



**HARSCO**  
Insight onsite.™

# Investor Presentation

Baird Global Industrial Conference  
November 9, 2017

# Administrative Items

## Forward-Looking Statements

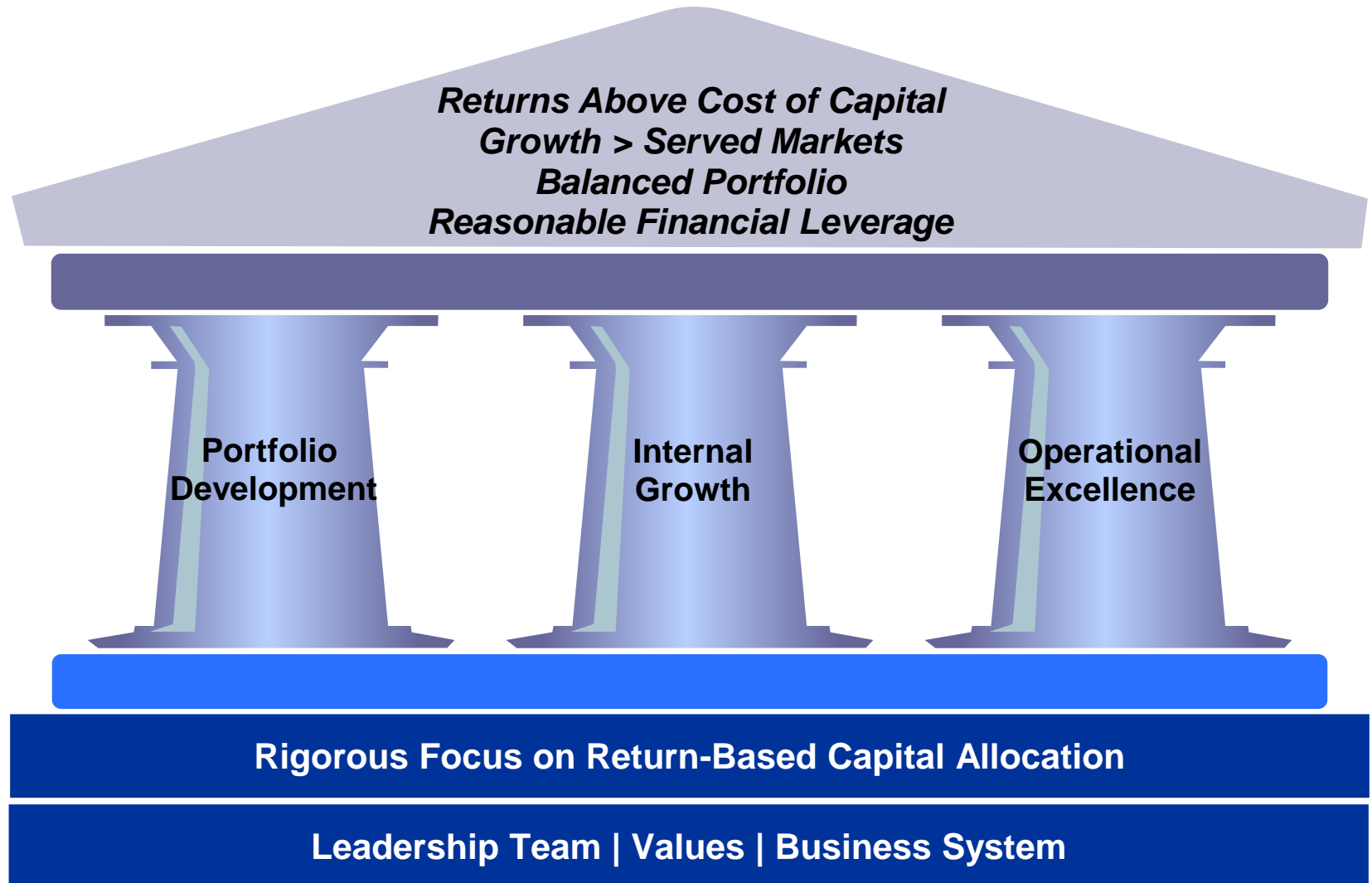
The Company's presentation contains forward-looking statements based on management's current expectations, estimates and projections. The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, 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," "plan" or other comparable terms.

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (15) the outcome of any disputes with customers, contractors and subcontractors; (16) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (17) implementation of environmental remediation matters; (18) risk and uncertainty associated with intangible assets; and (19) 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, 2016. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

## Non-GAAP Measures

Throughout this presentation, the Company refers to certain non-GAAP measures, including, without limitation, adjusted operating income (loss) from continuing operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, return on invested capital and free cash flow. For a reconciliation of non-GAAP measures to U.S. GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Appendix in this presentation.

# Harsco – Focused on Growth and ROIC

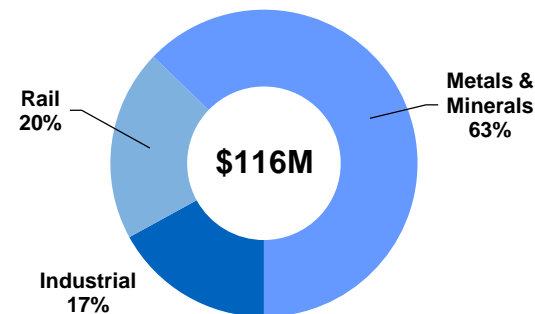


# Harsco at a Glance

NYSE: HSC

## Diversified global engineered products and services company

### Adjusted Operating Income<sup>(1)</sup>



#### HARSCO METALS & MINERALS



**Revenue: ~\$970M**

*Global market leader in mill services*

- Premier provider for resource recovery and environmental solutions
- 140 customer sites in 30+ countries
- Deep operational expertise providing onsite logistics and maintenance

#### HARSCO INDUSTRIAL



**Revenue: ~\$250M**

*Highly engineered OEM to industrial and energy markets*

- AXC: A leader in high quality air-cooled heat exchangers
- IKG: leading producer of industrial metal grating products
- PK: innovative commercial boilers and water heaters

#### HARSCO RAIL



**Revenue: ~\$240M**

*Customized provider of maintenance equipment and spare parts*

- Leader in North American rail maintenance market
- Large installed vehicle base
- Short-cycle expansion provides recurring revenues and is positioned to grow
- Significant opportunities for international expansion

Note: Adjusted operating income and all revenues for Harsco Metals & Minerals, Rail, and Industrial Segments are 2016 actual amounts. Industrial Segment: AXC represents Air-X-Changers; IKG represents IKG Industries; and PK represents Patterson-Kelley.

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






# Metals & Minerals

## Improving Returns Above Cost Of Capital

- **Global market leader in 30+ countries**
  - ~70 customers globally
- **Differentiated operational and technical expertise providing valuable customer solutions**
- **Long term contracts and relationships; existing sites have often served customer over multiple decades**
- **High contract renewal rates**
- **Industry leading technology provides opportunity to leverage heightened environmental requirements**
- **Flexible operating structure scalable to business needs**
- **Transformation initiatives improved return profile**

### Services and Products Portfolio

Category	Offerings & Solutions
<b>Materials Management and Melt Shop Services</b> 	<ul style="list-style-type: none"> <li>■ Slag hauling &amp; processing; enables core operations</li> <li>■ Raw materials inventory and logistics management; optimize inputs availability</li> <li>■ Scarfing, slitting &amp; packaging</li> <li>■ Tap-hole Drilling, Refractory Wrecking /Recycling, Vessel Cleaning; improves production efficiency</li> </ul>
<b>Resource Recovery</b> 	<ul style="list-style-type: none"> <li>■ Extraction of nickel and other high value metallics</li> <li>■ Briquetting and pelletizing</li> <li>■ Crushing and metal recovery</li> <li>■ Scrap sales</li> </ul>
<b>Environmental and Product Solutions</b> 	<ul style="list-style-type: none"> <li>■ Zero waste solutions, including:</li> <li>■ Abrasives &amp; Roofing Granules</li> <li>■ Road Base Materials &amp; Cement</li> <li>■ Metallurgical Additives</li> <li>■ Fertilizers &amp; Soil Conditioners</li> </ul>

### Financial Progress from Transformation

Category	2014 Actuals	2016 Actuals
Revenue	\$1.4B	\$966M
Adjusted OI Margin <sup>1</sup>	6.7%	8.9%
FCF <sup>2</sup>	\$2M	\$152M

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

(2) FCF: Net cash provided by operating activities less capital expenditures plus proceeds from asset sales and capital expenditures for strategic ventures.  
See tables at end of presentation for GAAP to non-GAAP reconciliations.

# M&M - Positioned to Capture Growth Opportunities

## Increased Penetration of Existing Sites with Targeted Pursuit of New Sites

- ❑ Renewed emphasis on entrepreneurial focus at site level for site managers to grow relationships and services
- ❑ Ability to obtain add-on contracts at local site level
- ❑ Identification of “new site” opportunities and implementation of business win action plan

- **New sites identified in select markets globally**
  - **Assessment of areas of incremental value M&M can provide**

## Firm wide Commercialization of Applied Products Technology

- ❑ Applied product “successes” to be rolled out across the site portfolio
- ❑ Additional value creation / upside through the development of a global, coordinated Applied Products strategy

### Current Platform

**Abrasives and  
Roof Granules**

**Road  
Construction**

**Specialty Metallics  
Recovery / Fertilizer**

**Metallurgical  
Additives**

## Capitalizing on Opportunities and Outlook in Growth Markets

### India

- ❑ Strong market position – only global steel mill services company with full-scale operations in India providing a comprehensive service offering
- ❑ High expected steel production volume growth
- ❑ Local purchasing enabling lower capital and operating costs
- ❑ In-house engineering capabilities, operating track record, and local presence are key differentiating factors




### China

- ❑ Significant opportunities from potential outsourcing of steel mill services
- ❑ Focus in China on environmental solutions presents additional applied products applications
- ❑ Established track record – developed relationships and full-scale operations in China differentiates Harsco from other global mill services companies

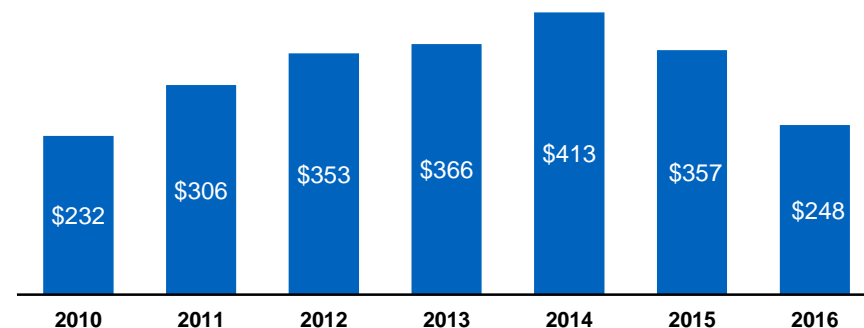
# Industrial - Attractive Returns & Growth Platform

- **Three businesses with premium quality products and powerful 100+ year brand heritage**
- **Broad attractive end-markets**
- **Product innovation and technology support growth**
- **Focus on Continuous Improvement principles**
- **Significant investment recently in manufacturing capabilities**
- **Unique design, engineering and service support**
- **Meaningful growth potential from end-market recovery**
- **Capital-light business with high returns**
  - Yearly CapEx: 2% of revenue (2016)
  - ROIC: 19% (2016)

## Products and Applications Portfolio

Products	Applications
<b>Air-X-Changers</b> 	<ul style="list-style-type: none"> <li>■ Process cooling for petrochemical applications</li> <li>■ Natural gas compression, processing, and transmission</li> </ul>
<b>IKG</b> 	<ul style="list-style-type: none"> <li>■ Mezzanines, platforms, treads, flooring systems</li> <li>■ Aesthetic applications</li> <li>■ High Security fencing</li> </ul>
<b>Patterson- Kelley</b> 	<ul style="list-style-type: none"> <li>■ Commercial and institutional building space heating</li> <li>■ Domestic hot water</li> </ul>

## Top-Line Leverage to Recovery & Product Innovations<sup>1</sup>



Segment ROIC for 2016 = segment net operating profit after tax (NOPAT) divided by net operating assets.

(1) Figures in millions

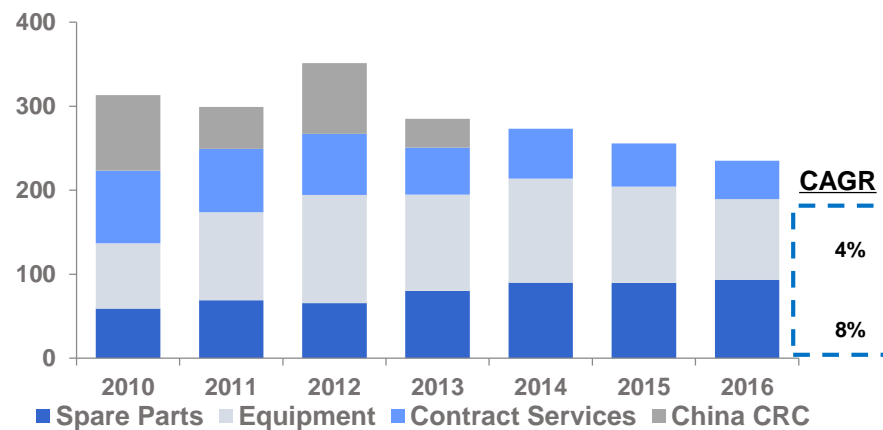
# Scaling Rail To Drive Growth

- **Leader in North American rail maintenance with developing foothold in Asia & Europe**
- **Integrated, total track solutions**
- **Customized OEM of track maintenance and construction equipment, with innovative controls**
- **Differentiated technology solutions, capitalizing on next generation equipment, increased safety & track awareness and productivity improvements**
- **Large aftermarket opportunity supported by installed base of equipment and non-OEM strategy**
- **Capital light business with high returns**
  - Yearly Capex: ~1% of revenue (2016)
  - ROIC: 27% (2016)

## Products / Services and Applications Portfolio

Products / Services	Applications
<b>Equipment</b> 	<ul style="list-style-type: none"> <li>■ Customized equipment utilized in the construction and maintenance of rail infrastructure, including tampers, grinders, and other track equipment</li> </ul>
<b>Aftermarket</b> 	<ul style="list-style-type: none"> <li>■ OEM and Non-OEM parts supply</li> <li>■ Component and equipment rebuild services</li> </ul>
<b>Contracting Solutions</b> 	<ul style="list-style-type: none"> <li>■ Selective rail maintenance solutions in niche market segments</li> <li>■ Track and Rail renewal services</li> </ul>
<b>Protran Technology</b> 	<ul style="list-style-type: none"> <li>■ Control systems and technology for Rail vehicles</li> <li>■ Critical safety solutions in rail, transit and wayside applications</li> </ul>

## Strong Revenue Growth in Core Products (\$M)





# Balanced Capital Allocation & Financial Strategy

- **Primary focus is Return on Invested Capital; ROIC target is 10%**
  - Capital allocation efficiency & pursue accretive growth opportunities
- **Notable improvement in cash flow**
  - M&M capital spending limited to maintenance & targeted growth investments
  - Sustainable working capital improvements in each business segment
- **Priority is to maintain reasonable capital structure and flexibility to pursue strategic initiatives**
  - Long term target leverage ratio is 2.0x to 2.5x

(\$ millions)	12/31/2015	9/30/2017
<b>Capital structure:</b>		
Cash and cash equivalents <sup>1</sup>	\$77	\$59
Revolving Credit Facility	165	77
Term Loan Facility	250	546
Senior Notes	449	-
Other debt	37	1
<b>Total debt</b>	<b>901</b>	<b>624</b>
Net debt (total debt less cash and cash equivalents)	\$824	\$565
Net leverage ratio <sup>2</sup>	2.8	2.1
<b>Liquidity:</b>		
Gross liquidity <sup>3</sup>	\$216	\$341

(1) Excludes restricted cash; (2) Ratio calculation in accordance with credit agreement; (3) Unused revolver + unrestricted cash and cash equivalents – letters of credit outstanding under RCF (RCF limits cash to \$75 million)

# 2017 Summary Outlook

	2017 Outlook <sup>(2)</sup>	2017 Prior	2016 Actual
<b>GAAP Operating Income</b>	<b>\$132 to \$137 million</b>	\$125 to \$140 million	\$63 million
<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>\$137 to \$142 million</b>	\$125 to \$140 million	\$116 million
<b>Free Cash Flow</b>	<b>\$85 million to \$95 million</b>	\$80 million to \$95 million	\$100 million
<b>ROIC<sup>(1)</sup></b>	<b>9.5% to 10.5%</b>	9.0% to 10.0%	6.9%
<b>GAAP Diluted Earnings/(Loss) Per Share</b>	<b>\$0.61 to \$0.65</b>	\$0.55 to \$0.69	\$(1.07)
<b>Adjusted Diluted Earnings Per Share<sup>(1)</sup></b>	<b>\$0.65 to \$0.69</b>	\$0.55 to \$0.69	\$0.48

(1) Excludes unusual items. (2) 2017 GAAP figures do not account for any unusual items in Q4 2017.

# Summary Highlights and Major Priorities

- **Three industry leading, diversified businesses providing innovative customer solutions**
- **Sustaining internal momentum and target business growth**
  - ❑ Operate disciplined Metals & Minerals business
  - ❑ Secure additional growth opportunities
  - ❑ Advance “continuous improvement” culture
- **Meaningful earnings improvement potential from end-market recovery**
- **Significant financial flexibility following meaningful debt reduction during 2016**
  - ❑ Sustain free cash flow improvement - excess FCF after growth investments to reduce leverage further
  - ❑ Committed to maintaining strong capital structure
- **Pursue opportunities to develop portfolio**
- **Achieve ROIC at/above cost of capital on consistent basis**



# Appendix

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# Experienced Management Team

**Nicholas Grasberger**  
President, CEO & Head of  
Metals & Minerals



**Nicholas Grasberger** was appointed President and Chief Executive Officer in July 2014. He also is a member of the Harsco Board of Directors and serves as the leader of the Metals & Minerals segment. Mr. Grasberger previously served as Harsco's Chief Operating Officer and Chief Financial Officer. Before that, he was Managing Director of the multinational Precision Polymers Division of Fenner Plc. Prior to joining Fenner, he served as the Chief Financial Officer of Armstrong Holdings, Inc., the parent company of Armstrong World Industries, and later as CEO of Armstrong's Building Products division. He has also held positions as VP and Chief Financial Officer for Kennametal, Inc. and as Corporate Treasurer and director of the corporate planning process at H. J. Heinz Company.

**Peter F. Minan**  
SVP & CFO



**Peter F. Minan** was appointed Senior Vice President and Chief Financial Officer of the Company in November 2014. He has an extensive background in global financial management acquired through a nearly 30-year career with KPMG. He became a partner in 1993 and served as global lead partner for several multi-national Fortune 500 industrial and consumer audits. His roles included National Managing Partner, U.S. Audit practice, and Partner in Charge, Washington/Baltimore Audit practice. His more recent role was with Computer Sciences Corporation, where he served as Vice President of Enterprise Risk Management and Internal Audit. Mr. Minan has a degree in commerce from the University of Virginia's McIntire School of Commerce and is a Certified Public Accountant.

**Russell Hochman**  
SVP, General Counsel, CCO  
& Corporate Secretary



**Russell Hochman** serves as Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary. Mr. Hochman served in senior legal roles with Pitney Bowes Inc. and leading law firms based in New York prior to joining Harsco in 2013. He holds a J.D. from Albany Law School of Union University and a B.A. from Cornell University.

**Tracey McKenzie**  
SVP & Chief HR Officer



**Tracey McKenzie** serves as Senior Vice President and Chief Human Resources Officer. Prior to joining Harsco in September 2014, Ms. McKenzie served as Global HR Vice President for JLG Industries, a leader in the manufacturing sector for advanced aerial lift systems. While at JLG, she initiated and implemented global processes and procedures to foster employee engagement and development, while also advancing the company's objectives for Lean operational efficiency and continuous process improvement. Ms. McKenzie previously held executive level HR positions in her native Australia, and worked at Pacific Scientific Aerospace (a division of Danaher). She moved to the US in 2003, and holds an MBA from University of New England and a bachelor's in business administration from Royal Melbourne Institute of Technology (RMIT).

**Chris Whistler**  
Chief Operating Officer of  
Metals & Mineral



**Chris Whistler** serves as Vice President and Chief Operating Officer of the Harsco Metals & Minerals segment, having oversight responsibility for the segment's global operations. Mr. Whistler has played an instrumental role throughout the transformation of the Metals & Minerals business, serving most recently as head of the centralized Bid & Contract Management function. He joined Harsco in 1993 through its acquisition of MultiServ Group Ltd and has held several key management positions within the Company in both operations and finance, including division VP and Controller and regional Operations executive. Mr. Whistler holds a BA in Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

**Scott H. Gerson**  
President of Industrial



**Scott H. Gerson** serves as Senior Vice President and Group President of the Harsco Industrial group. Mr. Gerson joined Harsco in 2005 as Chief Information Officer and was appointed to his current position in 2010. Mr. Gerson previously was with Kulicke & Soffa Industries, Inc., a manufacturer of semiconductor assembly and test equipment, where he served as IT director of their worldwide application services. He has also served in management capacities with Compaq Computers and TRW Inc.

**Jeswant Gill**  
President of Rail



**Jeswant Gill** serves as Senior Vice President and Group President of Harsco Rail. He joined Harsco in October 2016 from The Arcadia Group International, where he served as Managing Director for its Global Solutions group. Mr. Gill previously was with Kennametal Inc., a global supplier of industrial tooling and material, where he led its \$1.3 billion Industrial Segment as Executive Vice President. Prior to Kennametal, he has served as Vice President, Global Services for the Industrial Technologies Sector of Ingersoll Rand. He also previously held leadership positions with Invensys PLC and Johnson Controls Inc.



# Business Sensitive to Many Macro Drivers

## Many business drivers

## Business variables

## Impact to bottom line

Materials  
Management  
and  
Melt Shop  
Services

- Liquid Steel Production
- Fixed fees
- Equipment / labor rental demand
- Fuel cost
- Inflation

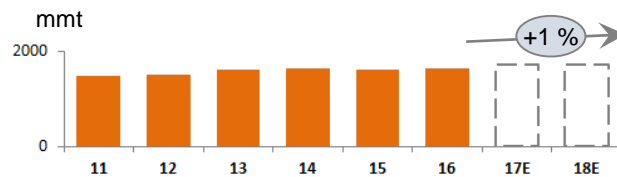
Resource  
recovery

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

Environmental  
products

- Abrasive demand & price
- Roofing demand & price

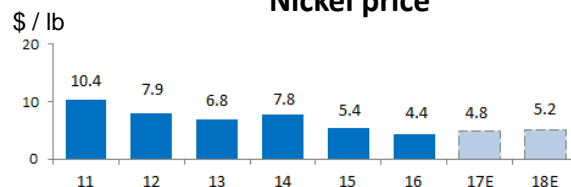
### Liquid Steel Production



Within current scope of operations...

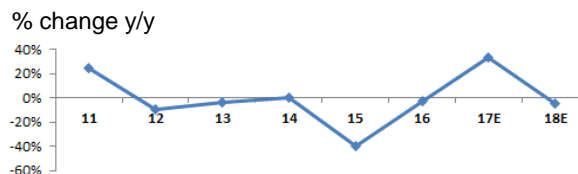
**~1% liquid steel production change equals ~\$2.5 million segment OI improvement**

### Nickel price



**\$1 nickel price change equals ~\$6.0 million segment OI improvement**

### Scrap price<sup>1</sup>



**10% scrap price change equals ~\$0.6 million segment OI improvement**

**Impact to bottom line not linear**

1. 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

# Q3 2017 Financial Summary –

## Key Performance Indicators

(\$ - millions, except EPS)		Change vs. 2016	
	Third Quarter	\$	% or bps
<b>Revenues</b>	385	17	5%
<b>GAAP Operating Income</b>	34	5	19%
<i>% of Sales</i>	8.8%		100bps
<b>Adjusted Operating Income<sup>(1)</sup></b>	39	10	35%
<i>% of Sales</i>	10.0%		220bps
<b>GAAP Diluted Earnings Per Share</b>	0.16	0.57	nmf
<b>Adjusted Diluted Earnings Per Share<sup>(1)</sup></b>	0.20	0.06	43%
<b>Free Cash Flow<sup>(2)</sup></b>	22	(39)	(64)%
<b>ROIC (LTM)<sup>(2)</sup></b>	10.7%		470bps

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.

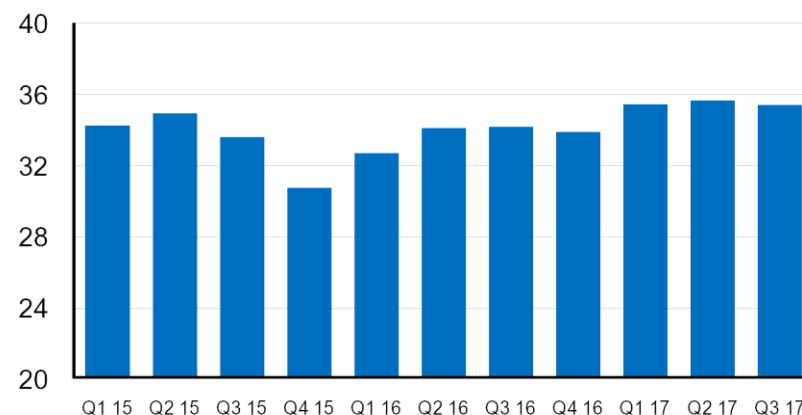
- Q3 operating income excluding bad debt expense above guidance range of \$30-37 million; Metals & Minerals and Rail contributed to better-than-expected quarter
- M&M and Industrial results improved vs 2016 quarter due to favorable market trends and strong operating performance
- Operating income in Rail declined slightly compared to prior-year quarter, as expected
- GAAP EPS includes unusual item of \$3 million (net, 4c); also Q3 2016 EPS included 3c of JV equity income
- Q3 FCF decrease vs prior-year quarter mainly attributable to Rail (working capital), as expected

# Q3 2017 – Metals & Minerals

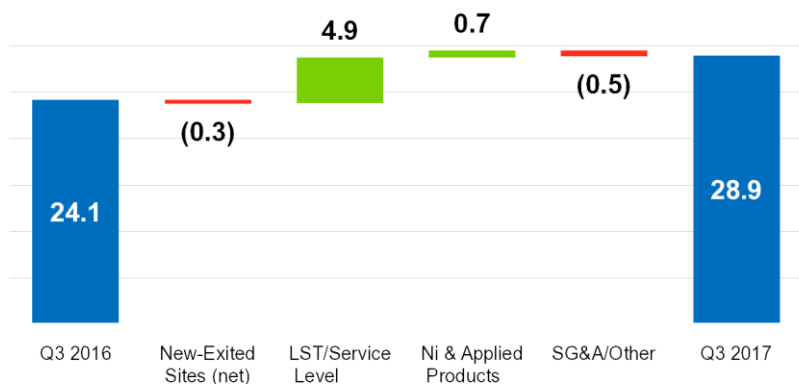
## Summary Results

(\$ in millions)	Q3 2017	Q3 2016	% change
Revenues, as reported	255	248	3%
Operating income - GAAP	24	24	1%
Operating margin - GAAP	9.5%	9.7%	
Adjusted operating income*	29	24	20%
Adjusted operating margin*	11.3%	9.7%	
Free cash flow (YTD)	83	108	(23)%
ROIC (TTM)	12.1	9.7	240bps

## LST Continuing Sites (million tons)



## Adjusted Operating Income Bridge\*



## Business Highlights

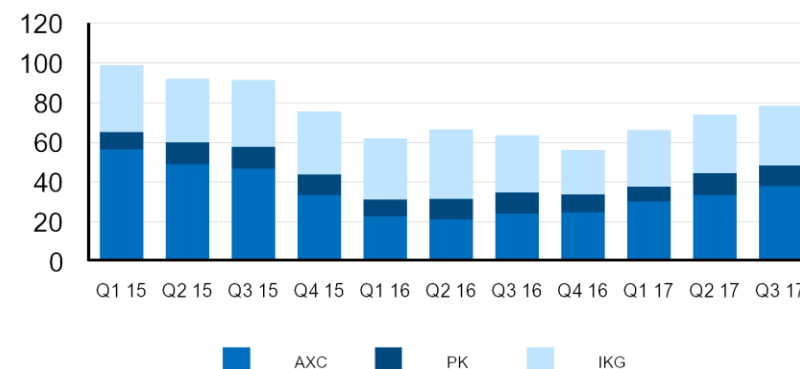
- Revenues increased due mainly to higher steel output and/or service levels
- Adjusted operating income increase reflects the above and higher contributions from Reed Minerals (roofing / blasting materials)
- FCF change reflects higher capital investment and that one-time working capital benefits in 2016 were not repeated, as anticipated

# Q3 2017 - Industrial

## Summary Results

(\$ in millions)	Q3 2017	Q3 2016	% change
Revenues, as reported	78	63	23%
Operating income - GAAP	13	6	104%
Operating margin - GAAP	16.4%	10.0%	
Free cash flow (YTD)	20	18	15%
ROIC (TTM)	23.4	15.7	nmf

## Revenue Mix



## Operating Income Bridge



## Business Highlights

- Revenue increase reflects improved demand for heat exchangers from US energy customer
- Operating income increased due to the above as well as improved sales mix and an asset sale gain of nearly \$4 million
- Free cash flow increase attributable to higher cash earnings and lower capital spending; offset partially by working capital investments

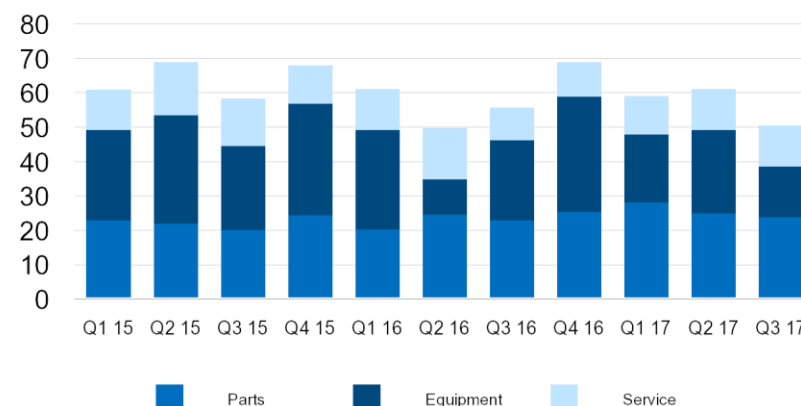
nmf = not meaningful; See tables at end of presentation for GAAP to non-GAAP reconciliations.

# Q3 2017 - Rail

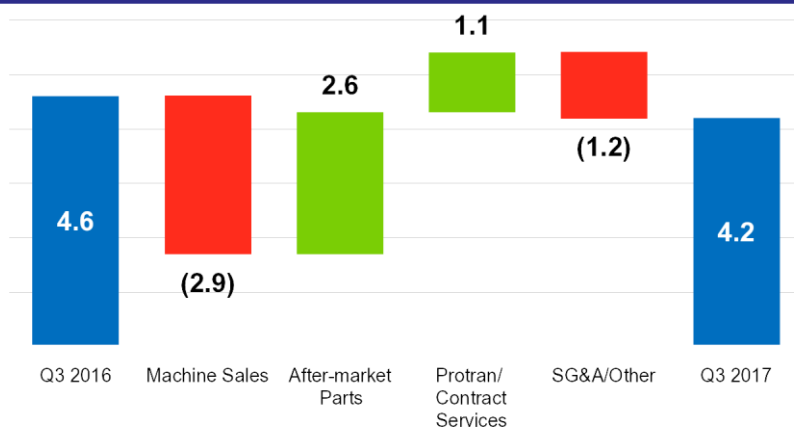
## Summary Results

(\$ in millions)	Q3 2017	Q3 2016	% change
Revenues, as reported	51	57	(10)%
Operating income - GAAP	4	5	(10)%
Operating margin - GAAP	8.1%	8.1%	
Free cash flow (YTD)	(18)	(18)	(2)%
ROIC (TTM)	30.8%	31.7%	(90)bps

## Revenue Mix



## Operating Income Bridge



## Business Highlights

- Revenues change the result of lower equipment shipments, less higher parts and services revenues
- Operating margin stable as higher parts-service contributions and improved sales mix offset lower equipment contributions and higher administrative costs (professional fees, compensation, etc)
- FCF YTD little changed from prior-year



# 2017 Business Outlook

<i>Excluding unusual items</i>		<b>2017 versus 2016</b>
<b>Metals &amp; Minerals</b>	<b>Revenues</b>	↑ low single digits
	<b>Operating Income</b>	↑ ~25% at mid-point, excluding unusual items
	<b>Drivers</b>	+ LST, cost/operational savings, new sites/services, commodities prices - Exited sites, professional fees
<b>Industrial</b>	<b>Revenues</b>	↑ ~15%
	<b>Operating Income</b>	↑ ~40% at mid-point
	<b>Drivers</b>	+ Demand for air cooled heat exchangers - IKG demand
<b>Rail</b>	<b>Revenues</b>	↑ ~30% (↑ ~10% excluding SBB revenue)
	<b>Operating Income</b>	↓ single digits at mid-point, excluding unusual items
	<b>Drivers</b>	+ Spare parts and Protran volumes, offshore equipment sales - North American rail spending
<b>Corporate Costs</b>		↑ due to pension, benefit programs and professional fees

# Q4 2017 Outlook

- Adjusted operating income is expected to be between \$28 to \$33 million versus \$28 million in Q4 2016
- Adjusted diluted earnings per share of \$0.11 to \$0.15
- Year-over-year considerations include:
  - M&M: Higher commodities and Applied Products contributions as well as new sites and FX offset impacts of exited sites and less favorable services mix
  - Industrial: Increased demand for all major product groups and more favorable product sales mix
  - Rail: Lower after-market contributions and professional fees offset higher equipment and Intelligent Solutions contributions
  - Corporate costs higher than prior-year quarter

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

### RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING SPECIAL ITEMS FOR METALS & MINERALS SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)		Harsco Metals & Minerals
<b>Twelve Months Ended December 31, 2014:</b>		
Operating income (loss) as reported	\$	13,771
Harsco Metals & Minerals Segment site exit and underperforming contract charges		50,111
Harsco Metals & Minerals Segment Project Orion charges		11,992
Harsco Metals & Minerals Segment contract termination charges		11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves		5,332
Adjusted operating income (loss) excluding unusual items	\$	92,763
Revenues as reported	\$	1,378,142
Adjusted operating margin (%) excluding unusual items		6.7%

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

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Diluted earnings (loss) per share from continuing operations as reported	\$ 0.16	\$ (0.41)	\$ 0.50	\$ (0.89)
Harsco Metals & Minerals Segment bad debt expense (a)	0.06	—	0.06	—
Net loss on dilution and sale of equity method investment (b)	—	0.54	—	0.67
Harsco Rail Segment forward contract loss provision (c)	—	—	—	0.50
Harsco Metals & Minerals Segment site exit charges and underperforming contract charges (d)	—	—	—	0.06
Harsco Metals & Minerals Segment separation costs (e)	—	—	—	0.04
Expense of deferred financing costs (f)	—	0.01	—	0.01
Taxes on above unusual items (g)	(0.02)	—	(0.02)	(0.08)
<b>Adjusted diluted earnings per share from continuing operations excluding unusual items</b>	<b>\$ 0.20</b>	<b>\$ 0.14</b>	<b>\$ 0.54</b>	<b>\$ 0.32 (h)</b>

(a) Bad debt expense incurred in the Harsco Metals & Minerals Segment (Q3 and nine months 2017 \$4.6 million pre-tax).

(b) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Q3 2016 \$43.5 million pre-tax, nine months 2016 \$53.8 million pre-tax).

(c) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (nine months 2016 \$40.1 million pre-tax)

(d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (nine months 2016 \$5.1 million pre-tax).

(e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (nine months 2016 \$3.3 million pre-tax).

(f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (Q3 and nine months 2016 \$1.1 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) Does not total due to rounding.

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

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION REVIEW OF OPERATIONS BY SEGMENT EXCLUDING UNUSUAL ITEMS

(Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Three Months Ended September 30, 2017:</b>					
Adjusted operating income (loss) as reported	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
Operating margin (%)	11.3%	16.4%	8.1%		10.0%
<b>Three Months Ended September 30, 2016:</b>					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787
Operating margin (%)	9.7%	10.0%	8.1%		7.8%
<b>Nine Months Ended September 30, 2017:</b>					
Adjusted operating income (loss) as reported	\$ 87,522	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 108,921
Revenues as reported	\$ 761,503	\$ 217,766	\$ 172,716	\$ 107	\$ 1,152,092
Operating margin (%)	11.5%	11.4%	10.5%		9.5%
<b>Nine Months Ended September 30, 2016:</b>					
Adjusted operating income (loss) excluding unusual items	\$ 67,034	\$ 20,083	\$ 17,607	\$ (16,966)	\$ 87,758
Revenues as reported	\$ 730,923	\$ 191,561	\$ 168,517	\$ —	\$ 1,091,001
Adjusted operating margin (%) excluding unusual items	9.2%	10.5%	10.4%		8.0%

(a) No unusual items were excluded from operating income in the three months ended September 30, 2016.

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



# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Three Months Ended September 30, 2017:</b>					
Operating income (loss) as reported	\$ 24,327	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 33,950
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
<b>Three Months Ended September 30, 2016:</b>					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787
<b>Nine Months Ended September 30, 2017:</b>					
Operating income (loss) as reported	\$ 82,933	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 104,332
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	\$ 87,522	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 108,921
Revenues as reported	\$ 761,503	\$ 217,766	\$ 172,716	\$ 107	\$ 1,152,092
<b>Nine Months Ended September 30, 2016:</b>					
Operating income (loss) as reported (a)	\$ 61,934	\$ 20,083	\$ (22,443)	\$ (20,253)	\$ 39,321
Harsco Rail Segment forward contract loss provision	—	—	40,050	—	40,050
Harsco Metals & Minerals Segment site exit charges	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Adjusted operating income (loss) excluding unusual items	\$ 67,034	\$ 20,083	\$ 17,607	\$ (16,966)	\$ 87,758
Revenues as reported	\$ 730,923	\$ 191,561	\$ 168,517	\$ —	\$ 1,091,001

(a) No unusual items were excluded in the three months ended September 30, 2016.

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

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

(In thousands)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Net cash provided by operating activities	\$ 36,126	\$ 76,173	\$ 82,905	\$ 104,846
Less capital expenditures	(23,431)	(17,770)	(64,131)	(49,946)
Plus capital expenditures for strategic ventures (a)	36	17	432	112
Plus total proceeds from sales of assets (b)	9,212	2,063	10,746	7,178
Free cash flow	\$ 21,943	\$ 60,483	\$ 29,952	\$ 62,190

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

The Company's management believes that Free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from (used in) operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

(In thousands)	Trailing Twelve Months for Period Ended September 30	
	2017	2016
Income (loss) from continuing operations	\$ 30,151	\$ (73,896)
Unusual items:		
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	5,000	40,050
Harsco Metals & Minerals Segment bad debt expense	4,589	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (b)	—	11,499
Harsco Metals & Minerals Segment separation costs	—	11,456
Harsco Metals & Minerals Segment Project Orion charges	—	5,070
Expense of deferred financing costs	—	1,125
Harsco Metals & Minerals Segment contract termination charges	—	(253)
Taxes on above unusual items (c)	(12,615)	(9,962)
Net income from continuing operations, as adjusted	61,305	38,911
After-tax interest expense (d)	30,140	32,546
Net operating profit after tax as adjusted	\$ 91,445	\$ 71,457
Average equity	\$ 194,242	\$ 304,532
Plus average debt	656,437	881,077
Average capital	\$ 850,679	\$ 1,185,609
Return on invested capital excluding unusual items	10.7%	6.0%

- (a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.
- (b) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic actions from Project Orion's focus on underperforming contracts (Twelve months ended September 30, 2016 \$11.5 million pre-tax which includes \$1.3 million of pre-tax gains).
- (c) 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.
- (a) 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 FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

(In millions)	Projected Twelve Months Ending December 31	
	2017	
	Low	High
Net cash provided by operating activities	\$ 180	\$ 180
Less capital expenditures	(101)	(92)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	7
Free Cash Flow	\$ 85	\$ 95

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Twelve Months Ended December 31, 2016:</b>					
Operating income (loss) as reported	\$ 81,634	\$ 23,182	\$ (17,527)	\$ (23,820)	\$ 63,469
Harsco Rail Segment forward contract loss provision	—	—	45,050	—	45,050
Harsco Metals & Minerals Segment site exit	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss), excluding unusual items	\$ 85,577	\$ 23,182	\$ 27,523	\$ (20,533)	\$ 115,749
Revenues as reported	\$ 965,540	\$ 247,542	\$ 238,107	\$ 34	\$ 1,451,223
Adjusted operating margin (%), excluding unusual items	8.9%	9.4%	11.6%		8.0%

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



# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

	Twelve Months Ended	
	December 31	
(In thousands)	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

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.

(b) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment.

The Company's management believes that Free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from (used in) operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

	Twelve Months Ended December 31 2016
Diluted earnings (loss) per share from continuing operations as reported	\$ (1.07)
Net loss on dilution and sale of equity investment (a)	0.66
Harsco Rail Segment forward contract loss provision (b)	0.56
Loss on early extinguishment of debt (c)	0.44
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (d)	0.06
Harsco Metals & Minerals Segment separation costs (e)	0.04
Expense of deferred financing costs (f)	0.01
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (g)	(0.01)
Taxes on above unusual items (h)	(0.21)
<b>Adjusted diluted earnings per share from continuing operations excluding unusual items</b>	<b>\$ 0.48</b>

- (a) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (\$53.8 million pre-tax).
- (b) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (\$45.1 million pre-tax).
- (c) Loss on early extinguishment of debt recorded at Corporate (\$35.3 million pre-tax).
- (d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (\$5.1 million pre-tax).
- (e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (\$3.3 million pre-tax).
- (f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (\$1.1 million pre-tax).
- (g) Harsco Metals & Minerals Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (\$1.2 million pre-tax).
- (h) 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.

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

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

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

(In thousands)	Year Ended December 31
	2016
Loss from continuing operations	\$ (80,422)
Unusual items:	
Net loss on dilution and sale of equity investment	53,822
Harsco Rail Segment forward contract loss provision	45,050
Loss on early extinguishment of debt	35,337
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	5,100
Harsco Metals & Minerals Segment separation costs	3,287
Expense of deferred financing costs	1,125
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)
Taxes on above unusual items (b)	(17,335)
Net income from continuing operations, as adjusted	44,807
After-tax interest expense (c)	31,790
Net operating profit after tax as adjusted	\$ 76,597
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 (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

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

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

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