HARSCO

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Q4 2017 Results & Outlook

Conference Call | February 22, 2018

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.

Safe Harbor

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, 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 the Company’s call and 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, 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 Company’s earnings press release issued today, and the Appendix in this presentation.

CEO Perspective

- Q4 GAAP EPS impacted by debt repricing cost and U.S. tax reform adjustments
- Operating income significantly above guidance; each segment contributed to the better quarter
- 2018 Outlook positive in each segment; reflects favorable market momentum and benefits of strategic actions over past few years
- Business updates:
  - <u>M&M</u> – operating well, strong competitive position, and growth investments to accelerate
  - <u>Industrial</u> – market trends strong to improving, and focused on further innovation and productivity gains
  - <u>Rail</u> – new leadership driving positive change and new growth strategy, and after-market parts & Protran fundamentals strong
- Confident strategic actions and execution against priorities to reward shareholders

Q4 2017 Financial Summary –
Key Performance Indicators

($ - millions, except EPS)	Fourth Quarter	Change vs. 2016 $	Change vs. 2016 % or bps
Revenues	455	95	26%
GAAP Operating Income	38	14	59%
% of Sales	*8.5%*		*180bps*
Adjusted Operating Income(1)	38	10	37%
% of Sales	*8.5%*		*70bps*
GAAP Diluted Earnings Per Share	(0.42)	(0.23)	nmf
Adjusted Diluted Earnings Per Share(1)	0.20	0.04	25%
Free Cash Flow(2)	63	25	66%
ROIC (TTM)(2)	11.5%		460bps

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.

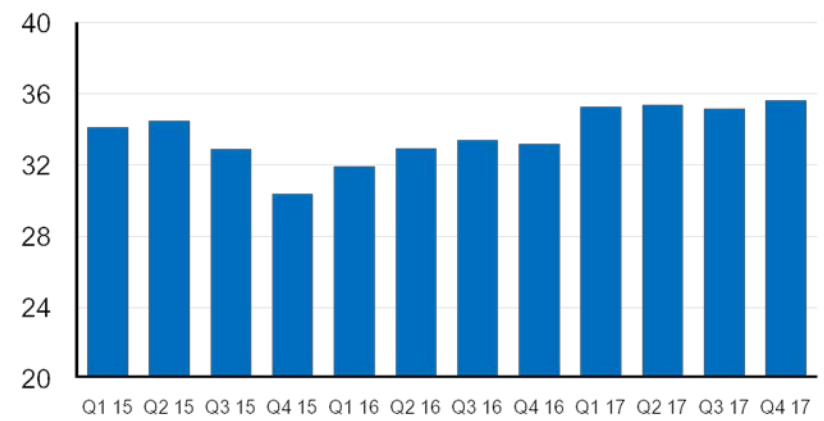
- **Q4 operating income above guidance range of $28-33 million; each business segment contributed to results that exceeded guidance**
- **Three business segments also realized increase in operating income versus 2016 quarter due to positive market conditions and execution**
- **GAAP EPS includes unusual items (61c net) related to successful debt repricing and recent U.S. tax reform**
- **Q4 FCF increased versus prior-year quarter due to higher cash earnings and reduced Rail inventories**
- **ROIC rose nearly 500 bps**

Q4 2017 – Metals & Minerals

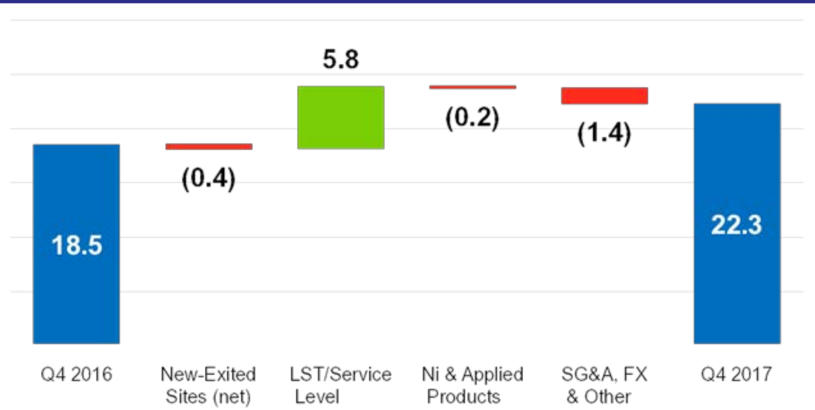
Summary Results

($ in millions)	Q4 2017	Q4 2016	% change
Revenues, as reported	250	235	6%
Operating income - GAAP	22	20	13%
Operating margin - GAAP	8.9%	8.4%	
Adjusted operating income*	22	19	20%
Adjusted operating margin*	8.9%	7.9%	
Free cash flow (YTD)	106	152	(30)%
ROIC (TTM)	12.6%	9.0%	360bps

LST Continuing Sites (million tons)



Adjusted Operating Income Bridge*



Business Highlights

- **Revenues increased due to higher steel output and foreign exchange translation**
- **Adjusted OI increase resulted from an improved steel market, partially offset by higher compensation and professional fees**
- **FCF change reflects that higher cash earnings were fully offset by growth spending and by the fact that one-time working capital benefits in 2016 were not repeated**

nmf = not meaningful; *excludes unusual items; no usual items in Q4 2017; See tables at end of presentation for GAAP to non-GAAP reconciliations.

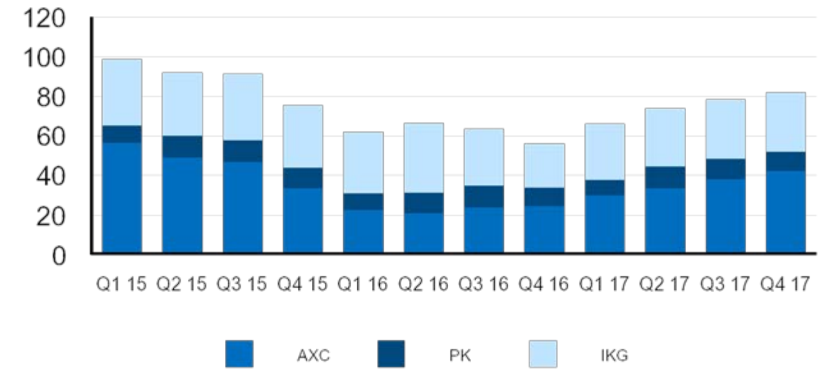
HARSCO

Q4 2017 - Industrial

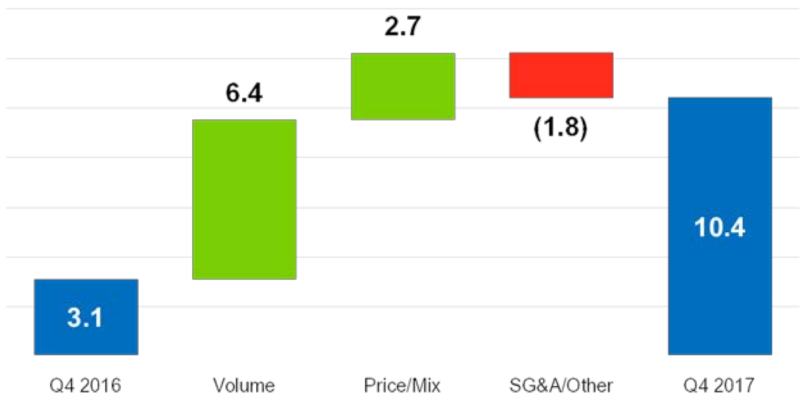
Summary Results

($ in millions)	Q4 2017	Q4 2016	% change
Revenues, as reported	82	56	46%
Operating income - GAAP	10	3	nmf
Operating margin - GAAP	12.7%	5.5%	
Free cash flow (YTD)	34	23	48%
ROIC (TTM)	29.5%	18.8%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- **Revenue increased due to higher demand within all three product businesses**
- **Higher operating income is the result of above factors and a more favorable product mix, partially offset by added compensation and sales costs**
- **Free cash flow increase attributable to higher cash earnings**

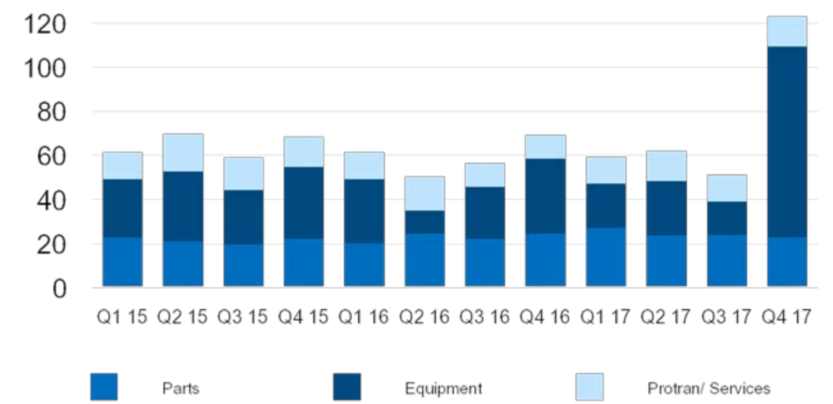
nmf = not meaningful; See tables at end of presentation for GAAP to non-GAAP reconciliations.

Q4 2017 - Rail

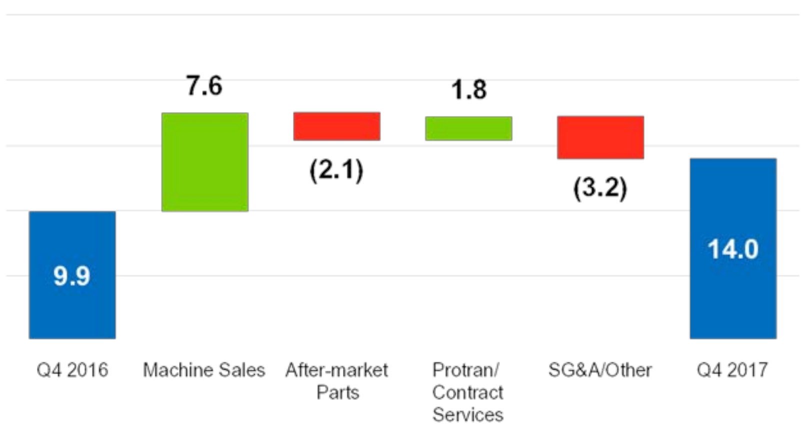
Summary Results

($ in millions)	Q4 2017	Q4 2016	% change
Revenues, as reported	123	70	77%
Operating income - GAAP	14	5	184%
Operating margin - GAAP	11.3%	7.1%	
Adjusted operating income*	14	10	41%
Adjusted operating margin*	11.3%	14.2%	
Free cash flow (YTD)	20	(9)	nmf
ROIC (TTM)	33.4%	26.8%	660bps

Revenue Mix



Adjusted Operating Income Bridge*



Business Highlights

- **Revenues increase attributable to added equipment sales; Q4 included SBB revenues of $42 million**
- **Adjusted OI improved due to above factors and services mix; operating margin reached 17% excluding (zero margin) SBB revenue**
- **2017 free cash flow increased as a result of cash generated from working capital (inventories)**

nmf = not meaningful; *excludes unusual items; no usual items in Q4 2017; See tables at end of presentation for GAAP to non-GAAP reconciliations.

FY 2017 Financial Summary –
Key Performance Indicators

($ - millions, except EPS)	2017	Change vs. 2016 $	Change vs. 2016 %
Revenues	1,607	156	11%
GAAP Operating Income	143	79	125%
% of Sales	*8.9%*		*nmf*
Adjusted Operating Income(1)	147	32	27%
% of Sales	*9.2%*		
GAAP Diluted Earnings Per Share	0.09	1.16	nmf
Adjusted Diluted Earnings Per Share(1)	0.74	0.26	54%
Free Cash Flow(2)	93	(7)	(7)%
ROIC (TTM)(2)	11.5%		

- **Annual revenues and operating income increased in each segment, reflecting positive cyclical momentum and implementation of strategic initiatives**
- **Adjusted operating income +27%**
- **2017 GAAP EPS includes Q4 unusual items and bad debt item in Q3**
- **Adjusted EPS +54%**
- **Free cash flow remained strong; year-over-year change reflects added growth spending in Metals & Minerals**

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.

2018 Summary Outlook

	2018 Outlook(2)	2017 Actual
GAAP Operating Income	**$150 to $170 million**	$143 million
Adjusted Operating Income(1)	**$150 to $170 million**	$147 million
GAAP Diluted Earnings/(Loss) Per Share	**$0.97 to $1.14**	$0.09
Adjusted Diluted Earnings Per Share(1)	**$0.97 to $1.14**	$0.74
Free Cash Flow Before Growth Capital	**$125 to $150 million**	$109 million
Free Cash Flow	**$80 million to $100 million**	$93 million
ROIC(1)	**12.0% to 13.5%**	11.5%

(1) Excludes unusual items.
(2) 2018 GAAP figures do not account for any unusual items in 2018. Also, the 2018 Outlook includes anticipated impacts from new pension reporting and revenue recognition standards as well as US tax reform.

2018 Business Outlook

Excluding unusual items		**2018 versus 2017***
Metals & Minerals	**Revenues**	**↑ mid-single digits**
	Operating Income	**↑ low single digits at mid-point, excluding unusual items**
	Drivers	**+ LST, new sites/services, cost/operational savings, commodities prices, Applied Products, FX - Exited sites, services mix, investments, pension**
Industrial	**Revenues**	**↑ low double digits**
	Operating Income	**↑ ~25% at mid-point**
	Drivers	**+ Demand for all three major product groups More favorable product mix, manufacturing savings**
Rail	**Revenues**	**↑ mid-single digits (↑ ~10% excluding SBB revenue)**
	Operating Income	**↑ low single digits at mid-point, excluding unusual items**
	Drivers	**+ After-market parts and Protran volumes - Equipment sales mix and Contracting services**
Corporate Costs		**Similar to 2017, as favorable pension impact to be offset by investments and professional fees**

*The 2018 Outlook includes anticipated impacts from new pension reporting and revenue recognition standards.

Q1 2018 Outlook*

- Adjusted operating income is expected to be between $30 to $35 million versus $28 million in Q1 2017
- Adjusted diluted earnings per share of $0.16 to $0.21
- Year-over-year considerations include:
  - M&M: Higher LST and commodities, new sites and operating benefits fully offset less favorable services mix, pension and growth-related investments
  - Industrial: Increased demand for heat exchangers and more favorable product sales mix
  - Rail: Less favorable equipment mix and lower services contributions, partially offset by higher contributions from Protran Technology products
  - Corporate costs similar to prior-year quarter

*2018 GAAP figures do not account for any unusual items in 2018. Also, the 2018 Outlook includes anticipated impacts from new pension reporting and revenue recognition standards as well as US tax reform.

Q&A


HARSCO
WEIGHT 52 tonnes
MAX. SPEED 60 mph
RGH20C
RAIL
GRINDER

Appendix

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 December 31		Twelve Months Ended December 31	
	2017	**2016**	**2017**	**2016**
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.42)**	$ (0.19)	**$ 0.09**	$ (1.07)
Impact of U.S. tax reform on income tax benefit (expense) (a)	**0.59**	—	**0.59**	—
Harsco Metals & Minerals Segment bad debt expense (b)	**—**	—	**0.06**	—
Loss on early extinguishment of debt (c)	**0.03**	0.43	**0.03**	0.44
Net loss on dilution and sale of equity method investment (d)	**—**	—	**—**	0.66
Harsco Rail Segment forward contract loss provision (e)	**—**	0.06	**—**	0.56
Harsco Metals & Minerals Segment site exit charges and underperforming contract charges (f)	**—**	—	**—**	0.06
Harsco Metals & Minerals Segment separation costs (g)	**—**	—	**—**	0.04
Expense of deferred financing costs (h)	**—**	—	**—**	0.01
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (i)	**—**	(0.01)	**—**	(0.01)
Taxes on above unusual items (j)	**(0.01)**	(0.14)	**(0.02)**	(0.21)
Adjusted diluted earnings per share from continuing operations excluding unusual items	$ 0.20 (k)	$ 0.16	$ 0.74	$ 0.48

(a) The Company recorded a charge as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform (Q4 and Full year 2017 $48.7 million).
(b) Bad debt expense incurred in the Harsco Metals & Minerals Segment (Full year 2017 $4.6 million pre-tax).
(c) Loss on early extinguishment of debt recorded at Corporate (Q4 and Full year 2017 $2.3 million pre-tax; Q4 and Full year 2016 $35.3 million pre-tax).
(d) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Full year 2016 $53.8 million pre-tax).
(e) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (Q4 2016 $5.0 million pre-tax; Full year 2016 $45.1 million pre-tax).
(f) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (Full year 2016 $5.1 million pre-tax).
(g) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 $3.3 million pre-tax).
(h) Expense of deferred financing costs associated with the Company's repayment of approximately $85 million on its Term Loan Facility recorded at Corporate (Full year 2016 $1.1 million pre-tax).
(i) Harsco Metals & Minerals Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (Q4 and Full year 2016 $1.2 million pre-tax).
(j) 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.
(k) 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
Three Months Ended December 31, 2017:					
Operating income (loss) as reported (a)	**$ 22,324**	**$ 10,355**	**$ 13,983**	**$ (8,195)**	**$ 38,467**
Revenues as reported	**$ 249,825**	**$ 81,826**	**$ 123,283**	**$ 36**	**$ 454,970**
Operating margin (%)	**8.9%**	**12.7%**	**11.3%**		**8.5%**
Three Months Ended December 31, 2016:					
Adjusted operating income (loss) excluding unusual items	$ 18,543	$ 3,099	$ 9,916	$ (3,567)	$ 27,991
Revenues as reported	$ 234,617	$ 55,981	$ 69,590	$ 34	$ 360,222
Operating margin (%)	7.9%	5.5%	14.2%		7.8%
Twelve Months Ended December 31, 2017:					
Adjusted operating income (loss) excluding unusual items	**$ 109,846**	**$ 35,174**	**$ 32,091**	**$ (29,723)**	**$ 147,388**
Revenues as reported	**$ 1,011,328**	**$ 299,592**	**$ 295,999**	**$ 143**	**$ 1,607,062**
Operating margin (%)	**10.9%**	**11.7%**	**10.8%**		**9.2%**
Twelve Months Ended December 31, 2016:					
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%

(a) No unusual items were excluded from operating income in the three months ended December 31, 2017.

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
Three Months Ended December 31, 2017:					
Operating income (loss) as reported (a)	**$ 22,324**	**$ 10,355**	**$ 13,983**	**$ (8,195)**	**$ 38,467**
Revenues as reported	**$ 249,825**	**$ 81,826**	**$ 123,283**	**$ 36**	**$ 454,970**
Three Months Ended December 31, 2016:					
Operating income (loss) as reported	$ 19,700	$ 3,099	$ 4,916	$ (3,567)	$ 24,148
Harsco Rail Segment forward contract loss provision	—	—	5,000	—	5,000
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss) excluding unusual items	$ 18,543	$ 3,099	$ 9,916	$ (3,567)	$ 27,991
Revenues as reported	$ 234,617	$ 55,981	$ 69,590	$ —	$ 360,222

(a) No unusual items were excluded in the three months ended December 31, 2017.

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 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, 2017:					
Operating income (loss) as reported	**$ 105,257**	**$ 35,174**	**$ 32,091**	**$ (29,723)**	**$ 142,799**
Harsco Metals & Minerals bad debt expense	**4,589**	**—**	**—**	**—**	**4,589**
Adjusted operating income (loss), excluding unusual items	**$ 109,846**	**$ 35,174**	**$ 32,091**	**$ (29,723)**	**$ 147,388**
Revenues as reported	**$ 1,011,328**	**$ 299,592**	**$ 295,999**	**$ 143**	**$ 1,607,062**
Twelve Months Ended December 31, 2016:					
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 charges	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

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

	Three Months Ended December 31		Twelve Months Ended December 31	
(In thousands)	**2017**	**2016**	**2017**	**2016**
Net cash provided by operating activities	**$ 93,987**	$ 55,030	**$ 176,892**	$ 159,876
Less capital expenditures	**(34,183)**	(19,394)	**(98,314)**	(69,340)
Plus capital expenditures for strategic ventures (a)	**433**	58	**865**	170
Plus total proceeds from sales of assets (b)	**2,672**	2,127	**13,418**	9,305
Free cash flow	**62,909**	37,821	**92,861**	100,011
Add growth capital expenditures	**5,885**	2,845	**16,465**	9,868
Free cash flow before growth capital expenditures	**$ 68,794**	**$ 40,666**	**$ 109,326**	**$ 109,879**

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

HARSCO CORPORATION

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

	Projected Twelve Months Ending December 31	
	2018	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 205	$ 245
Less capital expenditures	(130)	(149)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	5	4
Free Cash Flow	80	100
Add growth capital expenditures	45	50
Free cash flow before growth capital expenditures	$ 125	$ 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.
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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)	**2017**	**2016**
Income (loss) from continuing operations	**$ 11,648**	$ (80,422)
Unusual items:		
Impact of U.S. tax reform on income tax benefit (expense)	**48,680**	—
Harsco Metals & Minerals Segment bad debt expense	**4,589**	—
Loss on early extinguishment of debt	**2,265**	35,337
Net loss on dilution and sale of equity investment	—	53,822
Harsco Rail Segment forward contract loss provision	—	45,050
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)	**(2,052)**	(17,335)
Net income from continuing operations, as adjusted	**65,130**	44,807
After-tax interest expense (c)	**29,957**	31,790
Net operating profit after tax as adjusted	**$ 95,087**	$ 76,597
Average equity	**$ 189,560**	$ 290,995
Plus average debt	**638,964**	821,559
Average capital	**$ 828,524**	$ 1,112,554
Return on invested capital excluding unusual items	**11.5%**	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.

(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.