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PRESENTATION

Operator

Good morning. My name is Samuel, and I will be your conference facilitator today. At this time, I would like to welcome everyone to the Harsco Corporation First Quarter Earning Release Conference Call. (Operator Instructions)

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Now I would like to turn the call over to Mr. Dave Martin of Harsco Corporation. Mr. Martin, please go ahead.

David S. Martin - *Harsco Corporation - Director of IR*

Thank you, Samuel, and welcome to everyone joining us this morning. I'm Dave Martin, Director of Investor Relations for Harsco. With me today is Nick Grasberger, our President and Chief Executive Officer; as well as Pete Minan, our Senior Vice President and CFO. This morning, we will discuss our results for the first quarter of 2017 and our outlook for the year.

Before our presentation, however, let me take care of a few administrative items. First, a PDF of our earnings release as well as a slide presentation for this call have been posted to the IR section of our website. Secondly, this call is being recorded and webcast. A replay will be available on our website later this afternoon.

Next, we will make statements today that are considered forward-looking within the meaning of the federal securities laws. These statements are based on our current knowledge and expectations and are subject to certain risks and uncertainties that may cause actual results to differ materially from these forward-looking statements. For a discussion of such risks and uncertainties, see the Risk Factors section in our most recent 10-K. The company undertakes no obligation to revise or update any forward-looking statements.

Lastly, on this call, we will refer to adjusted financial results that are considered non-GAAP for SEC reporting purposes. A reconciliation to U.S. GAAP results is included in our earnings release today as well as the slide presentation.

Now I'll turn the call over to Nick.

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Good morning, everyone. Thanks for joining us. As noted in our press release, first quarter results were quite strong across the portfolio, and we have boosted the full year outlook for Harsco's financial performance. The combination of supportive markets and solid execution of internal initiatives drove the results in Q1, and we largely expect these trends to continue.

Consistent with the past several quarters, Metals & Minerals is leading the way as adjusted profits more than doubled compared to Q1 of last year. M&M is performing ahead of expectations due to higher volumes, improved operational efficiency and contributions from new sites and add-on services at existing sites.

We're very pleased with the pipeline of growth opportunities as it continues to build beyond levels seen in recent years. We now expect to sign more new contracts over the next year or so than anticipated a few months ago, and we've correspondingly increased our capital budget for growth projects.

Adjusted full year profit in M&M should now be up 10% to 15% versus last year, which improved about 40% from 2015.

The performance of our Industrial segment was also somewhat better than expected, although results still lagged behind those of last year. Improving demand in the upstream energy and nonresidential construction markets is lifting our Air-X-Changer and commercial boiler businesses, while easing competitive tensions are a welcome development in our grating business. So we now expect our Industrial businesses to perform somewhat better for the full year, and the segment should resume year-over-year earnings growth and double-digit profit margins this quarter.

Earnings in the Rail segment were a bit ahead of expectations, largely due to timing. And the outlook for the business is unchanged from our previous view. Although rail traffic is beginning to grow again, the capital spending of our major customers for maintenance-of-way equipment will below -- will remain below year ago levels. Our outlook does assume that we will continue to gain traction with our shorter-cycle aftermarket and safety-oriented products that should produce double-digit revenue growth this year.

So overall, we are very optimistic about the future of each of our segments. The transformation of our M&M business has produced a meaningful and sustainable improvement in our profit margins, cash flow and return on capital and has provided a foundation for future growth, as evidenced by our visibility to several new contracts that should yield good returns. And our investments in expanding our Applied Products business to meet the increasing environmental needs of our customers is also yielding results. We expect to make further investments in our product capabilities to provide a better balance against the more capital-intensive mill services business.

In a similar manner, the future of our Industrial segment is bright due to recovering markets and investments made in both new products and manufacturing efficiency over the past few years. And the signs of recovery in our Rail business are also evident, and I'm confident the new management team will produce results in Rail similar to those we have realized in M&M.

Finally, a word about our prior announcement to separate M&M from our other businesses. After much consideration and in light of our optimism for future growth and performance, the Board and I have concluded that such a separation is not in the best interest of our shareholders for the foreseeable future. The management team will continue to focus on creating value in each of our businesses while actively pursuing opportunities to optimize our portfolio. We spent over 2 years executing a broad-based restructuring, navigating very weak end markets and providing intense focus to cash flow and the balance sheet while also upgrading our talent and changing our culture. It's now time to leverage all we have accomplished and redefine Harsco as a growth-oriented business that generates attractive returns on its invested capital.

I'll now turn the call over to Pete.

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Thanks, Nick, and good morning, everyone. So let me start with Slide 4. Reported operating income in the first quarter was $28 million, which was above our guidance range of $15 million to $20 million. Each operating segment contributed to the better quarter. And as Nick just said, Metals & Minerals was the largest contributor, and it certainly had a very strong first quarter, again reporting double-digit margins. Each of our regions helped versus earlier expectations. The drivers included better steel output and service levels, higher scrap volumes and better metallics pricing.

The Rail segment primarily benefited from the acceleration of some shipments and product mix, which were supported by the outstanding performance of our rail operations team. And in Industrial, results were helped by stronger demand for heat exchangers as a result of energy market developments and higher grating sales and margins.

Compared to the 2016 quarter, our adjusted operating income increased 57%. Adjusted operating income in Metals more than doubled as did its operating margin. And this is the first quarter in some time that M&M experienced a meaningful uplift from the external market. Rail's operating income also increased modestly compared with prior year, mainly as a result of higher aftermarket sales. And these positives were only partially offset by lower earnings in Industrial and higher corporate spending, both of which were anticipated.

Harsco's reported diluted earnings per share was $0.11 in the first quarter versus our previous guidance range of between a $0.01 loss and earnings per share of $0.04. There were no unusual items in the quarter, and this EPS figure compares with a GAAP loss of $0.13 per share and an adjusted earnings per share of $0.03 in the first quarter of 2016.

Free cash flow was negative in the quarter, as expected and as is traditionally the case in the March quarter. The slight change in our cash flows versus the prior year can mainly be attributed to working capital. We do expect that our free cash flow will improve meaningfully for the remainder of the year.

So let me move to Slide 5. In the first quarter, Metals & Minerals generated operating income of $26 million. This represents an increase of $14 million compared with adjusted operating income in the prior year quarter. During the quarter, higher steel production in services and increased profitability of our nickel-related or stainless steel sites led to the year-over-year improvement in earnings. The net impact of new and exited sites was a small positive. We also benefited from lower operating costs. You can see that the year-over-year bridge shows only a modest cost benefit. However, I'd note that this total was impacted by some offsetting items, including the timing of stock-based compensation, which exceeded more than $1 million.

Customer LSTs increased 11% year-over-year in absolute terms and increased 8% on a continuing-site basis. These changes were a bit better than we had forecasted at the beginning of the year.

Now regarding our nickel sites. Volumes increased roughly 20% at these sites. Nickel prices increased a similar percentage, and we also benefited from a rise in chrome and iron prices given the composition of the slag and end product at these locations.

Lastly, on Metals. Free cash flow for the quarter was $10 million, which declined from the prior year quarter as expected. As you know, we started a meaningful working capital initiative in M&M at the beginning of 2016. These actions led to some catch-up benefits early last year that were not repeatable this year. Our attention to cash generation has not changed, and importantly, we continue to anticipate that M&M will generate a significant amount of cash in 2017.

So turning to Industrial on Slide 6. Revenues increased modestly as higher heat exchanger demand was partially offset by lower IKG grating sales. Meanwhile, operating income was $3 million in the first quarter compared with $6 million in the first quarter of 2016. This change can be attributed to a less favorable mix of heat exchangers and the metal cost and competitive pressures we have previously discussed at IKG. Also, we experienced an increase in medical costs in the first quarter this year, which we expect to ease in the coming quarters.

Our Industrial results overall were certainly modest relative to historical performance, but we are incrementally much more positive about where this business and its end markets are heading. As we've said before, our energy-linked business likely touched bottom about a year ago, and the improvements in capital spending within the U.S. energy market will benefit our Industrial businesses as the year progresses.

Our first quarter bookings improved meaningfully versus the fourth quarter, and as a result, industrial backlogs grew more than 30% sequentially. Much of this change is attributable to our heat exchanger business, where the upstream energy demand has increased markedly. In total, our bookings grew year-over-year for the first time in a while, and total bookings in the first quarter of this year were the highest since late 2014.

So let's talk about Rail on Slide 7. Operating income in Rail increased slightly to $6 million from $5 million in the preceding year quarter. And its margin rose to 10% in the most recent quarter. These increases are largely the result of a higher proportion of aftermarket sales. Also, as we've discussed in the past, our results continue to be negatively impacted by weak demand for maintenance-of-way or MOW equipment in the domestic market. And these conditions will likely persist for a few more quarters. However, we are encouraged by recent rail traffic trends and signs that the excess inventory of MOW equipment within the supply chain has started to decline in recent months.

Lastly, on our SBB Swiss rail contracts, vehicle design, production, delivery and testing continue to be in line with our revised schedule, and our customer remains pleased with our product capabilities.

So now for our outlook on Slide 8. Here, I'd like to highlight a few changes. First, our operating income guidance has increased to a range of $115 million to $130 million from $100 million to $120 million previously. Likewise, our forecasted earnings per share is now $0.47 to $0.61 per share as compared to $0.32 to $0.50 per share previously. Lastly, our anticipated capital expenditures are to be in the range of $85 million to $95 million for the year, and our free cash flow outlook for the year has improved to a range of $70 million to $85 million.

Our summary assumptions for each business unit are included in the presentation appendix. The majority of the outlook change is driven by M&M and better fundamentals within the mill services business. Our underlying assumptions for steel production, service levels, commodity prices and scrap and slag sales -- scrap and slag sales have all improved somewhat. We now expect that our customer LSTs will increase roughly 4% on a same-store basis for the full year, and a large portion of our forecast changes can be attributed to the North American market.

Overall, it's nice to see the industry performing better, although I'd highlight that current conditions remain far from ideal. Our customer sites operated at less than 77% of capacity in the first quarter, and we certainly believe this illustrates further potential earnings upside from positive industry developments, along with our own internal initiatives.

Secondly, we've also modestly increased our guidance for Industrial. This change reflects improved demand for heat exchangers, and we now expect that our heat exchanger business revenues will grow roughly 20% in 2017.

Looking further ahead, we believe that the earnings performance in both Industrial and Rail will strengthen as the year progresses. For Metals, you recall that the second quarter of 2016 is where we started to see the margin improvements resulting from our operational improvement initiatives, which, of course, continued into 2017. Accordingly, for the remainder of 2017, we should see M&M operating income results only flat to slightly better than the prior year. The incremental effect of the high-quality growth investments we have made and are planning to make in Metals largely won't be reflected in our results until 2018.

Now regarding the second quarter on Slide 9. Regarding our Q2 outlook, we expect operating income to be between $32 million and $38 million as compared to adjusted operating income of $41 million in the second quarter of 2016. Operating income in Metals is expected to be down slightly versus a very difficult comparable quarter in 2016 as higher steel output and commodity prices will be offset by a weaker services mix and lower nickel-related volumes.

Industrial's operating income is forecasted to increase as a result of improved demand for heat exchangers and a better mix. As a result, we also anticipate that Industrial will realize high single to low double-digit margins in the second quarter. Meanwhile, Rail income is forecasted to decrease due to the lower contract services and a less favorable mix. And corporate costs are anticipated to be above prior year levels as expected.

That concludes our prepared remarks. And at this point, we'd be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from the line of Rob Brown from Lake Street Capital.

Robert Duncan Brown - *Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst*

On your Industrial business, you talked about improving heat exchangers but a little bit of a weakness in the grating business. Could you just give us a little more color on the grating business, the competitive pressures and maybe the trajectory that that's taking for the rest of the year?

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Yes. Yes, so the domestic grating business is one that the competitive landscape is shifting like -- I guess it began about 6 months ago, and it's ongoing. And so as the competitors kind of jockey for position, there's been price pressure, and that's beginning to ease somewhat. But I think what we'll see over the next year or so is the consolidation in that industry from 7 or 8 players to probably 3 or 4. And that's ongoing.

Robert Duncan Brown - *Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst*

Okay, good. And then on the bookings number you talked about in Industrial sort of being back to kind of prior highs, maybe just how long do the bookings take to convert to revenue? And do you see that bookings -- I guess what's your outlook for the bookings trajectory this year?

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

So the bookings had been growing nicely sequentially, and certainly, year-on-year, as I mentioned, they're up. And that's manifested in the backlog buildup. So we're starting to see our backlog grow for the first time in quite some time. And here, we're talking mostly about the Air-X-Changers business. Now we're still at levels that are quite a bit -- from a backlog perspective, quite a bit lower than we've seen in the, certainly, top-of-the-cycle time frame. So generally, we want to see -- depending on the product mix, of course, the bookings to revenue could be 6 months to a year. So for that reason, we're going to see the lion's share of the benefits from some of these bookings and the buildup of backlog kind of in the fourth quarter and even carrying forward into 2018.

Operator

Next question from the line of Bhupender Bohra from Jefferies.

Bhupender Singh Bohra - *Jefferies LLC, Research Division - Equity Analyst*

So just wanted to get a sense of, if I look at the operating income guidance here, if you look at the midpoint, I think you moved the midpoint by like $12.5 million in the quarter. I think you outperformed by $10 million, if I look at my numbers. So you guys talked about like $10 million headwind last year when we came into 2017 from some excess applied materials and excess nickel, I think, inventory you had on hand. So it seems like you're a little bit more optimistic -- I think that kind of takes care of the $10 million headwind, which was from last year. Can you just give us a sense -- is that -- and the positivity or coming from mostly from M&M? Or is there something within the Industrial business -- especially in the previous question, we talked about the bookings here. So just give us some color about like how that operating income guidance plays out for the rest of the year.

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Yes, so I can answer that, Bhupender. So we just thought it's best if we take it business by business. Certainly, from a M&M perspective, that's the lion's share of the beat this quarter. And kind of looking at the rest of the year, that's obviously a significant part of the outlook for the remainder of the year. But put it in context, I mentioned this during my remarks, that if you remember, the second -- from an operating income perspective, the second quarter of 2016 is where we started to see the real benefits of the final stages of our operational and cost reduction initiatives. And we see that continuing to 2017. So when you look at it year-on-year from an operating income perspective, the Metals business is largely going to be comparable, flat with the prior years for the remainder -- for the remaining 3 quarters of this year. And that reflects a number of different drivers. It reflects, of course, the cost reduction initiative comp that I just mentioned, and it also includes the matters you referred to. So if you remember, in the Q2 particularly of last year, we had some pretty good volumes and pricing from our Minerals business, which really didn't replicate, and we don't expect it to replicate in the remainder of this year. We've got FX, which is still a little bit of a headwind for us on a revenue and the P&L side. So -- and then you've got -- if you look at just the second half of this year, nickel pricing will be down where -- from where it will have been in 2016. So you add up all those factors together, and from a Metals & Minerals perspective, we get kind of OI more or less flat with the prior year for the remainder of this year. If you look at Industrial, of course, now we're starting to see it increasing versus prior year. Again, we're starting to see the benefits of the increased bookings I just mentioned. We start to see some of the backlog we've already got turn into revenues. So you got a combination of that plus mix and the operational improvements that we put in place a number of -- or actually 1.5 years ago. And I think you're starting to see a greater operating leverage as well. So as a result, you're going to see the Industrial businesses kind of increasing for the remainder of this year versus the prior year. And then when you look at Rail, as I mentioned during my remarks and I think Nick alluded to as well, in the first quarter, we had a little bit of a timing issue. So if you disregard the timing, which is basically some of the acceleration of shipments that we thought were going to be in Q2, ended up in Q1, the Rail business for the rest of the year is going to be more or less flat with the prior year as you had the continued matters with respect to the North American rail market for MOW equipment, negative, and contract services decline being offset, to some degree, by aftermarket in our Protran business. So again, all -- those are the drivers that kind of affect the remainder of this year.

Bhupender Singh Bohra - *Jefferies LLC, Research Division - Equity Analyst*

Okay. On the Industrial operating income, I think the -- if you look at the operating margin, up like 660 bps or something. And can you give us like how much was health care within that material -- you cited like material and health care costs.

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Yes. I think the health care was -- in terms of absolute dollars, is about $1 million year-on-year. That might help.

Bhupender Singh Bohra - *Jefferies LLC, Research Division - Equity Analyst*

Okay, got it. And just the last one on the Rail. How much did Swiss contract contribute in the quarter in terms of revenue?

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Nothing at all. We don't expect revenue from Swiss rail until the second half of the year. We're still looking about $50 million of revenue again in the second half of this year.

Operator

Next, Jeff Hammond from KeyBanc Capital Markets.

Jeffrey David Hammond - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Nick, I just wanted to kind of go back to the decision not to separate Metals & Minerals. And I -- just I want to understand, did we go out and try to sell it and not get the price? Or kind of what's changed in the thinking? And then as you look forward, just how do you envision the mix of the business? Are we kind of doubling down in Metals? Or are we diversifying into the others? Just how should we think about external growth?

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Sure. Well, first of all, our thinking with respect to the portfolio has not changed. We certainly acknowledge that we have a portfolio of businesses that's less than ideal. And our strategy hasn't changed either with respect to the different steps we can take to optimize it. We announced 18 months ago that we felt a good step would be a separation of the businesses, M&M from the others. And after navigating some tough markets and having poor visibility to where the end markets were headed over the past 18 months, we simply concluded the timing isn't right to do that. A separation may still well be a value-enhancing step that we could take at some point. There are other steps that we can take as well. But the timing for the separation simply has not been ideal, and we don't see it being attractive for shareholders for a while. So we felt that after 18 months, it was just important to kind of make that statement that we don't see it happening for a while. Now there are many other things that we can and should pursue to improve the portfolio going forward. And we're very focused on those. This is a Board and a management team that very proactively discuss and explore options on how to improve the portfolio. But we had a good bit of data, upon which we based our judgments on the separation. And so we're comfortable with where we are. And of course, with the businesses performing quite well and the outlook improving and seeing a lot of traction from things that we've done, we're excited about going forward and where we are. In terms of the portfolio, I'll acknowledge that 18 months ago, we had not thought about investing in M&M outside of new contracts. And I think at this point, we believe there could well be some very attractive investments we could make on the product side. And so where 18 months ago, the focus was on growing Rail and Industrial through M&A, I think I'd now add M&M to that as well where there may well be some acquisitions that make sense for M&M. But I think that the underlying strategy from a portfolio standpoint and the nature of the businesses really hasn't changed, with the exception of M&M, which, as I indicated, I think we're much more focused on growth now. We like our competitive position. We like the opportunities to grow on the product side. And we want to take advantage of that. And I think you'll see us doing that.

Jeffrey David Hammond - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Okay, that's helpful. And then just maybe addressing pipeline, do you have stuff in your pipeline? You mentioned IKG and the grating market consolidating. Is that something you'd want to participate in?

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Well, yes. Jeff, I'm not going to comment on that. That is an industry, as I indicated, that has been in transition now for the past year or so and I suspect will continue to be. We're very happy with our competitive position there. And as we've discussed, our investment in a high-security fencing product remains very exciting for us.

Jeffrey David Hammond - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Okay. And then just back to, I guess, the outlook, it seems like you really just raised your guidance for your upside in 1Q. I mean, why wouldn't some of this goodness in metals, whether it be the LST volumes or the higher nickel prices, flow through and support higher numbers throughout the year?

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Yes. There's -- actually, as I mentioned just a few seconds ago -- Jeff, it's Pete. There's still a couple of headwinds. First of all, yes, our LST, we're anticipating going up on a same-store basis about 3.5% to 4% and 7% in total. But our non-LST-related volumes are not anticipated to be at the levels they were prior year. And this would include our Minerals business, and it's for some of the reasons that we just talked about. We had some pretty unusually good quarters last year, particularly in our Reed Minerals business, which we don't see replicating in this year. As I mentioned, there is still anticipated to be a bit of an FX headwind as well as -- and for the last half of this year, nickel prices are not likely to be higher than they were last year. In fact, where they are today would be down from previous years.

Operator

(Operator Instructions) And your next question from Rob Norfleet from Alembic Global.

Robert F. Norfleet - *Alembic Global Advisors - MD and Senior Analyst*

Just a question on M&M. Given the significant restructuring undertaken over the last 3 to 5 years in this business, clearly, you've done a great job in reducing the cost structure. But can you give us some thoughts regarding how you see incremental margins in this segment as volumes begin to pick up? And I guess, really, what I'm trying to -- wanted to understand is, what's a reasonable margin framework for the M&M business going forward? I mean, in the past, it was kind of a 10% to 11% range, and we're already there right now. So I guess what I'm getting to is, is this a business that can be a mid-teen type of margin business?

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

I think that will depend in large part, Rob, on mix. Clearly, the product side of the business has higher margins and higher returns. And we're focused on improving that balance. I think the margins on the mill services side are quite attractive. We're very pleased with where they've developed. They've basically doubled, as have EBITDA minus CapEx margins, which I would argue is a more important metric. So we're very pleased with where they are. I think the opportunity is more on the product side.

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

Well, plus, we also see -- I didn't mention this earlier, the contract churn. Just in mill services, the rollover of contracts are having a favorable impact on margins, too. So when we talk about high-quality growth investment, which, again, largely doesn't manifest until 2018 if we spend the capital now, that will have a positive impact on the margins as well. So we do expect just mill services apples-to-apples margins to be increasing as well.

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

But you're right to point as well, of course, if the industry and that capacity utilization figure, which is up 3 or 4 points from where it was last year, if that continues to increase and our volumes increase, we are leveraged to that. Of course, margins as well as profit. And of course, you've got commodity prices. Nickel prices remain still quite low relative to where they've been on average over the past 5 or 10 years. So there's certainly margin potential if commodity prices would return to kind of their historical averages.

Robert F. Norfleet - *Alembic Global Advisors - MD and Senior Analyst*

Great, that's very helpful. And then I guess just a quick question on capital allocation. I mean, clearly, the balance sheet's in much better shape on all metrics, especially EBITDA, coverage covenants, not even close. And you obviously are seeing a nice improvement in free cash flow. So what are your priorities outside of internal investment, meaning M&A, debt reduction, potentially reestablishing the dividend? Just some thoughts about where you are from that perspective.

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Yes. I think at this point, Rob, we're focused on growth investments as well as continuing to improve the balance sheet if we don't find those or can't execute those -- what we expect to be attractive growth opportunities externally. This is a team that's going to be very disciplined, though, about how we do that analysis and when and how we pull the trigger. So I think you're going to see for the rest of the year the cash flow mostly going to debt reduction.

Peter Francis Minan - *Harsco Corporation - CFO and SVP*

That's right. Also appreciate your comment regarding the dividend. You appreciate that our present debt arrangements provide restrictions for dividend and stockholder -- and repurchases.

Robert F. Norfleet - *Alembic Global Advisors - MD and Senior Analyst*

Right. And the last question. Just an update on basically how you're seeing -- what type of acceptance you're seeing for your new fencing product. Any additional insights into higher demand for that.

F. Nicholas Grasberger - *Harsco Corporation - CEO, President, Director, Interim President of Harsco Rail Group and Interim President of Harsco Metals & Minerals Segment*

Well, these are -- like other products in Industrial, this is a longer-cycle business. These are large contracts that take some time to kind of incubate. So we obviously have not announced anything of significance yet beyond some -- what were very attractive contracts in Mexico. But we are pursuing a number of high-profile and very attractive projects in security fencing, mostly here in the U.S., some also outside the U.S.

Operator

(Operator Instructions) And there are no further questions at this time. I will turn the call over to Mr. Martin for closing remarks.

David S. Martin - *Harsco Corporation - Director of IR*

Thank you, Samuel. And to those that listened to this call, we appreciate your interest in Harsco. A replay of this call will be available later today through May 17, and the replay details are included in our earnings release. If you have any follow-up questions also, please contact me, and my contact detail is at the top of the earnings release. And again, thanks for joining, and have a great day.

Operator

And this concludes today's conference call. Thank you for your participation. You may now disconnect.
