HARSCO

Q4 2018
Results & Outlook

Conference Call | February 21, 2019

Administrative Items

Conference Call and Access to Information
More information on Harsco's quarterly earnings, including the Company's earnings press release issued today and this presentation, is available on the Investor Relations portion of Harsco's website. Company management will discuss the Company's financial performance during a conference call today at 9:00 a.m. (ET). Both the presentation and access to the call are available at http://investors.harsco.com. A replay can also be accessed on the site for up to two weeks after the call.

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; (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 outcome of any disputes with customers, contractors and subcontractors; (15) 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; (16) implementation of environmental remediation matters; (17) risk and uncertainty associated with intangible assets; and (18) 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, 2017. 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, 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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CEO Perspective

- Q4 adjusted operating income consistent with guidance
- Financial improvements and consistency across portfolio point to successful 2018
- Execution against key initiatives and end-markets provide momentum for 2019
- Business updates:
  - M&M – growth momentum accelerating; lengthy innovation pipeline; and underlying demand for environmental solutions remains supportive
  - Industrial – robust backlog; energy market strength has broadened; and focused on product and market opportunities
  - Rail – stronger North American market; productivity and product initiatives underway; and backlog strengthens 2019 Outlook
- Confident strategic actions will enable Harsco to reach long-term targets and reward shareholders

Q4 2018 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Q4 adjusted operating income within guidance range of $39-44 million
- M&M and Industrial segments achieved double-digit earnings growth relative to Q4 2017
- Rail adjusted income declined, as expected, given very strong comparable quarter
- Adjusted EPS exceeded guidance range of $0.26 to $0.31, mainly due to tax rate
- Q4 FCF strong; modestly lower year-over-year due to growth capital spending
- Repurchased 1.3 million shares for $30 million in quarter

		Change vs. 2017	
$ in millions except EPS	**Q4 2018**	**$**	**% or bps**
Revenues	437	(18)	(4)%
GAAP Operating Income	44	5	12%
% of Sales	*10.0%*		*140bps*
Adjusted Operating Income[1]	41	2	5%
% of Sales[1]	*9.4%*		80bps
GAAP Diluted Earnings Per Share	0.55	0.97	nmf
Adjusted Diluted Earnings Per Share[1]	0.33	0.13	65%
Free Cash Flow[2]	60	(3)	(5)%
ROIC (TTM)[1]	16.1%		460bps

2017 figures reflect pension reclassification.
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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Q4 2018

METALS & MINERALS

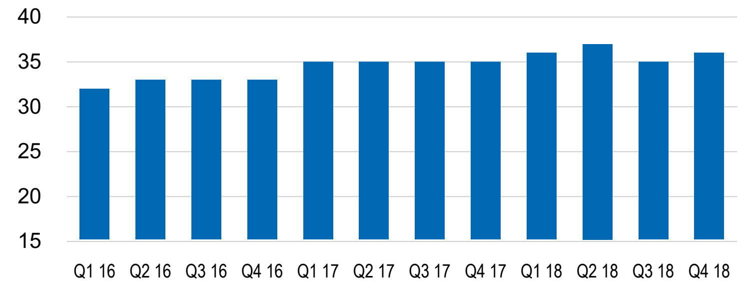
SUMMARY RESULTS

$ in millions

	Q4 2018	Q4 2017	% or bps
Revenues, as reported	262	250	5%
Operating Income – GAAP	28	22	32%
Adjusted operating income*	25	22	17%
Adjusted operating margin*	9.6%	8.6%	
Free Cash Flow (2018)	68	106	(35)%
ROIC (2018)*	12.6%	12.6%	nmf

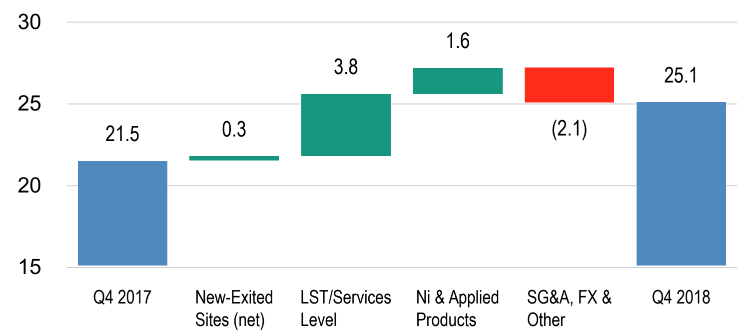
LST CONTINUING SITES

Million tons



ADJUSTED OPERATING INCOME BRIDGE

$ in millions



Business Highlights

- Revenues increased mainly due to higher services demand and impact of Altek acquisition, partially offset by FX translation
- Operating income increase reflects higher service levels and certain Applied Products contributions; partially offset by SG&A growth investments and FX
- FCF change reflects increase in capital spending to support growth

nmf = not meaningful.
*excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.
2017 figures reflect pension reclassification.

Q4 2018
INDUSTRIAL

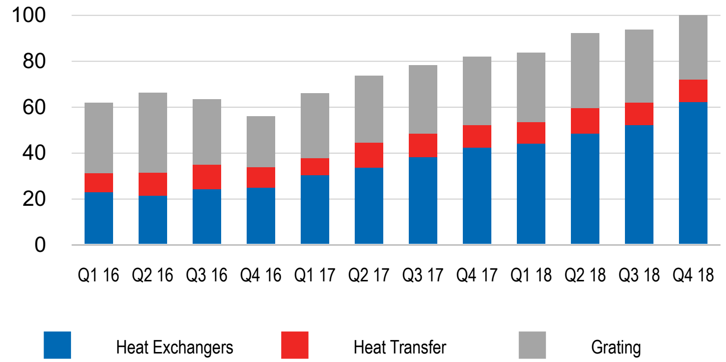
SUMMARY RESULTS

$ in millions

	Q4 2018	Q4 2017	% or bps
Revenues, as reported	105	82	28%
Operating Income – GAAP	14	10	35%
Operating Margin – GAAP	13.4%	12.8%	
Free Cash Flow (2018)	43	34	25%
ROIC (2018)	39.1%	29.5%	960bps

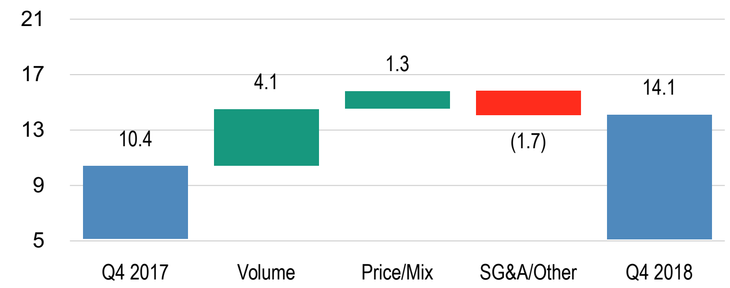
REVENUE MIX[1]

$ in millions



OPERATING INCOME BRIDGE

$ in millions



nmf = not meaningful.
2017 figures reflect pension reclassification.
See tables at end of presentation for GAAP to non-GAAP reconciliations.
1.The Company has adopted the new revenue recognition standard utilizing the modified retrospective transition method, including use of practical expedients. Comparative information has not been restated and continues to be reported under U.S. GAAP in effect for those periods.

Business Highlights

- Revenue increase reflects a continuation of strong end market demand and higher product prices
- Operating income increase the result of improved demand and better mix; partially offset by SG&A investments
- Free cash flow higher compared to prior-year as a result of higher cash earnings, offset by working capital and higher capital spending

Q4 2018
RAIL

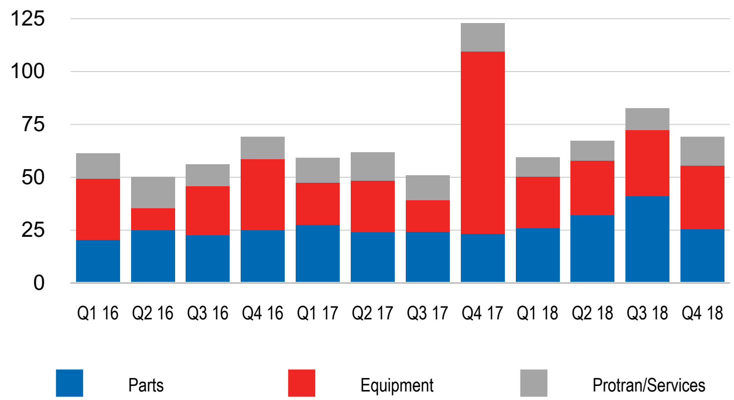
SUMMARY RESULTS

$ in millions

	Q4 2018	Q4 2017	% or bps
Revenues, as reported	69	123	(44)%
Operating Income – GAAP	7.8	14.2	(45)%
Adjusted operating income*	8.4	14.2	(41)%
Adjusted operating margin*	12.1%	11.5%	
Free Cash Flow (2018)	41	20	99%
ROIC (2018)	38.1%	33.4%	470bps

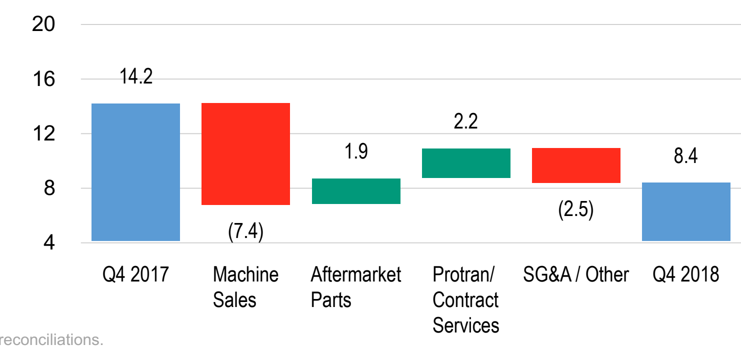
REVENUE MIX[1]

$ in millions



ADJUSTED OPERATING INCOME BRIDGE

$ in millions



Business Highlights

- Revenues decreased due to lower international equipment sales, including to SBB (zero margin)
- OI change reflects comparison to strong Q4 2017; equipment volume/mix and higher engineering and development costs offset by higher demand for Protran and after-market products
- Free cash flow increased due to higher cash earnings and improved working capital

nmf = not meaningful.
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*excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.
1.The Company has adopted the new revenue recognition standard utilizing the modified retrospective transition method, including use of practical expedients. Comparative information has not been restated and continues to be reported under U.S. GAAP in effect for those periods.

2018 FINANCIAL SUMMARY

KEY PERFORMANCE INDICATORS

- Adjusted operating income increased 24% on top-line growth of 7%; translates to incremental margins of ~30%
- Each segment realized increase in operating income and margins; reflects strong underlying performance and execution against strategies
- Adjusted EPS increase includes benefits from lower interest expense and tax rate
- Free cash flow remained strong; year-over-year change reflects additional growth spending for growth

		Change vs. 2017	
$ in millions except EPS	2018	$	% or bps
Revenues	1,722	115	7%
GAAP Operating Income	191	46	31%
% of Sales	*11.1%*		*210bps*
Adjusted Operating Income[1]	187	37	24%
% of Sales[1]	*10.8%*		*150bps*
GAAP Diluted Earnings Per Share	1.64	1.55	nmf
Adjusted Diluted Earnings Per Share[1]	1.31	0.57	77%
Free Cash Flow[2]	73	(20)	(21)%
ROIC (2018)[1]	16.1%		460bps

2017 figures reflect pension reclassification.
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.

2019 OUTLOOK - CONSOLIDATED

	2019 Outlook	2018 Actual
OPERATING INCOME - GAAP	$192 to $212M	$191M
ADJUSTED OPERATING INCOME[1]	$200 to $220M	$187M
ADJUSTED OPERATING INCOME MARGIN[1]	10.5% to 11.5%	10.8%
DILUTED EARNINGS PER SHARE - GAAP	$1.22 to $1.40	$1.64
ADJUSTED DILUTED EARNINGS PER SHARE[1]	$1.29 to $1.47	$1.31
FREE CASH FLOW BEFORE GROWTH CAPITAL[1]	$130 to $150M	$104M
FREE CASH FLOW[1]	$50 to $70M	$73M
ROIC[1]	16.0% to 17.0%	16.1%

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

2019 SEGMENT OUTLOOK

Excluding unusual items		2019 VERSUS 2018	
Metals & Minerals	**Revenues**	▲	Mid-single to high-single digits %
	Operating Income	▲	High-single digits % at mid-point, excluding unusual items
	Drivers	+	LST/services demand, new contracts, operational savings, Altek integration
		-	Exited sites, investments, FX translation
Industrial	**Revenues**	▲	High-teens %
	Operating Income	▲	~20% at mid-point
	Drivers	+	Backlog, demand across product portfolio, market / product expansions
		-	Less favorable product mix, SG&A costs
Rail	**Revenues**	▲	25% to 35%
	Operating Income	▲	~30% at mid-point, excluding unusual items
	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
Corporate Costs			Higher due to professional fees and investments

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Q1 2019 OUTLOOK

Adjusted operating income[1] is expected to be between

$36M – $43M versus $37M in Q1 2018

Adjusted diluted earnings per share of

$0.20 – $0.26 compared to $0.22 in Q1 2018

Corporate costs

higher than the prior-year quarter

YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

METALS & MINERALS

SG&A investments, FX translation, commodity prices and exits, partially offset by higher LST and new contracts

INDUSTRIAL

Increased demand across business, partially offset by product mix and SG&A costs

RAIL

Higher equipment and Protran contributions, partially offset by R&D and SG&A investments and lower Contracting services

(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. .

Q&A

APPENDIX

RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

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

	Three Months Ended Dec 31		Twelve Months Ended Dec 31	
	2018	2017	2018	2017
Diluted earnings per share from continuing operations as reported	**$ 0.55**	$ 0.16	**$ 1.64**	$ 0.09
Harsco Metals & Minerals adjustment to slag disposal accrual (a)	**—**	—	**(0.04)**	—
Harsco Metals & Minerals Segment change in fair value to contingent consideration liability (b)	**(0.04)**	—	**(0.04)**	—
Altek acquisition costs (c)	**—**	—	**0.01**	—
Loss on early extinguishment of debt (d)	**—**	0.03	**0.01**	0.03
Harsco Rail Segment improvement initiative costs (e)	**0.01**	—	—	0.01
Harsco Metals & Minerals Segment bad debt expense (f)	**—**	—	**—**	0.06
Taxes on above unusual items (g)	—	(0.01)	**(0.01)**	(0.02)
Impact of U.S. tax reform on income tax benefit (expense) (h)	**(0.18)**	0.59	—	(0.18)
Deferred tax asset valuation allowance adjustment (i)	**—**	—	**(0.10)**	—
Adjusted diluted earnings per share from continuing operations excluding unusual items	**$ 0.33** (j)	$ 0.20 (j)	**$ 1.31** (j)	$ 0.74 (j)

(a) Harsco Metals & Minerals adjustment to previously accrued amounts related to the disposal of certain slag material in Latin America (Full year 2018 $3.2 million pre-tax).
(b) Fair value adjustment to contingent consideration liability related to the acquisition of Altek (Q4 2018 $3.4 million pre-tax; Full year 2018 $2.9 million pre-tax). The Company adjusts Operating income and Diluted earnings per share from continuing operations to exclude the impact of the change in fair value to the acquisition-related contingent consideration liability for 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.
(c) Costs associated with the acquisition of Altek Europe Holdings Limited and its affiliated entities ("Altek") recorded in the Harsco Metals & Minerals Segment (Full year 2018 $0.8 million pretax) and at Corporate (Full year 2018 $0.4 million pretax).
(d) Loss on early extinguishment of debt associated with the amending of the Company's existing Senior Secured Credit Facility in order to reduce the interest rate applicable to the Term Loan Facility (Full year 2018 $1.0 million pre-tax; Q4 and Full year 2017 $2.3 million pre-tax).
(e) Costs associated with a productivity improvement initiative in the Harsco Rail Segment (Q4 and Full year 2018 $0.6 million pre-tax).
(f) Bad debt expense incurred in Harsco Metals & Minerals Segment (Full year 2017 $4.6 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 (Q4 and Full year 2018 $15.4 million benefit; Q4 and Full year 2017 $48.7 million expense).
(i) Adjustment of certain existing deferred tax asset valuation allowances as a result of the Altek acquisition (Full year 2018 $8.3 million).
(j) 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.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING UNUSUAL ITEMS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (Unaudited)

	Projected Three Months Ending March 31			
	2019			
	Low		High	
Diluted earnings per share from continuing operations	$	0.15	$	0.21
Harsco Rail Segment improvement initiative costs and certain professional fees		0.05		0.05
Adjusted diluted earnings per share from continuing operations, excluding unusual items	$	0.20	$	0.26

	Projected Twelve Months Ending December 31			
	2019			
	Low		High	
Diluted earnings per share from continuing operations	$	1.22	$	1.40
Harsco Rail Segment improvement initiative costs and certain professional fees		0.07		0.07
Adjusted diluted earnings per share from continuing operations, excluding unusual items	$	1.29	$	1.47

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 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
Three Months Ended December 31, 2018:					
Operating income (loss) as reported	**$ 28,461**	**$ 14,115**	**$ 7,771**	**$ (6,695)**	**$ 43,652**
Harsco Metals & Minerals Segment change in fair value to contingent consideration liability	**(3,351)**	**—**	**—**	**—**	**(3,351)**
Harsco Rail Segment improvement initiative costs	**—**	**—**	**640**	**—**	**640**
Adjusted operating income (loss), excluding unusual items	**$ 25,110**	**$ 14,115**	**$ 8,411**	**$ (6,695)**	**$ 40,941**
Revenues as reported	**$ 262,380**	**$ 105,133**	**$ 69,382**	**$ —**	**$ 436,895**
Adjusted operating margin (%) excluding unusual items	**9.6%**	**13.4%**	**12.1%**		**9.4%**
Three Months Ended December 31, 2017:					
Operating income (loss) as reported (a)(b)	$ 21,528	$ 10,444	$ 14,153	$ (7,116)	$ 39,009
Revenues as reported	$ 249,825	$ 81,826	$ 123,283	$ 36	$ 454,970
Adjusted operating margin (%) excluding unusual items	8.6%	12.8%	11.5%		8.6%

(a) No unusual items were excluded in the three months ended December 31, 2017.
(b) On January 1, 2018, the Company adopted changes issued by the Financial Accounting Standards Board related to how employers that sponsor defined benefit pension plans and other postretirement plans present net periodic pension cost ("NPPC") in the statement of operations. Employers are required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of NPPC are required to be presented in the statement of operations separately from the service cost component and outside of the subtotal of income from operations. The amounts presented reflect the adoption of these changes.

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.

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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
Twelve Months Ended December 31, 2018:					
Operating income (loss) as reported	**$ 121,195**	**$ 54,665**	**$ 37,341**	**$ (22,274)**	**$ 190,927**
Harsco Metals & Minerals adjustment to slag disposal accrual	**(3,223)**	**—**	**—**	**—**	**(3,223)**
Harsco Metals & Minerals Segment change in fair value to contingent consideration liability	**(2,939)**	**—**	**—**	**—**	**(2,939)**
Altek acquisition costs	**753**	**—**	**—**	**431**	**1,184**
Harsco Rail Segment restructuring costs	**—**	**—**	**640**	**—**	**640**
Adjusted operating income (loss), excluding unusual items	**$ 115,786**	**$ 54,665**	**$ 37,981**	**$ (21,843)**	**$ 186,589**
Revenues as reported	**$ 1,068,304**	**$ 374,708**	**$ 279,294**	**$ 74**	**$ 1,722,380**
Twelve Months Ended December 31, 2017:					
Operating income (loss) as reported (a)	$ 102,362	$ 35,532	$ 32,953	$ (25,453)	$ 145,394
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	$ 106,951	$ 35,532	$ 32,953	$ (25,453)	$ 149,983
Revenues as reported	$ 1,011,328	$ 299,592	$ 295,999	$ 143	$ 1,607,062

(a) On January 1, 2018, the Company adopted changes issued by the Financial Accounting Standards Board related to how employers that sponsor defined benefit pension plans and other postretirement plans present net periodic pension cost ("NPPC ") in the statement of operations. Employers are required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of NPPC are required to be presented in the statement of operations separately from the service cost component and outside of the subtotal of income from operations. The amounts presented reflect the adoption of these changes.

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.

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RECONCILIATION OF NON-GAAP MEASURES

HARSCO CORPORATION

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

	Projected Three Months Ending March 31	
	2019	
(In millions)	Low	High
Operating income	$ 30	$ 37
Harsco Rail Segment improvement initiative costs and certain professional fees	6	6
Adjusted operating income, excluding unusual items	$ 36	$ 43

	Projected Twelve Months Ending December 31	
	2019	
(In millions)	Low	High
Operating income	$ 192	$ 212
Harsco Rail Segment improvement initiative costs and certain professional fees.	8	8
Adjusted operating income, excluding unusual items	$ 200	$ 220

The Company's management believes Adjusted operating income, 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 AND FREE CASH FLOW BEFORE GROWTH CAPITAL EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended Dec 31		Twelve Months Ended Dec 31	
(In thousands)	**2018**	**2017**	**2018**	**2017**
Net cash used by operating activities	**$ 97,008**	$ 93,987	**$ 192,022**	$ 176,892
Less capital expenditures	**(40,866)**	(34,183)	**(132,168)**	(98,314)
Plus capital expenditures for strategic ventures (a)	**623**	433	**1,595**	865
Plus total proceeds from sales of assets (b)	**2,791**	2,672	**11,887**	13,418
Free cash flow	**59,556**	62,909	**73,336**	92,861
Add growth capital expenditures	**11,638**	5,885	**30,655**	16,465
Free cash flow before growth capital expenditures	**$ 71,194**	**$ 68,794**	**$ 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 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 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.

HARSCO

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)

	Projected Twelve Months Ending December 31	
	2019	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 220	$ 260
Less capital expenditures	(176)	(194)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	4
Free cash flow	50	70
Add growth capital expenditures	80	80
Free cash flow before growth capital expenditures	$ 130	$ 150

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.

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)

	Year Ended December 31	
(In thousands)	**2018**	**2017**
Income from continuing operations	**$ 144,739**	$ 11,648
Unusual items:		
Harsco Metals & Minerals Segment adjustment to slag disposal accrual	**(3,223)**	—
Harsco Metals & Minerals Segment change in fair value to contingent consideration liability	**(2,939)**	—
Altek acquisition costs	**1,184**	—
Harsco Metals & Minerals Segment bad debt expense	**—**	4,589
Loss on early extinguishment of debt	**1,034**	2,265
Harsco Rail Segment restructuring costs	**640**	—
Taxes on above unusual items (b)	**(361)**	(2,052)
Impact of U.S. tax reform on income tax benefit	**(15,409)**	48,680
Deferred tax asset valuation allowance adjustment	**(8,292)**	—
Net income from continuing operations, as adjusted	**117,373**	65,130
After-tax interest expense (c)	**29,374**	29,957
Net operating profit after tax as adjusted	**$ 146,747**	$ 95,087
Average equity	**$ 274,164**	$ 189,560
Plus average debt	**635,491**	638,964
Average capital	**$ 909,655**	$ 828,524
Return on invested capital excluding unusual items	**16.1%**	11.5%

(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% for the year ended December 31, 2017 and for the year ended December 31, 2018, 23%, on an adjusted basis, for interest expense. The lower rate for 2018 is due to U.S. Tax reform.

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.

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