations	—	—	15,561	—	—	15,561
Adjusted operating income (loss) including discontinued operations	$ 33,191	$ —	$ 15,561	$ 8,618	$ (5,784)	$ 51,586
Revenues as reported	$ 272,320	—	$ —	$ 67,552	$ 35	$ 339,907
Revenues in discontinued operations	—	—	92,065	—	—	92,065
Revenues including discontinued operations	$ 272,320	$ —	$ 92,065	$ 67,552	$ 35	$ 431,972
Adjusted operating margin (%)	12.2%			12.8%		10.6%
Adjusted operating margin (%) including discontinued operations	12.2%		16.9%	12.8%		11.9%

(a) The Company's acquisition of Clean Earth closed on June 28, 2019. Revenues and operating income for the three and six months ended June 30, 2019 are immaterial. The operating results of the former Harsco Industrial Segment has been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented.

The Company's management believes Adjusted operating income (loss) including discontinued operations, 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. Inclusion of discontinued operations, which relates principally to the Harsco Industrial Segment, provides comparability to prior periods. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

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

	Three Months Ended June 30			Six Months Ended June 30		
	2019		2018	2019		2018
Diluted earnings (loss) per share from continuing operations as reported	$ (0.04)		$ 0.37	$ 0.09		$ 0.50
Corporate strategic costs (a)	0.15		—	0.18		—
Corporate unused debt commitment and amendment fees (b)	0.09		—	0.09		—
Harsco Environmental Segment provision for doubtful accounts (c)	0.07		—	0.07		—
Harsco Environmental Segment change in fair value to contingent consideration liability (d)	(0.05)		—	(0.04)		—
Harsco Rail Segment improvement initiative costs (e)	0.01		—	0.05		—
Harsco Environmental Segment cumulative translation adjustment liquidation (f)	—		—	(0.03)		—
Harsco Environmental Segment adjustment to slag disposal accrual (g)	—		(0.04)	—		(0.04)
Altek acquisition costs (h)	—		0.01	—		0.01
Loss on early extinguishment of debt (i)	—		0.01	—		0.01
Deferred tax asset valuation allowance adjustment (j)	—		(0.10)	—		(0.10)
Taxes on above unusual items (k)	(0.03)		—	(0.04)		—
Adjusted diluted earnings per share from continuing operations	0.21	(l)	$ 0.25	$ 0.36	(l)	$ 0.38
Adjusted diluted earnings per share from discontinued operations	0.16					
Adjusted diluted earnings per share including discontinued operations	$ 0.37					

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with supporting and executing the Company's growth strategy (Q2 2019 $12.4 million pre-tax; six months 2019 $15.1 million pre-tax).
(b) Costs at Corporate related to the unused bridge financing commitment and Term Loan B amendment (Q2 and six months 2019 $7.4 million pre-tax).
(c) Harsco Environmental Segment provision for doubtful accounts related to a customer in the U.K. entering administration (Q2 and six months 2019 $5.4 million pre-tax).
(d) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q2 2019 $3.9 million pretax; six months 2019 $3.5 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 the Altek acquisition 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.
(e) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q2 2019 $1.2 million pre-tax; six months 2019 $3.8 million pre-tax).
(f) Harsco Environmental Segment gain related to the liquidation of cumulative translation adjustment related to an exited country (six months 2019 $2.3 million pre-tax).
(g) Harsco Environmental Segment adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America (Q2 and six months 2018 $3.2 million pre-tax).
(h) Costs associated with the acquisition of Altek recorded in the Harsco Environmental Segment (Q2 and six months 2018 $0.8 million pretax) and at Corporate (Q2 and six months 2018 $0.4 million pretax).
(i) Loss on early extinguishment of debt associated with amending the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility (Q2 and six months 2018 $1.0 million pre-tax).
(j) Adjustment of certain existing deferred tax asset valuation allowances as a result of the Altek acquisition (Q2 and six months 2018 $8.3 million).
(k) 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.
(l) Does not total due to rounding.

The Company’s management believes Adjusted diluted earnings per share including discontinued operations, 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. Inclusion of discontinued operations, which relate principally to the Harsco Industrial Segment, provides comparability to prior periods. 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 DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS TO DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended June 30, 2019
Diluted earnings per share from discontinued operations as reported	$ 0.14
Transaction related costs (a)	0.08
Taxes on above unusual items (b)	(0.02)
Deferred tax asset adjustment (c)	(0.04)
Adjusted diluted earnings per share from discontinued operations	$ 0.16

(a) Costs directly related to the sale of Harsco Industrial including (i) directly attributable transaction costs ($3.5 million pre-tax); and (ii) loss on termination of interest rate swaps directly attributable to the mandatory repayment of the Term Loan Facility ($2.7 million pre-tax).

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

(c) Adjustments to certain deferred tax asset values as a result of the disposal of the Industrial Segment ($3.3 million).

The Company's management believes Adjusted diluted earnings per share from discontinued operations, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical operating results of the former Harsco Industrial Segment, which is now classified as discontinued operations. 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

HARSCO

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 June 30, 2019	
(In thousands)	**2019**	**2018**
Net cash provided (used) by operating activities	**$ (9,466)**	$ 54,942
Less capital expenditures	**(54,794)**	(29,599)
Less purchase of intangible assets	**(525)**	—
Plus capital expenditures for strategic ventures (a)	**2,527**	295
Plus total proceeds from sales of assets (b)	**1,028**	2,776
Plus transaction-related expenditures (c)	**15,990**	—
Free cash flow	**(45,240)**	28,414
Add growth capital expenditures	**18,086**	4,458
Free cash flow before growth capital expenditures	**$ (27,154)**	$ 32,872

(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-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 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-U.S. 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 U.S. GAAP.

HARSCO

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

RECONCILIATION OF RETURN ON INVESTED CAPITAL TO NET INCOME AS REPORTED (a) (Unaudited)

(In thousands)	Trailing Twelve Months for Period Ended June 30 2019	2018
Net income as reported	**$ 116,191**	$ 44,264
Corporate strategic costs	**15,129**	—
Unused debt commitment and amendment fees	**7,435**	—
Transaction-related costs for discontinued operations	**6,268**	—
Harsco Rail Segment improvement initiative costs	**4,440**	—
Harsco Environmental Segment change in fair value to contingent consideration liability	**(6,449)**	—
Harsco Environmental Segment provision for doubtful accounts	**5,359**	—
Harsco Environmental Segment cumulative translation adjustment liquidation	**(2,271)**	—
Harsco Environmental Segment bad debt expense	**—**	4,589
Loss on early extinguishment of debt	**—**	3,299
Harsco Environmental Segment adjustment to slag disposal accrual	**—**	(3,223)
Altek acquisition costs	**—**	1,184
Taxes on above unusual items (b)	**(4,920)**	(2,272)
Impact of U.S. tax reform on income tax benefit	**(15,409)**	48,680
Deferred tax asset valuation allowance adjustment	**(3,252)**	(8,292)
Net income from continuing operations, as adjusted	**122,521**	88,229
After-tax interest expense (c)	**29,781**	29,875
Net operating profit after tax as adjusted	**$ 152,302**	$ 118,104
Average equity	**$ 317,987**	$ 230,115
Plus average debt	**701,088**	626,590
Average capital	**$ 1,019,075**	$ 856,705
Return on invested capital	**14.9%**	13.8%

(a) Return on invested capital excluding unusual items is net income (loss) 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 23% for the trailing twelve months for the period ended June 30, 2019 and for the trailing twelve months for the period ended June 30, 2018, 37% was used for June 1, 2017 through December 31, 2017 and 23% was used for January 1, 2018 through June 30, 2018, on an adjusted basis, for interest expense.

The Company's management believes Return on invested capital, 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.

HARSCO