



HARSCO
Insight onsite.™

Q3 2017 Results & Outlook

Conference Call | November 8, 2017

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," "plan" or other comparable terms. Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (15) the outcome of any disputes with customers, contractors and subcontractors; (16) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (17) implementation of environmental remediation matters; (18) risk and uncertainty associated with intangible assets; and (19) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

Non-GAAP Measures

Throughout 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 and free cash flow. For a reconciliation of non-GAAP measures to U.S. GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Company's earnings press release issued today, and the Appendix in this presentation.

CEO Perspective

- Q3 GAAP earnings impacted by unanticipated bad debt expense
- Operating income excluding bad debt item in Q3 above guidance
- 2017 Outlook increased to reflect higher expectations for Metals & Minerals; guidance for Industrial and Rail unchanged
- Business updates:
 - M&M – Q4 weaker seasonally; underlying markets improving and customer mills can support higher utilization rates overall; internal execution consistent
 - Industrial – AXC performing well and market developments positive; grating business has improved but some market challenges persist
 - Rail – Domestic Maintenance of Way market visibility limited; after-market parts & intelligent solutions fundamentals positive; focused on internal execution and product opportunities
- Priorities unchanged:
 - Achieve growth rates greater than key markets
 - Maintain appropriate capital structure
 - Operational excellence
 - Strengthen FCF and ROIC

Q3 2017 Financial Summary – Key Performance Indicators

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

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

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

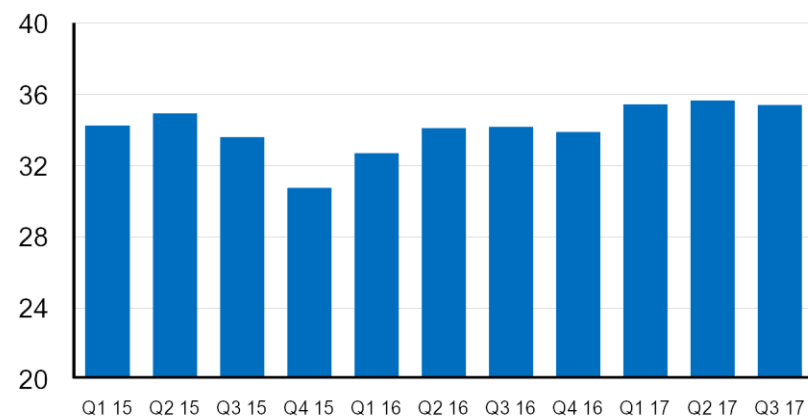
- **Q3 operating income excluding bad debt expense above guidance range of \$30-37 million; Metals & Minerals and Rail contributed to better-than-expected quarter**
- **M&M and Industrial results improved vs 2016 quarter due to favorable market trends and strong operating performance**
- **Operating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

Q3 2017 – Metals & Minerals

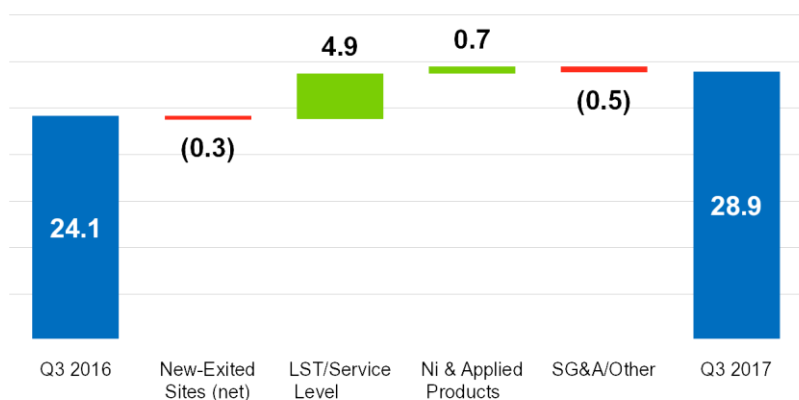
Summary Results

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

LST Continuing Sites (million tons)



Adjusted Operating Income Bridge*



Business Highlights

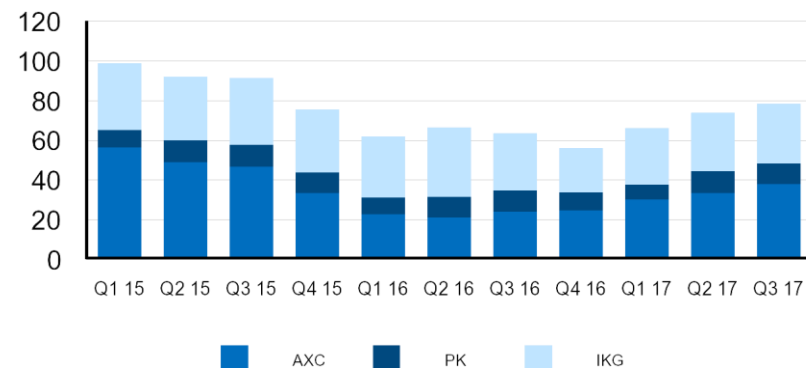
- Revenues increased due mainly to higher steel output and/or service levels
- Adjusted operating income increase reflects the above and higher contributions from Reed Minerals (roofing / blasting materials)
- FCF change reflects higher capital investment and that one-time working capital benefits in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

Q3 2017 - Industrial

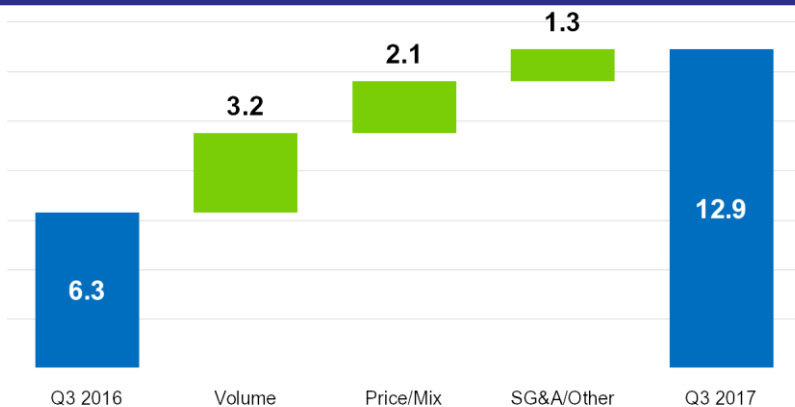
Summary Results

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

Revenue Mix



Operating Income Bridge



Business Highlights

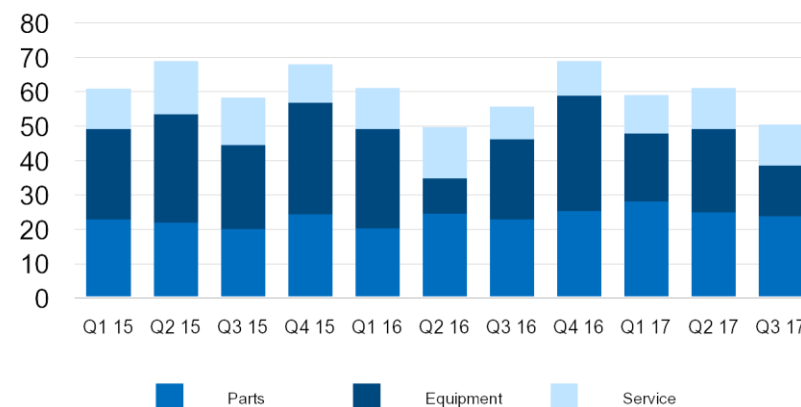
- Revenue increase reflects improved demand for heat exchangers from US energy customer
- Operating income increased due to the above as well as improved sales mix and an asset sale gain of nearly \$4 million
- Free cash flow increase attributable to higher cash earnings and lower capital spending; offset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

Q3 2017 - Rail

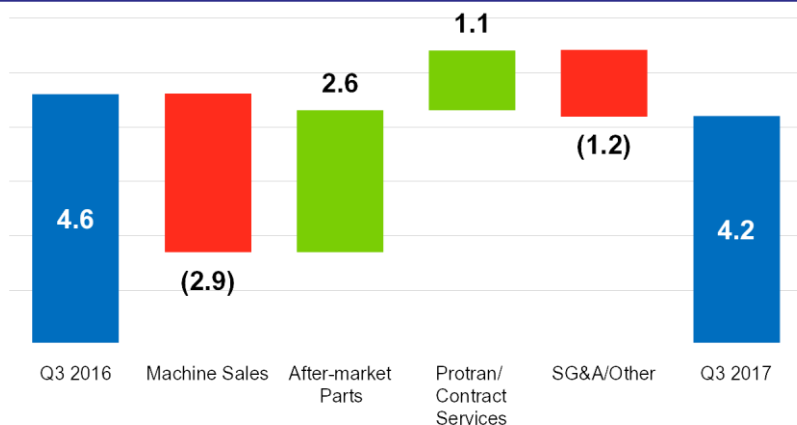
Summary Results

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

Revenue Mix



Operating Income Bridge



Business Highlights

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

2017 Summary Outlook

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

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

Q4 2017 Outlook

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

Q&A



Appendix

2017 Business Outlook

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

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

- (a) Bad debt expense incurred in the Harsco Metals & Minerals Segment (Q3 and nine months 2017 \$4.6 million pre-tax).
- (b) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Q3 2016 \$43.5 million pre-tax, nine months 2016 \$53.8 million pre-tax).
- (c) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (nine months 2016 \$40.1 million pre-tax)
- (d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (nine months 2016 \$5.1 million pre-tax).
- (e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (nine months 2016 \$3.3 million pre-tax).
- (f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (Q3 and nine months 2016 \$1.1 million pre-tax).
- (g) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (h) Does not total due to rounding.

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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	Twelve Months Ended
	December 31	December 31
	2016	2016
Diluted loss per share from continuing operations as reported	\$ (0.19)	\$ (1.07)
Net loss on dilution and sale of equity investment (a)	—	0.66
Harsco Rail Segment forward contract loss provision (b)	0.06	0.56
Loss on early extinguishment of debt (c)	0.43	0.44
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (d)	—	0.06
Harsco Metals & Minerals Segment separation costs (e)	—	0.04
Expense of deferred financing costs (f)	—	0.01
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (g)	(0.01)	(0.01)
Taxes on above unusual items (h)	(0.14)	(0.21)
Adjusted diluted earnings per share from continuing operations excluding unusual items	\$ 0.16 (i)	\$ 0.48

- (a) 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).
- (b) 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).
- (c) Loss on early extinguishment of debt recorded at Corporate (Q4 and Full year 2016 \$35.3 million pre-tax).
- (d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (Full year 2016 \$5.1 million pre-tax).
- (e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 \$3.3 million pre-tax).
- (f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (Full year 2016 \$1.1 million pre-tax).
- (g) 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).
- (h) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (i) 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 September 30, 2017:					
Adjusted operating income (loss) as reported	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
Operating margin (%)	11.3%	16.4%	8.1%		10.0%
Three Months Ended September 30, 2016:					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787
Operating margin (%)	9.7%	10.0%	8.1%		7.8%
Nine Months Ended September 30, 2017:					
Adjusted operating income (loss) as reported	\$ 87,522	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 108,921
Revenues as reported	\$ 761,503	\$ 217,766	\$ 172,716	\$ 107	\$ 1,152,092
Operating margin (%)	11.5%	11.4%	10.5%		9.5%
Nine Months Ended September 30, 2016:					
Adjusted operating income (loss) excluding unusual items	\$ 67,034	\$ 20,083	\$ 17,607	\$ (16,966)	\$ 87,758
Revenues as reported	\$ 730,923	\$ 191,561	\$ 168,517	\$ —	\$ 1,091,001
Adjusted operating margin (%) excluding unusual items	9.2%	10.5%	10.4%		8.0%

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

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended September 30, 2017:					
Operating income (loss) as reported	\$ 24,327	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 33,950
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
Three Months Ended September 30, 2016:					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787

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

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF 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
Nine Months Ended September 30, 2017:					
Operating income (loss) as reported	\$ 82,933	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 104,332
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	\$ 87,522	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 108,921
Revenues as reported	\$ 761,503	\$ 217,766	\$ 172,716	\$ 107	\$ 1,152,092
Nine Months Ended September 30, 2016:					
Operating income (loss) as reported (a)	\$ 61,934	\$ 20,083	\$ (22,443)	\$ (20,253)	\$ 39,321
Harsco Rail Segment forward contract loss provision	—	—	40,050	—	40,050
Harsco Metals & Minerals Segment site exit charges	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Adjusted operating income (loss) excluding unusual items	\$ 67,034	\$ 20,083	\$ 17,607	\$ (16,966)	\$ 87,758
Revenues as reported	\$ 730,923	\$ 191,561	\$ 168,517	\$ —	\$ 1,091,001

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
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)
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

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, 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	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 TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

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

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

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

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

- (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.

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Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

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

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(In thousands)	Trailing Twelve Months for Period Ended September 30	
	2017	2016
Income (loss) from continuing operations	\$ 30,151	\$ (73,896)
Unusual items:		
Loss on early extinguishment of debt	35,337	—
Net loss on dilution and sale of equity investment	—	53,822
Harsco Rail Segment forward contract loss provision	5,000	40,050
Harsco Metals & Minerals Segment bad debt expense	4,589	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (b)	—	11,499
Harsco Metals & Minerals Segment separation costs	—	11,456
Harsco Metals & Minerals Segment Project Orion charges	—	5,070
Expense of deferred financing costs	—	1,125
Harsco Metals & Minerals Segment contract termination charges	—	(253)
Taxes on above unusual items (c)	(12,615)	(9,962)
Net income from continuing operations, as adjusted	61,305	38,911
After-tax interest expense (d)	30,140	32,546
Net operating profit after tax as adjusted	\$ 91,445	\$ 71,457
Average equity	\$ 194,242	\$ 304,532
Plus average debt	656,437	881,077
Average capital	\$ 850,679	\$ 1,185,609
Return on invested capital excluding unusual items	10.7%	6.0%

- (a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.
- (b) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic actions from Project Orion's focus on underperforming contracts (Twelve months ended September 30, 2016 \$11.5 million pre-tax which includes \$1.3 million of pre-tax gains).
- (c) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (d) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(In thousands)	Year Ended December 31 2016
Loss from continuing operations	\$ (80,422)
Unusual items:	
Net loss on dilution and sale of equity investment	53,822
Harsco Rail Segment forward contract loss provision	45,050
Loss on early extinguishment of debt	35,337
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	5,100
Harsco Metals & Minerals Segment separation costs	3,287
Expense of deferred financing costs	1,125
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)
Taxes on above unusual items (b)	(17,335)
Net income from continuing operations, as adjusted	44,807
After-tax interest expense (c)	31,790
Net operating profit after tax as adjusted	\$ 76,597
Average equity	\$ 290,995
Plus average debt	821,559
Average capital	\$ 1,112,554
Return on invested capital excluding unusual items	6.9%

- (a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.
- (b) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (a) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

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