

HARSCO
Insight onsite.™

Investor Presentation

August, 2015

Administrative Items

Forward-Looking Statements

The Company's presentation contains forward-looking statements based on management's current expectations, estimates and projections. The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the results contemplated by forward-looking statements, including the expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about management's confidence in and strategies for performance; expectations for new and existing products, technologies and opportunities; statements made regarding Project Orion and 2015 Outlook; 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) the Company's ability to successfully implement and receive the expected benefits of cost-reduction and restructuring initiatives, including the achievement of expected cost savings in the expected time frame; (18) the ability to successfully implement the Company's strategic initiatives and portfolio optimization and the impact of such initiatives, such as the Harsco Metals & Minerals Segment's Improvement Plan ("Project Orion"); (19) the ability of the strategic venture between the Company and Clayton, Dubilier & Rice ("CD&R") to effectively integrate the Company's Infrastructure business and the Brand Energy & Infrastructure Services business and realize the synergies contemplated by the transaction; (20) the Company's ability to realize cost savings from the divestiture of the Infrastructure business, as well as the transaction being accretive to earnings and improving operating margins and return on capital; (21) the amount ultimately realized from the Company's exit from the strategic venture between the Company and CD&R and the timing of such exit; (22) implementation of environmental remediation matters; (23) risk and uncertainty associated with intangible assets; and (24) 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, 2014, as revised on Form 8-K filed on June 1, 2015. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

Non-GAAP Measures

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

Harsco – Focused on ROIC

Three market-leading businesses with market and internal momentum

Balanced capital allocation
through consistent dividend and
disciplined approach to M&A

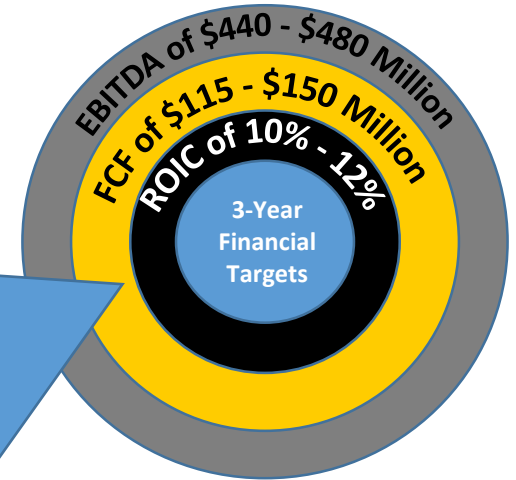
Scaling Rail and Industrial
businesses to drive
sustainable top- and
bottom-line growth

Strengthening
Metals & Minerals
business, with
focus on FCF and
ROIC









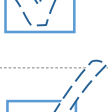
High-caliber, seasoned management team executing strategy

Equity contributions from
minority stake in Brand joint
venture expected to grow
significantly over next few
years

Continuous Improvement



Executing Strategic Plan to Drive Success

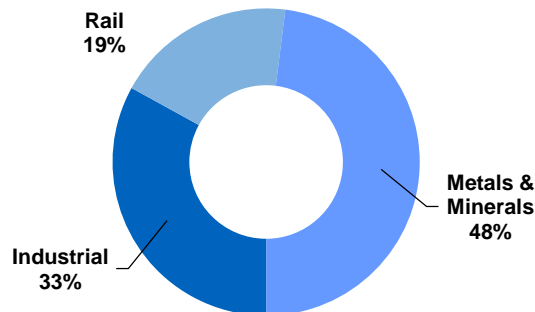
-  Sale of Infrastructure business into joint venture with CD&R and Brand
-  \$200+ MM Rail track equipment contracts in Switzerland
-  Realign employee incentive program
-  Build strategic improvement plan for Metals & Minerals (“Project Orion”)
-  Complete build-out of executive leadership team
-  Roll-out Harsco Business System
-  Execute Project Orion to improve returns in Metals & Minerals
-  Further build-out of Rail project pipeline
-  Execute acquisitions in Rail and Industrial

Harsco at a Glance

NYSE: HSC

Diversified global engineered products and services company

Adjusted Operating Income



HARSCO INDUSTRIAL



Revenue: ~\$410M

Highly engineered OEM to energy mkts

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

HARSCO RAIL



Revenue: ~\$275M

Customized provider of maintenance services and equipment

- Leader in US rail maintenance of way (MOW)
- Strong installed base
- Opportunities for further international expansion
- Aftermarket business positioned to grow

HARSCO METALS & MINERALS



Revenue: ~\$1.4B

Global market leader in mill services

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

BRAND ENERGY & INFRASTRUCTURE SERVICES

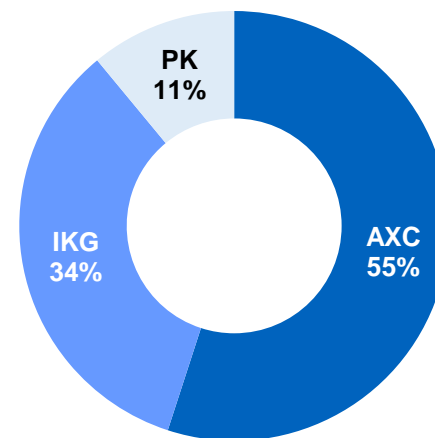
Revenue: ~\$3B
29% stake in leading industrial service provider

- Global market leader
- Steady stream of recurring revenues
- Broad portfolio of services
- Strong presence in energy markets

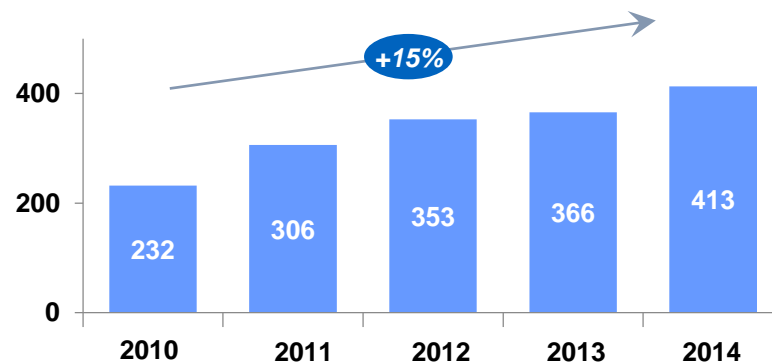
Scaling Industrial to Drive Growth

- **Three businesses with premium quality products and powerful 100+ year brand heritage**
 - AXC: A leader in high quality air-cooled heat exchangers, sold primarily to energy markets
 - IKG: leading producer of industrial metal grating products
 - PK: innovative commercial boilers and water heaters leveraged to commercial construction
- **Broad attractive end-markets**
 - Growth in natural gas production
 - Chemical and Oil processing expansions
 - Industrial capacity additions
 - Improvement in US construction
- **Focus on Continuous Improvement principles**
- **Capital-light business with high returns**
 - Yearly CapEx: ~2% of revenue
 - ROIC: 49%

Industrial Revenue Mix



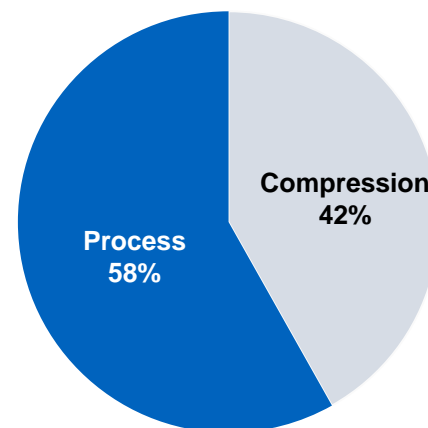
Revenues (\$M)



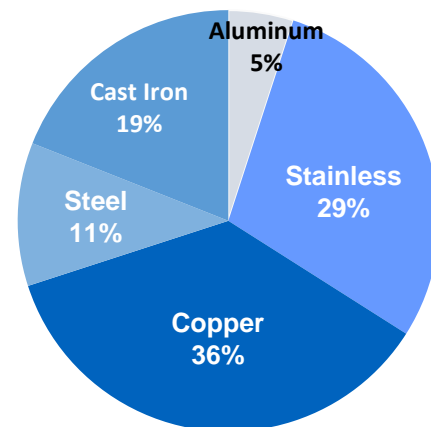
Industrial - High Return Platform For Growth

- **Strong position in U.S., expanding international presence**
- **Product innovation will support growth and broaden offerings to new customers**
 - SONIC™ boiler, NURO™ control panel, patent pending new products at AXC and IKG
- **Attractive margins**
- **Targeted M&A in large profitable markets**
 - Competitive market position
 - Supplement end market exposure
 - Leverages market expertise
 - Return in excess of cost of capital (~10%)
- **New, scalable CenterPoint facility investment will support profitable growth and drive lean manufacturing**

N.A. Air-cooled Heat Exchanger Market (\$900M)



N.A. Commercial Boiler Market (\$1.1B)



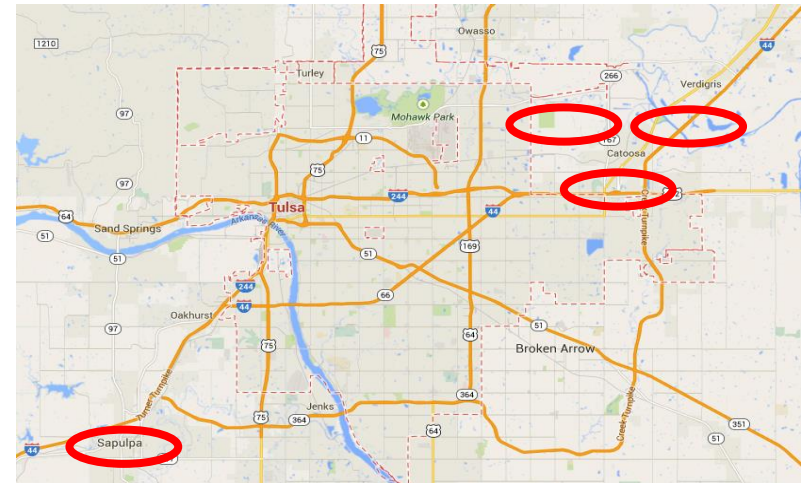
Note: Market information is estimated by Harsco

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Scalable CenterPoint Investment Will Support Profitable Growth

- **Renovating former auto glass plant in anticipation of favorable market trends**
 - Air-X-Changers revenues have grown considerably in recent years
 - Manufacturing inefficiencies exist operating multiple integrated facilities near Tulsa, OK
 - Customers require shorter lead times in a growing market
- **Shop floor space approximately 60% greater than current configuration with attractive investment returns**
- **Scheduled to complete move in H2 2015**

Current Manufacturing Footprint



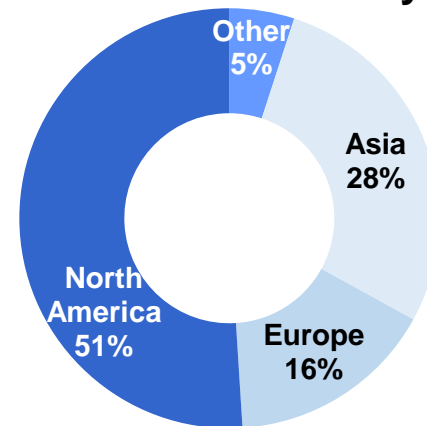
New CenterPoint Facility



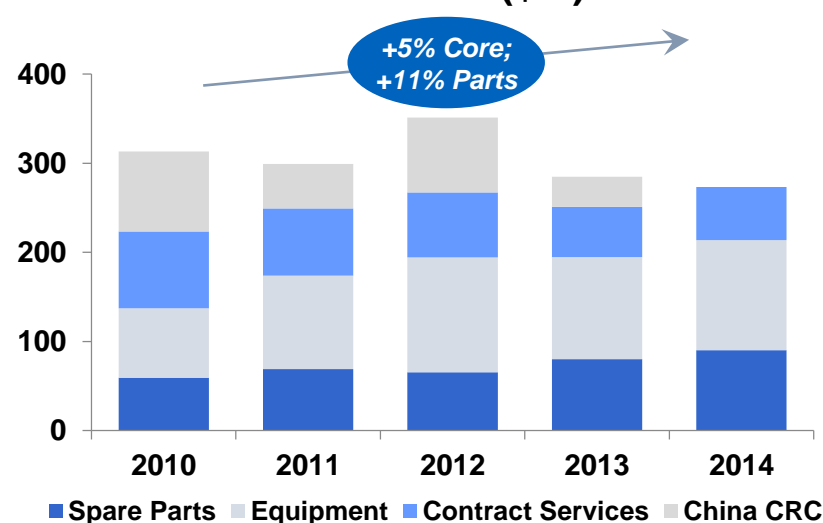
Scaling Rail To Drive Growth

- **Leader in U.S. rail maintenance with developing foothold in Asia & Europe**
- **Customized OEM of rail maintenance equipment with scalable manufacturing**
- **Large aftermarket opportunity supported by strong installed base of customers**
- **Profitable recurring services business**
- **Capital light business with high returns**
 - Yearly CapEx: ~1% of revenue
 - ROIC: 48%
- **Large, fragmented market with significant M&A opportunities to**
 - Increase global scale
 - Broaden product capabilities
 - Accelerate growth in aftermarket
 - Add technology solutions

Revenue Breakdown by Region



Revenues (\$M)

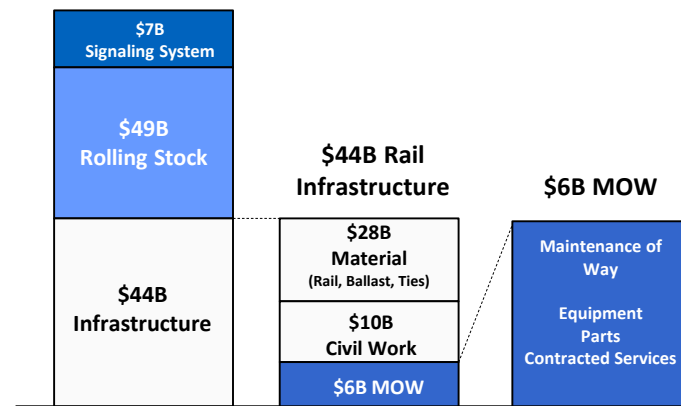


Note: Revenue breakdown for 2014 by destination. Segment ROIC for 2014 = segment net operating profit after tax (NOPAT) divided by net operating assets.

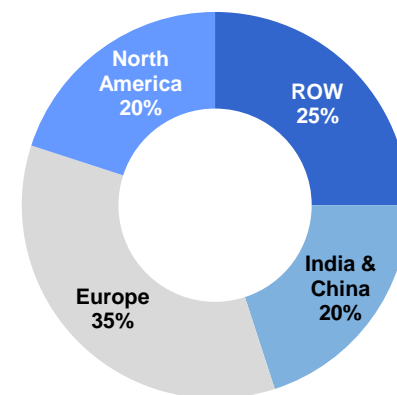
MOW is a Profitable Growth Opportunity

- **Share gains targeted within ~\$6 billion industry**
- **International opportunities are significant, with focus on higher-spending global regions**
 - China contract validated capabilities
 - European awards are next leg of international expansion
 - Targeting participation in a number of large, upcoming tenders
- **Strategy to increase penetration in significant domestic and international spare parts market**
 - Leverage existing and growing installed base of equipment
 - New product offerings
- **55+% revenue growth in Rail business expected through 2017**

MOW Market Niche



MOW Geographic Spend



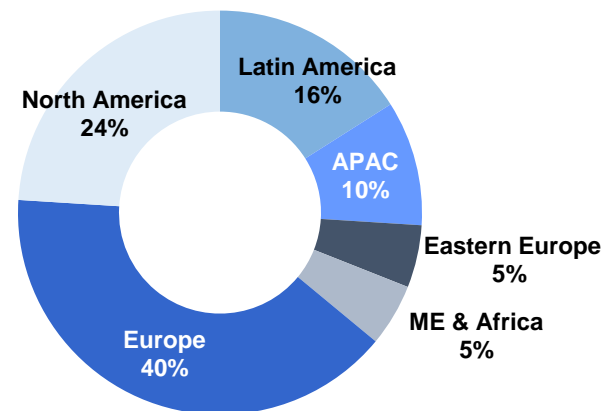
Note: Market information is estimated by Harsco

Metals & Minerals

Improving Returns Above Cost Of Capital

- **Global market leader in 30+ countries**
 - ~70 customers globally and 170 operating sites
- **Differentiated operational and technical expertise providing targeted customer solutions**
 - Mill services include logistics, slitting, maintenance and rentals
 - Resource recovery
 - Environmental and product solutions
- **Flexible operating structure scalable to business needs**
- **Services and solutions provide opportunity to leverage heightened environmental requirements**
- **Project Orion initiatives improving overall return profile**

Revenue Breakdown by Region



Category	2014 Actuals	Long-Range Targets
Revenue	\$1.4B	\$1.3 - \$1.4B
Adjusted OI ₁ Margin	7%	10 - 11%
FCF	\$2M	\$130 - \$150M
ROIC	5%	8 - 9% ₂

Note: Revenue breakdown from 2014

(1) Excludes impact of special items

(2) 12-13% excluding goodwill

FCF: Net cash provided by operating activities less capital expenditures plus proceeds from asset sales and capital expenditures for strategic ventures

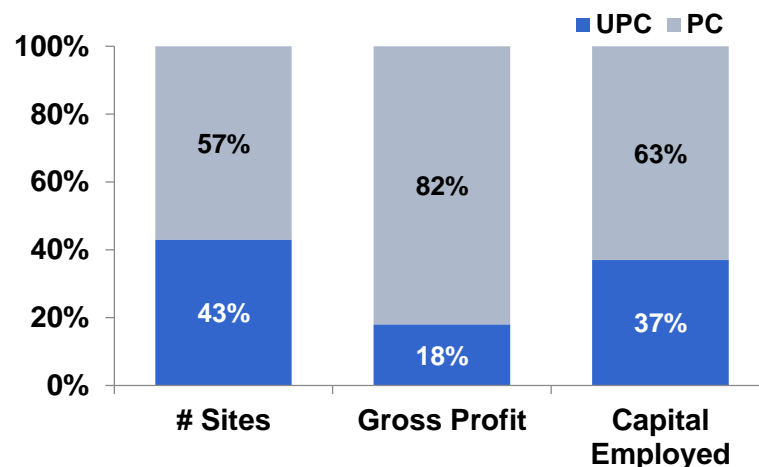
Segment ROIC is calculated as segment net operating profit after tax (NOPAT) divided by net operating assets.

Metals & Minerals –

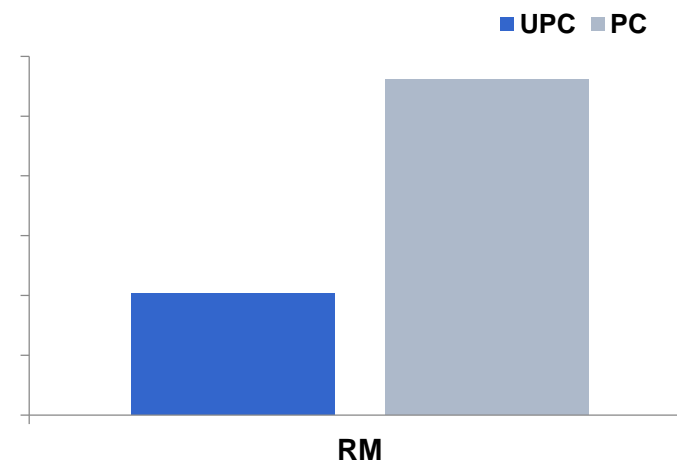
Confident in Sustainable Cost Savings and Portfolio Potential

- **Four key elements of Project Orion include efficiency improvements and new operating standards ‘at’ and ‘above’ the site**
 - Benefits expected to be \$35-40 million; full run-rate realized in 2016
- **Portfolio of acceptable performers or performing sites (PCs) illustrate value proposition**
 - Vast majority of business profits are generated by performing contracts
 - Capital returns at PCs are attractive
- **Focused on sustaining acceptable performers through operational excellence, continued cost reduction and strengthening customer relationships**
- **Underperforming contracts (UPCs) are not tied to any specific geography or customer**
- **One-quarter of UPCs are in ramp-up mode**
- **Initiatives at UPCs include both commercial and operational fixes**
 - If viable solutions are not identified, exiting a site will be an acceptable path

UPC vs PC Portfolio Distribution



RM Comparison



Note: Illustrated details from 2014

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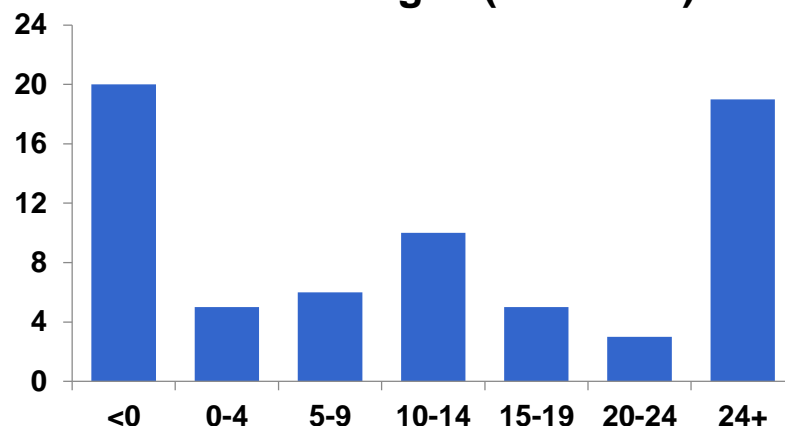
Note: RM = Return Measure; UPC = Underperforming Contract (<24 RM); PC = Performing Contract (>24 RM)

Project Orion

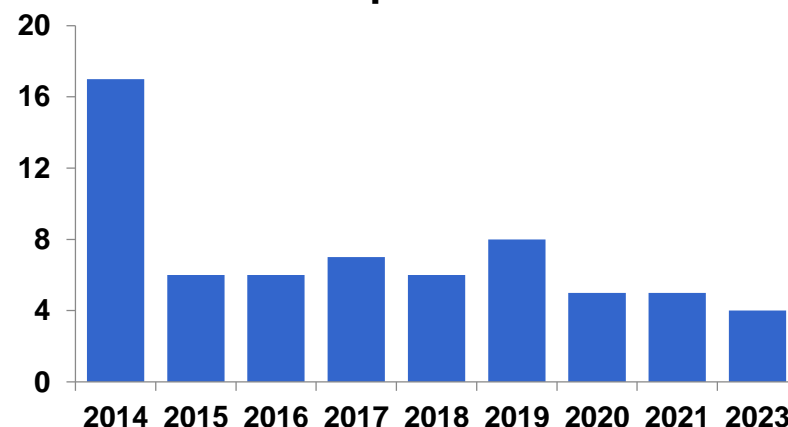
Addressing Underperforming Sites

- Proactively dealing with each underperforming site based on NPV of cash flows
- Dedicated project office to drive execution and monitor progress against milestones
- Prioritization of optimization efforts based on financial performance
- Early success with numerous underperforming sites validates initiatives
- A meaningful portion of underperforming sites have expired or will do so by the end of 2015
- Highly confident in improved site performance in future

UPC RM Ranges (# of sites)



UPC Expiration Dates

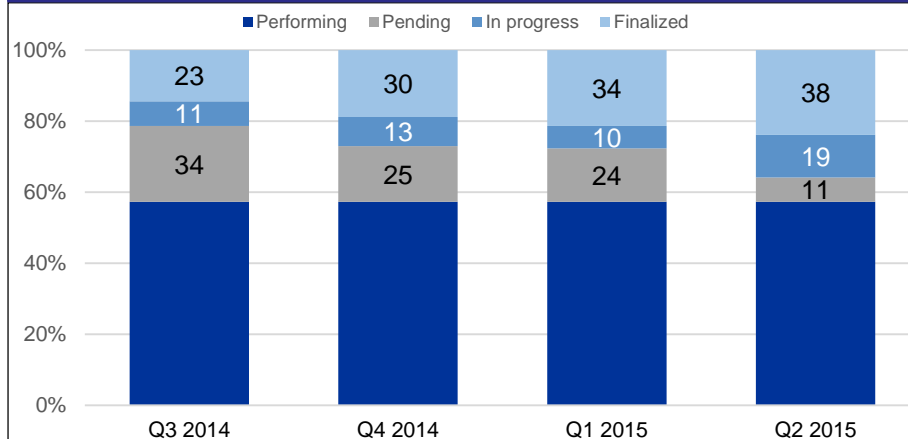


Note: Site details as of December 31, 2014

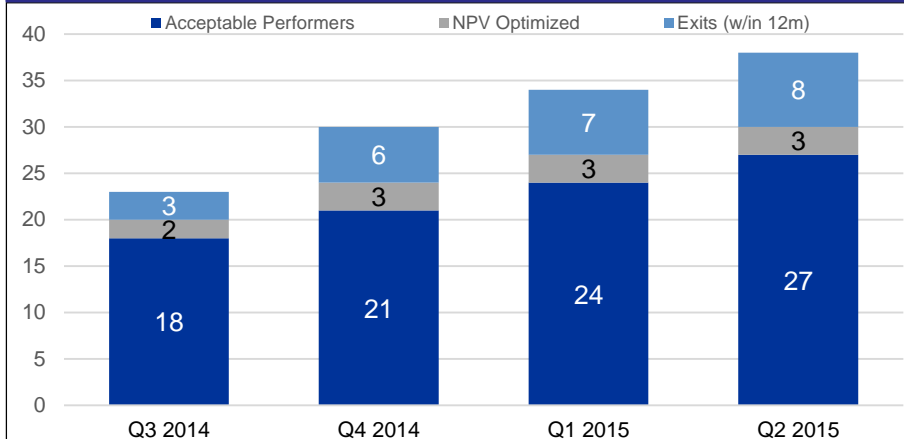
Project Orion

Measuring Progress at Underperforming Sites

Status of UPC Initiatives



Distribution of Finalized Outcomes



- **56% of original 'underperformers' (UPCs) have been addressed and are expected to generate improved returns**
- **Finalized sites have shown considerable financial progress over the past year, despite external headwinds**
 - Benefits dependent on outcome timing and partially offset by exits during 2015
 - A few sites have become UPCs and these are being addressed
- **'Triage' teams expected to address all UPCs by early 2016**

Balanced Capital Allocation & Financial Strategy

- **Primary focus is Return on Invested Capital**
 - Improve capital allocation and efficiency in Metals & Minerals
 - Pursue accretive growth opportunities in Rail and Industrial
- **Cash earnings expected to outpace top-line trend over the next three years**
- **Notable improvement in cash flow expected**
 - 2014 was “transition year” for Metals & Minerals capital spending
 - Additional contributions from Rail and Industrial
 - Focus on working capital improvements
- **Maintain dividend; returned capital to shareholders through dividends since 1939**
- **Disciplined M&A strategy focused on opportunities that are synergistic and improve competitive position in core market or near adjacencies**
- **Value of Brand JV expected to grow significantly over next three years**

Stable Capital Structure & Liquidity Profile

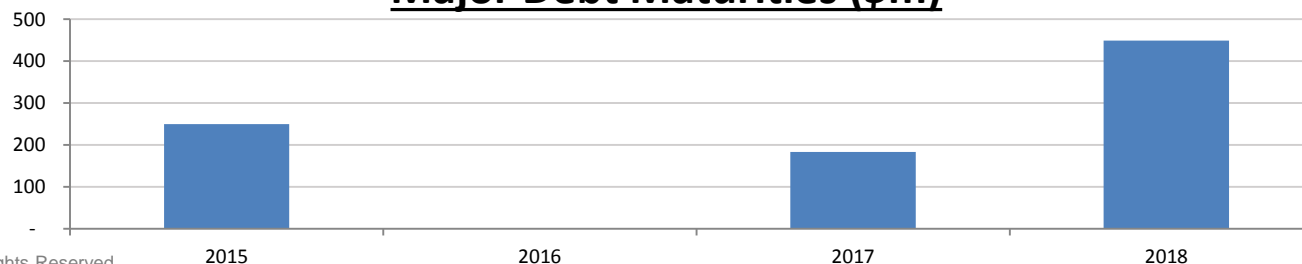
(\$ millions)	6/30/2015	CCIR (1)	Proforma
Capital structure:			
Cash and cash equivalents	\$67		\$67
\$500m Revolving Credit Facility due 2017 (2)	183	75	108
2.7% Senior Notes due 2015	250		250
5.75% Senior Notes due 2018	449		449
Other debt	61		61
Total debt	943	75	868
Net debt	\$876	75	\$801
Adjusted TTM EBITDA	\$316		\$316
Net leverage ratio	2.8		2.5
Liquidity:			
Gross liquidity (3)	\$384	75	\$459
Available revolver with covenant restrictions	287	75	362

(1) Cross currency interest rate swap monetized in Q3 2015

(2) Maturity to 2019 with refinancing of 2015 Notes

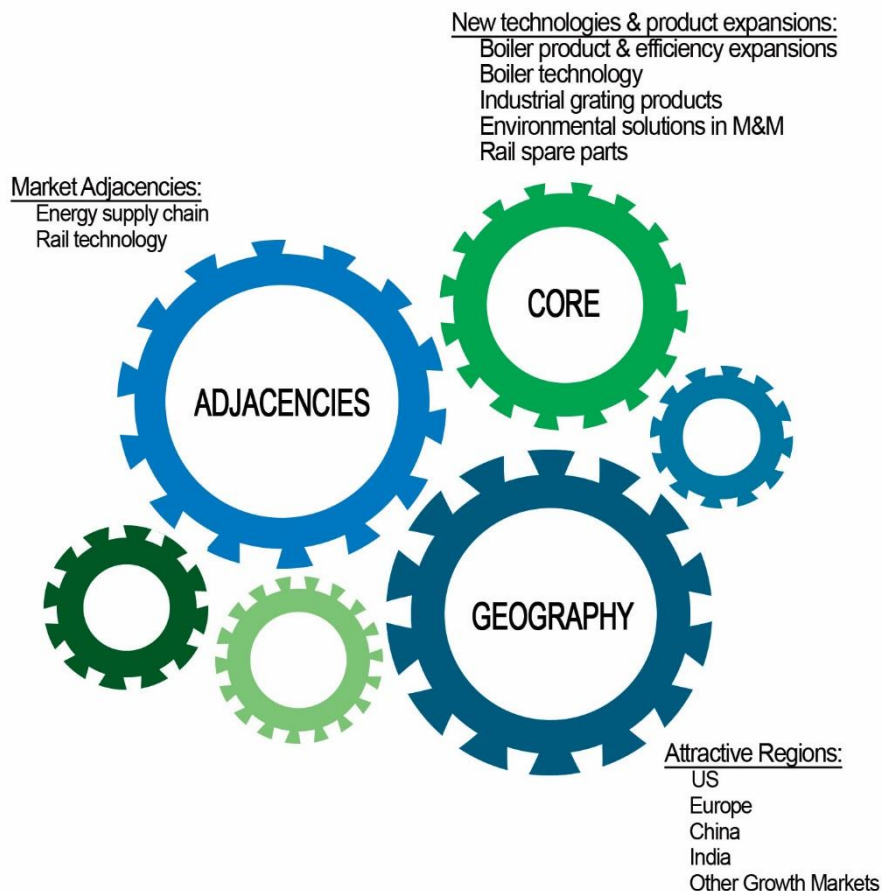
(3) Unused revolver + cash and cash equivalents

Major Debt Maturities (\$m)



Disciplined Approach to M&A and Organic Growth

STRATEGIC GROWTH FOCUS



M&A Investment Criteria

- ❑ Profitable business model with growth potential
- ❑ Competitive position in core market or near adjacencies
- ❑ ROIC in excess of cost of capital; value creating
- ❑ Path to earnings accretion in the short-term
- ❑ Meets risk-adjusted IRR hurdle rates through the cycle
- ❑ Maintains manageable leverage ratios and financial flexibility to support the dividend & other capital requirements
- ❑ M&A transactions to be synergistic: (1) cost synergies through consolidation and scale; and/or (2) revenue synergies from expanded products, services and customer bases
- ❑ M&A center-led; coordinated across portfolio

Brand JV Delivering Value

BRAND

ENERGY & INFRASTRUCTURE SERVICES

Premier provider of integrated specialty services to global energy, industrial and infrastructure markets



Forming and shoring systems, engineering design, project management and assembly



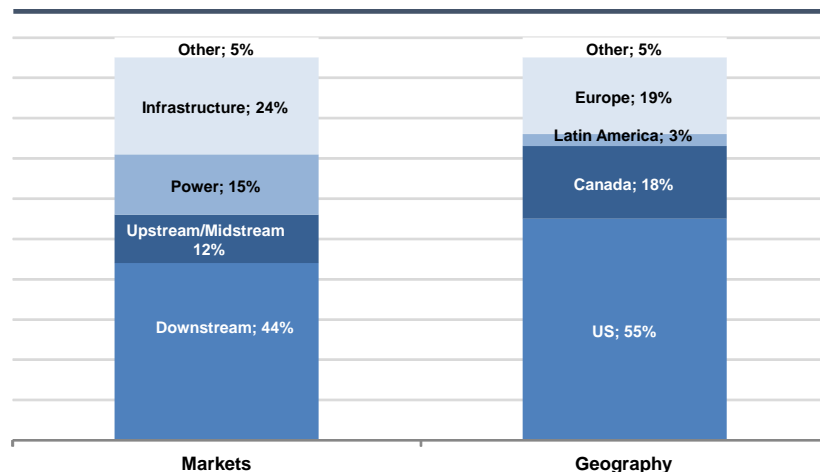
Portfolio of industrial services including coatings, insulation, abrasive blasting and fireproofing

- Acquisitive business model
- 29% owned by Harsco; JV with Clayton, Dubilier & Rice
- Harsco has two Board seats

Value Proposition

- Cash proceeds of \$300 million from JV formation
- Expected exit proceeds of \$500 - \$650 million
- Model assumptions include: (1) ~10% EBITDA CAGR; (2) \$300 - \$400 million debt reduction; and (3) 8x exit multiple
- Annual payments of \$14 million (after-tax) until 'knocked out'

Business Mix



Note: Business mix information is for 2014

2015 Outlook

	2014*	2015 Outlook*
Adjusted Operating Income	\$155 million	\$120 to \$135 million
EBITDA – Net Capex	\$136 million	\$135 to \$150 million
Free Cash Flow	\$52 million	\$60 million to \$80 million
ROIC	6.8%	6.0% to 6.5%
Adjusted Diluted Earnings per Share	\$0.76	\$0.41 to \$0.55

*Excludes special items. Also, 2014 financial information is revised.

Long-Term Financial Targets

	2014*	Targets*
ROIC	7%	10 - 12%
EBITDA	\$330M	\$440 - 480M
EBITDA – Net Capex	\$136M	\$270 - 320M
Free Cash Flow	\$52M	\$115 - 150M
Debt/EBITDA	2.6xx	2.0x – 2.5x
EBITDA interest coverage	7.0xx	~8x – 11x

Key assumptions

- ❑ Modest growth in end markets
- ❑ Rail successful in winning major new contracts
- ❑ Limited growth capital in Metals & Minerals
- ❑ Price and efficiency gains exceed inflation; FX rates and commodity demand stable
- ❑ Brand JV performs in-line with original financing assumptions
- ❑ Does not include any future acquisitions

*Note: ROIC = NOPAT / total capital; NOPAT = net operating profit after tax; total capital = total debt + total equity. Excludes special items. Also, 2014 financial information is revised.

Summary and Major Priorities

- ❑ Macro-economic factors present challenge in 2015
- ❑ Business focus and strategy have remained consistent
 - ✓ Fix Metals & Minerals through execution of Project Orion
 - ✓ Secure additional growth opportunities in Industrial and Rail
 - ✓ Upgrade corporate support functions
 - ✓ Develop “continuous improvement” culture
- ❑ Improvements still expected during 2015 in key financial metrics such as FCF and EBITDA-Capex
- ❑ Committed to dividend
- ❑ 3-Year Targets remain to nearly double ROIC and EBITDA less Capex
- ❑ Considerable value in Brand Energy JV stake



Appendix

Seasoned Management Team

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



Nicholas Grasberger was appointed President and Chief Executive Officer in July 2014. He also is a member of the Harsco Board of Directors and serves as the interim leader of the Metals & Minerals segment. Mr. Grasberger previously service as Harsco's Chief Operating Officer and Chief Financial Officer. Before that, he was Managing Director of the multinational Precision Polymers Division of Fenner Plc. Prior to joining Fenner, he served as the Chief Financial Officer of Armstrong Holdings, Inc., the parent company of Armstrong World Industries, and later as CEO of Armstrong's Building Products division. Mr. Grasberger also serves on the Board of the Company's joint venture in the energy and infrastructure sectors, Brand Energy and Infrastructure Services, in which Harsco holds an approximate 29 percent equity interest.

Peter F. Minan
SVP & CFO



Peter F. Minan was appointed Senior Vice President and Chief Financial Officer of the Company effective November 11, 2014. He has an extensive background in global financial management acquired through a nearly 30-year career with KPMG. He became a partner in 1993 and served as global lead partner for several multi-national Fortune 500 industrial and consumer audits. His roles included National Managing Partner, U.S. Audit practice, and Partner in Charge, Washington/Baltimore Audit practice. His most recent role was with Computer Sciences Corporation, where he served as Vice President of Enterprise Risk Management and Internal Audit. Mr. Minan has a degree in commerce from the University of Virginia's McIntire School of Commerce and is a Certified Public Accountant.

Scott W. Jacoby
President of Rail



Scott W. Jacoby serves as Senior Vice President and Group President of the Harsco Rail group. Since joining Harsco in 1995, Mr. Jacoby has held senior operations management positions in the Harsco Rail and Harsco Industrial business groups. Mr. Jacoby began his career with Mack Trucks and is also a CPA.

Scott H. Gerson
President of Industrial



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

Tracey McKenzie
SVP & Chief HR Officer



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

Russell Hochman
SVP, General Counsel,
CCO & Corporate Secretary



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

Experienced Board of Directors

David C. Everitt	<ul style="list-style-type: none"> ❑ Non-Executive Chairman ❑ Former Co-Leader of Deere & Company's Agriculture and Turf Division
James F. Earl	<ul style="list-style-type: none"> ❑ Executive Vice President GATX Corporation ❑ President – GATX Rail International
Kathy G. Eddy	<ul style="list-style-type: none"> ❑ Founding partner of McDonough, Eddy, Parsons & Baylous, A.C., a public accounting and financial services corporation ❑ Former Chair of the American Institute of Certified Public Accountants Board of Directors
Stuart E. Graham	<ul style="list-style-type: none"> ❑ Chairman of Skanska AB ❑ Serves as Director of Industrivarden AB and PPL Corporation
F. Nicholas Grasberger	<ul style="list-style-type: none"> ❑ President and Chief Executive Officer of Harsco ❑ Former Managing Director of Precision Polymers Division of Fenner Plc and Former Chief Financial Officer of Armstrong Holdings, Inc
Terry D. Growcock	<ul style="list-style-type: none"> ❑ Former Chairman of The Manitowoc Company ❑ Serves on the Board of Directors of Harris Corporation and Carlisle Companies
Henry W. Knueppel	<ul style="list-style-type: none"> ❑ Former Chairman and CEO of Regal Beloit Corporation
Elaine La Roche	<ul style="list-style-type: none"> ❑ Senior Advisor to China International Capital Corporation US ❑ Former Vice Chairman, JP Morgan China Securities
James M. Loree	<ul style="list-style-type: none"> ❑ President and Chief Operating Officer of Stanley Black & Decker
Phillip C. Widman	<ul style="list-style-type: none"> ❑ Former Senior Vice President and CFO of Terex ❑ Former Executive Vice President and CFO of Philip Services Corporation

Business Sensitive to Many Macro Drivers

Many business drivers

Logistics

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

Resource recovery

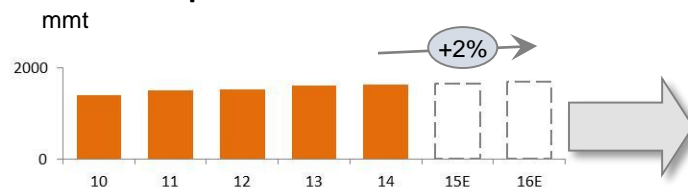
- Scrap price
- Nickel price
- Chrome price
- Iron price

Environmental products

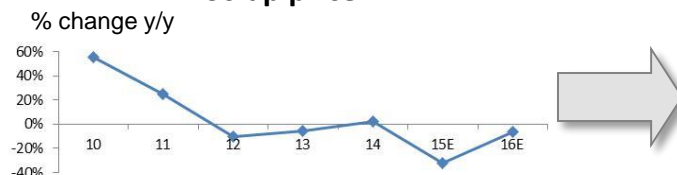
- Abrasive demand & price
- Roofing demand & price

Business variables

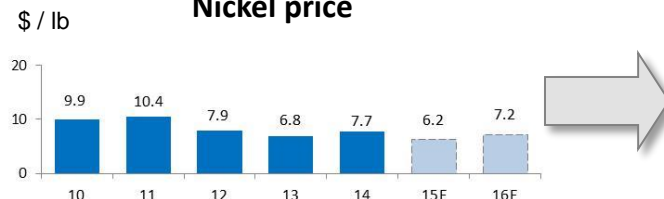
Liquid Steel Production



Scrap price¹



Nickel price



Impact to bottom line

Within current scope of operations...

~0.8% liquid steel production change equals ~1% OI improvement

~5% scrap price change equals ~1% OI improvement

\$0.20 nickel price change equals ~1% OI improvement

Impact to bottom line not linear

1. Reflects US and European Shredded, and HMS #1 forecasts

Source: World Steel Association, Deutsche Bank, Bank of America Merrill Lynch, Citi Research, Barclays

Q2 2015 Financial Summary – Key Performance Indicators⁽¹⁾

(\$ - millions, except EPS)			
	Second Quarter	Change vs. 2014	
		\$	%
Revenues	456	(80)	(15)%
Adjusted Operating Income	36	(7)	(16)%
% of Sales	7.8%		(11)bps
Adjusted Diluted Earnings Per Share	\$0.08	\$(0.11)	(58)%
Free Cash Flow	10	(10)	(51)%
ROIC (LTM)	6.8%		70bps

- ❑ Q2 operating income above guidance of \$30-35M due to Rail results and lower Corporate costs
- ❑ Earnings below prior-year in three operating businesses; corporate spending reduced
- ❑ Margin stable versus prior-year quarter
- ❑ EPS includes Brand Energy JV loss of \$8M and slightly higher tax rate than anticipated
- ❑ Q2 FCF exceeded internal forecast; compared with prior-year, lower capital spending offset by changes in cash earnings and asset sales
- ❑ ROIC increased to 6.8%

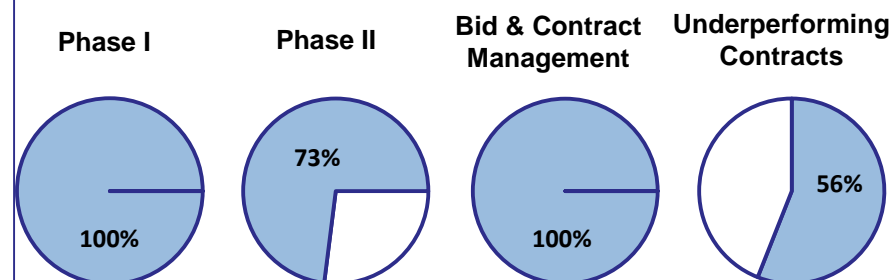
(1) Excludes special items and Infrastructure. Also, 2014 financial information is revised.

Q2 2015 – Metals & Minerals

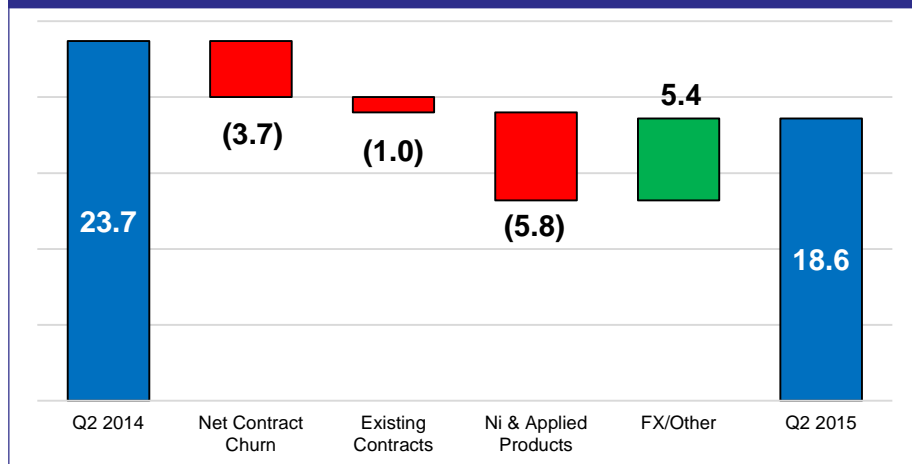
Summary Results ⁽¹⁾

(\$ in millions)	Q2 2015	Q2 2014	% change
Revenues, as reported	294	362	(19)%
Adjusted operating income	19	24	(21)%
Adjusted operating margin	6.3%	6.5%	
Free cash flow (YTD)	22	5	nmf
ROIC (TTM)	4.2%	4.8%	(60)bps

Project Orion Workstream Progress



Adjusted Operating Income Bridge



Business Highlights

- ❑ Revenues impacted by foreign exchange, site exits and lower nickel-related sales
- ❑ Adjusted operating income declined as above items offset Simplification savings and lower bad debt costs
- ❑ FCF improved YTD due to lower capital investment and working capital

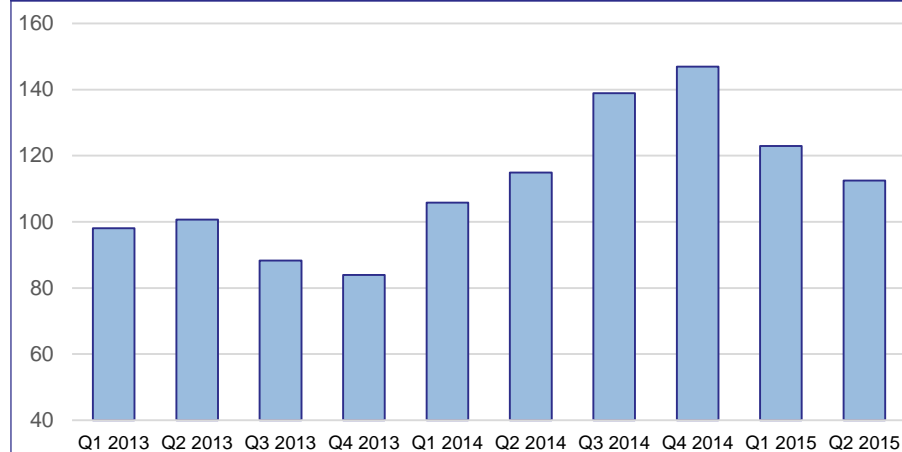
(1) 2014 financial information revised. nmf = not meaningful.

Q2 2015 - Industrial

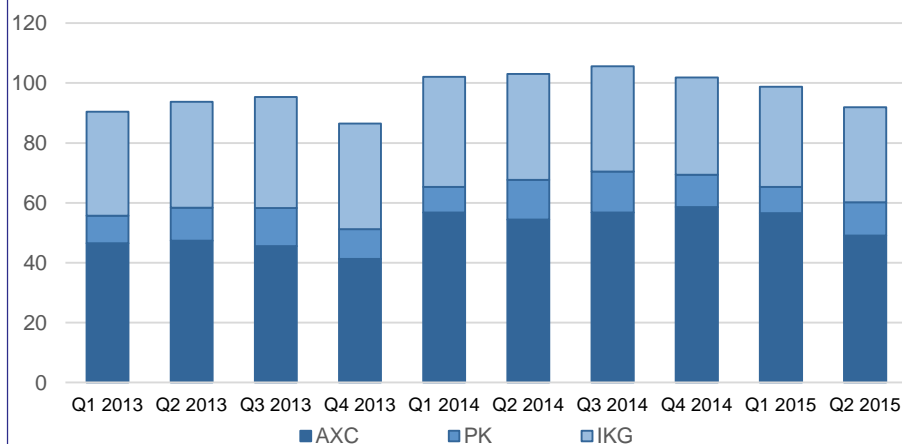
Summary Results

(\$ in millions)	Q2 2015	Q2 2014	% change
Revenues, as reported	92	103	(11)%
Operating income	14	17	(17)%
Operating margin	15.7%	16.9%	
Free cash flow (YTD)	21	29	(28)%
ROIC (TTM)	42.6%	56.5%	nmf

Backlogs



Revenue Mix



nmf = not meaningful

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Business Highlights

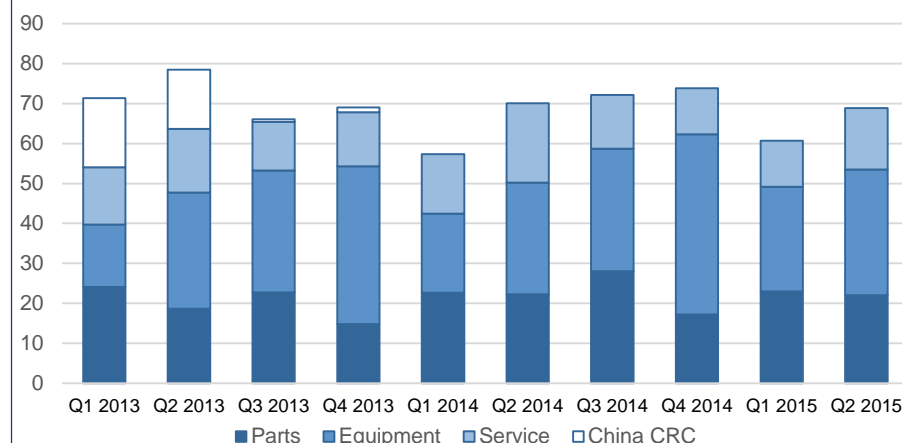
- ❑ Revenues declined for all three product-categories compared to prior-year quarter
- ❑ Operating income impacted by reduced demand and facility moving expenses; offsetting cost initiatives in the quarter
- ❑ Backlogs -8% sequentially; little changed Y/Y
- ❑ Additional cost actions contemplated during H2 in response to lower U.S. energy spending

Q2 2015 - Rail

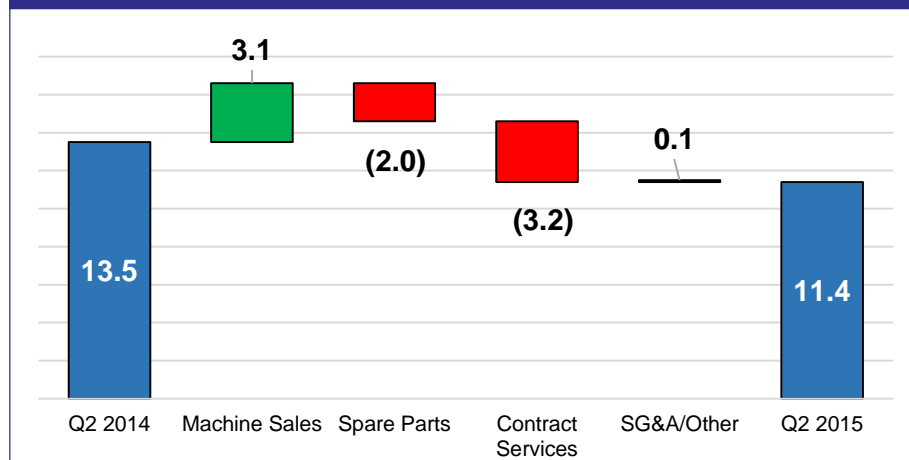
Summary Results

(\$ in millions)	Q2 2015	Q2 2014	% change
Revenues, as reported	70	71	(1)%
Operating income	11	14	(16)%
Operating margin	16.4%	19.2%	
Free cash flow (YTD)	14	33	(58)%
ROIC (TTM)	107.6%	23.7%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- ❑ Higher equipment sales offset lower parts revenues and contract services
- ❑ Income exceeded internal forecast due to mix and cost performance; compared to prior-year, income/margin impacted by mix
- ❑ Free cash flow change attributable to fewer advances YTD

nmf = not meaningful

2015 Business Outlook

<i>Excluding special items</i>		2015 versus 2014
Metals & Minerals	Revenues	↓ low double digits
	Operating Income	↓ double digits
	Drivers	+ Simplification, site triage, new sites, bad debt expense - FX, site exits, LST, nickel & scrap prices and volumes
Industrial	Revenues	↓ high single to low double digits
	Operating Income	↓ mid single to low double digits
	Drivers	+ Efficiency improvements = Facility moving costs offset by asset sales gains - Energy-related pressures on heat exchanger and industrial grating businesses
Rail	Revenues	↑ low double digits
	Operating Income	↑ double digits
	Drivers	+ Core machine volumes and FX gain - Parts sales and service comparisons, global build-out costs
Corporate Costs		↓ modestly due to professional fees; partially offset by investments
Brand Energy JV		Equity income forecasted to be \$4 million to \$6 million

Q3 2015 Outlook

- ❑ Adjusted operating income is expected to be between \$20 to \$25 million versus \$49 million in Q3 2014*
- ❑ Adjusted diluted earnings per share of \$0.05 to \$0.09
- ❑ Year-over-year considerations include:
 - M&M: Project Orion benefits and new sites more than offset by exits, lower LST, commodities and FX
 - Industrial: Weaker volume partially offset by reduction in selling and administrative costs
 - Rail: Lower spare parts & contract services
 - Corporate costs comparable to prior-year quarter

*Excludes special items. Also, 2014 financial information is revised.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Diluted earnings (loss) per share from continuing operations as reported	\$ 0.08	\$ (0.17)	\$ 0.27	\$ (0.04)
Harsco Metals & Minerals Segment contract termination charges (a)	—	0.14	—	0.14
Harsco Metals & Minerals Segment site exit and underperforming contract charges (b)	—	0.11	—	0.11
Harsco Metals & Minerals Segment Project Orion Charges (c)	—	0.07	—	0.07
Harsco Infrastructure Segment loss on disposal (d)	—	0.03	—	0.05
Harsco Infrastructure transaction costs (e)	—	—	—	0.01
Harsco Metals & Minerals Segment Brazilian labor claim reserves (f)	—	—	—	—
Adjusted diluted earnings per share from continuing operations excluding special items	\$ 0.08	\$ 0.19	\$ 0.27	\$ 0.35

(a) Harsco Metals & Minerals Segment charges incurred in connection with the termination of a contract for a customer in receivership (Q2 and six months 2014 \$11.6 million pre-tax).

(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 (Q2 and six months 2014 \$10.9 million pre-tax).

(c) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q2 and six months 2014 \$8.5 million pre-tax).

(d) Loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Q2 2014 \$2.7 million pre-tax; six months 2014 \$2.9 million pre-tax).

(e) Harsco Infrastructure Transaction costs recorded as Corporate expenses (Q2 2014 \$0.2 million pre-tax; six months 2014 \$1.7 million pre-tax).

(f) Brazilian labor claim reserve adjustments in the Harsco Metals & Minerals Segment (six months 2014 \$0.1 million pre-tax).

(g) Does not total due to rounding.

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

	Twelve Months Ended December 31 2014
Diluted loss per share from continuing operations as reported	\$ (0.28)
Harsco Metals & Minerals Segment site exit and underperforming contract charges (a)	0.60
Harsco Metals & Minerals Segment contract termination charges (b)	0.14
Harsco Metals & Minerals Segment Project Orion charges (c)	0.11
Harsco Metals & Minerals Segment Brazilian labor claim reserves (d)	0.10
Harsco Infrastructure Segment loss on disposal (e)	0.05
Strategic transaction review costs (f)	0.04
Harsco Infrastructure transaction costs (g)	0.02
Harsco Rail Segment grinder impairment charge (h)	—
Gains associated with exited Harsco Infrastructure operations retained (i)	(0.02)
Adjusted diluted earnings per share from continuing operations excluding special items	\$ 0.76

- (a) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic action from Project Orion's focus on underperforming contracts (\$50.1 million pre-tax).
- (b) Harsco Metals & Minerals Segment charges incurred in connection with the termination of a contract for a customer in receivership (\$11.6 million pre-tax).
- (c) Harsco Metals & Minerals Segment Project Orion restructuring charges (\$12.0 million pre-tax).
- (d) Brazilian labor claim reserve adjustments in the Harsco Metals & Minerals Segment (\$5.3 million pre-tax).
- (e) Loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (\$2.9 million pre-tax).
- (f) Strategic transaction review costs recorded as Corporate expenses (\$3.5 million pre-tax).
- (g) Harsco Infrastructure Transaction costs record as Corporate expenses (\$2.2 million pre-tax).
- (h) Asset impairment charge on rail grinder equipment in the Harsco Rail Segment (\$0.6 million pre-tax).
- (i) Currency translation gains associated with exited Harsco Infrastructure operations retained recorded as an offset to Corporate expenses (\$2.2 million pre-tax).

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

REVIEW OF OPERATIONS BY SEGMENT EXCLUDING SPECIAL ITEMS (Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended June 30, 2015:					
Adjusted operating income (loss) excluding special items	\$ 18,599	\$ 14,419	\$ 11,400	\$ (8,689)	\$ 35,729
Revenues as reported	\$ 294,336	\$ 91,881	\$ 69,530	\$ —	\$ 455,747
Adjusted operating margin (%) excluding special items	6.3%	15.7%	16.4%		7.8%
Three Months Ended June 30, 2014:					
Adjusted operating income (loss) excluding special items	\$ 23,682	\$ 17,429	\$ 13,526	\$ (12,066)	\$ 42,571
Revenues as reported	\$ 361,761	\$ 103,005	\$ 70,578	\$ —	\$ 535,344
Adjusted operating margin (%) excluding special items	6.5%	16.9%	19.2%		8.0%
Six Months Ended June 30, 2015:					
Adjusted operating income (loss) excluding special items	\$ 29,182	\$ 31,446	\$ 33,033	\$ (19,051)	\$ 74,610
Revenues as reported	\$ 585,534	\$ 190,684	\$ 131,108	\$ —	\$ 907,326
Adjusted operating margin (%) excluding special items	5.0%	16.5%	25.2%		8.2%
Six Months Ended June 30, 2014:					
Adjusted operating income (loss) excluding special items	\$ 46,459	\$ 34,000	\$ 19,025	\$ (22,877)	\$ 76,607
Revenues as reported	\$ 714,583	\$ 205,105	\$ 128,139	\$ —	\$ 1,047,827
Adjusted operating margin (%) excluding special items	6.5%	16.6%	14.8%		7.3%

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(Unaudited)

<u>(In thousands)</u>	<u>Harsco Metals & Minerals</u>	<u>Harsco Industrial</u>	<u>Harsco Rail</u>	<u>Corporate</u>	<u>Consolidated Totals</u>
<u>Three Months Ended June 30, 2015:</u>					
Operating income (loss) as reported	\$ 18,599	\$ 14,419	\$ 11,400	\$ (8,689)	\$ 35,729
Revenues as reported	\$ 294,336	\$ 91,881	\$ 69,530	\$ —	\$ 455,747
<u>Three Months Ended June 30, 2014:</u>					
Operating income (loss) as reported	\$ (7,277)	\$ 17,429	\$ 13,526	\$ (14,984)	\$ 8,694
Harsco Metals & Minerals Segment contract termination charges	11,557	—	—	—	11,557
Harsco Metals & Minerals Segment site exit and underperforming contract charges	10,863	—	—	—	10,863
Harsco Metals & Minerals Segment Project Orion charges	8,539	—	—	—	8,539
Harsco Infrastructure Segment loss on disposal	—	—	—	2,669	2,669
Harsco Infrastructure transaction costs	—	—	—	249	249
Adjusted operating income (loss) excluding special items	\$ 23,682	\$ 17,429	\$ 13,526	\$ (12,066)	\$ 42,571
Revenues as reported	\$ 361,761	\$ 103,005	\$ 70,578	\$ —	\$ 535,344

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(Unaudited)

<u>(In thousands)</u>	<u>Harsco Metals & Minerals</u>	<u>Harsco Industrial</u>	<u>Harsco Rail</u>	<u>Corporate</u>	<u>Consolidated Totals</u>
Six Months Ended June 30, 2015:					
Operating income (loss) as reported	\$ 29,182	\$ 31,446	\$ 33,033	\$ (19,051)	\$ 74,610
Revenues as reported	\$ 585,534	\$ 190,684	\$ 131,108	\$ —	\$ 907,326
Six Months Ended June 30, 2014:					
Operating income (loss) as reported	\$ 15,372	\$ 34,000	\$ 19,025	\$ (27,476)	\$ 40,921
Harsco Metals & Minerals Segment contract termination charges	11,557	—	—	—	11,557
Harsco Metals & Minerals Segment site exit and underperforming contract charges	10,863	—	—	—	10,863
Harsco Metals & Minerals Segment Project Orion charges	8,539	—	—	—	8,539
Harsco Infrastructure Segment loss on disposal	—	—	—	2,911	2,911
Harsco Infrastructure transaction costs	—	—	—	1,688	1,688
Harsco Metals & Minerals Segment Brazilian labor claim reserves	128	—	—	—	128
Adjusted operating income (loss) excluding special items	\$ 46,459	\$ 34,000	\$ 19,025	\$ (22,877)	\$ 76,607
Revenues as reported	\$ 714,583	\$ 205,105	\$ 128,139	\$ —	\$ 1,047,827

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) AND MARGIN BY SEGMENT (Unaudited)

(in thousands)

	For the Year Ended December 31, 2014				
	Metals & Minerals	Industrial	Rail	Corporate	Consolidated
Operating income (loss), as reported	\$ 13,771	\$ 64,114	\$ 37,137	\$ (45,735)	\$ 69,287
Harsco Metals & Minerals Segment site exit and underperforming contract charges	50,111	-	-	-	50,111
Harsco Metals & Minerals Segment contract termination charges	11,557	-	-	-	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,332	-	-	-	5,332
Harsco Metals & Minerals Segment Project Orion charges	11,992	-	-	-	11,992
Harsco Rail Segment grinder asset impairment charge	-	-	590	-	590
Harsco Infrastructure Segment loss on disposal	-	-	-	2,911	2,911
Strategic Transaction review costs	-	-	-	3,531	3,531
Harsco Infrastructure transaction costs	-	-	-	2,192	2,192
Gains associated with exited Harsco Infrastructure Segment operations retained	-	-	-	(2,205)	(2,205)
Adjusted operating income	\$ 92,763	\$ 64,114	\$ 37,727	\$ (39,306)	\$ 155,298
Revenues, as reported	1,378,142	412,532	275,614	-	2,066,288
Adjusted operating margin %	6.7%	15.5%	13.7%	-	7.5%

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME EXCLUDING SPECIAL ITEMS TO OPERATING INCOME (LOSS) AS REVISED (Unaudited)

	Three Months Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Twelve Months Ended December 31
(In thousands)	2014	2014	2014	2014	2014
Operating income (loss) as reported	\$ 32,339	\$ 6,236	\$ 45,738	\$ (20,842)	\$ 63,471
Revisions to operating income (loss) as reported (a)	(112)	2,458	2,706	764	5,816
Operating income (loss) as revised	32,227	8,694	48,444	(20,078)	69,287
Harsco Metals & Minerals Segment site exit and underperforming contract charges	—	10,863	—	39,248	50,111
Harsco Metals & Minerals Segment Project Orion charges	—	8,539	276	3,177	11,992
Harsco Metals & Minerals Segment contract termination charges	—	11,557	—	—	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	128	—	—	5,204	5,332
Strategic transaction review costs	—	—	—	3,531	3,531
Harsco Infrastructure Segment loss on disposal	242	2,669	—	—	2,911
Harsco Infrastructure transaction costs	1,439	249	54	450	2,192
Harsco Rail Segment grinder impairment charge	—	—	590	—	590
Gains associated with exited Harsco Infrastructure operations retained	—	—	—	(2,205)	(2,205)
Adjusted operating income excluding special items	\$ 34,036	\$ 42,571	\$ 49,364	\$ 29,327	\$ 155,298

(a) During the first quarter of 2015, the Company revised prior years' results due to an out-of-period error identified during the quarter that related to 2012.

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

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

(In thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Net cash provided by operating activities	\$ 34,745	\$ 47,846	\$ 45,218	\$ 75,330
Less maintenance capital expenditures (a)	(24,440)	(30,821)	(43,445)	(56,781)
Less growth capital expenditures (b)	(7,176)	(11,836)	(19,801)	(25,715)
Plus capital expenditures for strategic ventures (c)	187	387	267	1,191
Plus total proceeds from sales of assets (d)	6,570	14,717	13,351	18,523
Free cash flow	<u>\$ 9,886</u>	<u>\$ 20,293</u>	<u>\$ (4,410)</u>	<u>\$ 12,548</u>

- (a) Maintenance capital expenditures are necessary to sustain the Company's current revenue streams and include contract renewal.
- (b) Growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, expand the Company's revenue base and create additional future cash flow.
- (c) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.
- (d) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment. For the three and six months ended June 30, 2014 this line item also includes proceeds of \$12.4 million from the Harsco Infrastructure Transaction net working capital settlement.

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

	Twelve Months Ended December 31
(In thousands)	2014
Net cash provided by operating activities	\$ 226,727
Less maintenance capital expenditures (a)	(133,231)
Less growth capital expenditures (b)	(75,628)
Plus capital expenditures for strategic ventures (c)	6,876
Plus total proceeds from sales of assets (d)	27,379
Free cash flow	<u>\$ 52,123</u>

- (a) Maintenance capital expenditures are necessary to sustain the Company's current revenue streams and include contract renewals.
- (b) Growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, expand the Company's revenue base and create additional future cash flow.
- (c) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.
- (d) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment. For the full year ended December 31, 2014, this line item also includes proceeds of \$12.4 million from the Harsco Infrastructure Transaction net working capital settlement.

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

(In millions)	Projected Twelve Months Ending December 31	
	2015	
	Low	High
Net cash provided by operating activities	\$ 205	\$ 214
Less capital expenditures (a)	(146)	(136)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	1	2
Free Cash Flow	<u>\$ 60</u>	<u>\$ 80</u>

- (a) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewals; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

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 SPECIAL ITEMS AND HARSCO INFRASTRUCTURE SEGMENT TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

(In thousands)	Trailing Twelve Months Period Ended June 30	
	2015	2014
Net income (loss) from continuing operations as revised	\$ 7,611	\$ (256,883)
Special items:		
Harsco Metals & Minerals Segment site exit and underperforming contract charges	39,248	10,863
Harsco Metals & Minerals Segment contract termination charges	—	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,204	104
Harsco Metals & Minerals Segment Project Orion Charges	3,453	8,539
Harsco Infrastructure Segment loss on disposal	—	275,161
Strategic transaction review costs	3,531	—
Harsco Infrastructure transaction costs	504	21,764
Harsco Rail Segment grinder asset impairment charge	590	8,999
Gains associated with exited Harsco Infrastructure operations retained	(2,205)	—
Harsco Metals & Minerals Segment bad debt expense	—	2,592
Harsco Infrastructure Segment depreciation expense reduction on assets classified as held-for-sale	—	(17,281)
Taxes on above special items	2,053	(28,446)
Non-cash tax impact of Harsco Infrastructure transaction	—	30,101
Net income from continuing operations, as adjusted	59,989	67,070
After-tax interest expense (b)	29,872	30,524
Net operating profit after tax as adjusted	\$ 89,861	\$ 97,594
Average equity	\$ 430,525	\$ 624,617
Plus average debt	882,974	933,637
Average capital	\$ 1,313,499	\$ 1,558,254
Return on invested capital excluding special items	6.8 %	6.3 %
Net operating profit after tax as adjusted (from above)	\$ 89,861	\$ 97,594
After-tax (income) loss from Harsco Infrastructure Segment excluding special items	—	(2,960)
Net operating profit after tax as adjusted	\$ 89,861	\$ 94,634
Average capital (from above)	\$ 1,313,499	\$ 1,558,254
Return on invested capital excluding special items and Harsco Infrastructure Segment	6.8 %	6.1 %

- (a) Return on invested capital excluding special items and the Harsco Infrastructure Segment is net income (loss) from continuing operations excluding special items, after-tax Harsco Infrastructure Segment results, 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) 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 special items and the Harsco Infrastructure Segment, which are non-U.S. GAAP financial measures, are meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of the Harsco Infrastructure Segment provides a basis for comparison of ongoing operations and prospects since the segment was divested in the fourth quarter of 2013. These measures 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 SPECIAL ITEMS TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

(In thousands)	Trailing Twelve Month Period Ended December 31	
	2014	
Net loss from continuing operations as revised	\$	(17,786)
Special items:		
Harsco Metals & Minerals Segment site exit and underperforming contract charges		50,111
Harsco Metals & Minerals Segment contract termination charges		11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves		5,332
Harsco Metals & Minerals Segment Project Orion Charges		11,992
Harsco Infrastructure Segment loss on disposal		2,911
Strategic transaction review costs		3,531
Harsco Infrastructure transaction costs		2,192
Harsco Rail Segment grinder asset impairment charge		590
Gains associated with exited Harsco Infrastructure operations retained		(2,205)
Taxes on above special items		(2,324)
Net income from continuing operations, as adjusted		65,901
After-tax interest expense (b)		29,680
Net operating profit after tax as adjusted	\$	95,581
Average equity	\$	554,381
Plus average debt		857,168
Average capital	\$	1,411,549
		6.8%

- (a) Return on invested capital excluding special items is net income from continuing operations excluding special 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) 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 special 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 special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures 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 ADJUSTED EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION

EXCLUDING SPECIAL ITEMS (EBITDA) AND ADJUSTED EBITDA - NET CAPEX TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

Twelve Months Ended
June 30

(In thousands)

	2015
Net income from continuing operations	\$ 7,611
Add back:	
Income tax expense	40,172
Equity in income of unconsolidated entities, net	311
Change in fair value to unit adjustment liability	9,130
Interest income	(1,682)
Interest expense	47,434
Depreciation and amortization	162,815
Special items:	
Harsco Metals & Minerals Segment site exit and underperforming contract charges	39,248
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,204
Harsco Metals & Minerals Segment Project Orion Charges	3,453
Strategic transaction review costs	3,531
Harsco Infrastructure transaction costs	504
Harsco Rail Segment grinder asset impairment charge	590
Gains associated with exited Harsco Infrastructure operations retained	(2,205)
ADJUSTED EBITDA	\$ 316,116
Less capital expenditures (b)	(189,609)
Plus total proceeds from asset sales	22,207
ADJUSTED EBITDA - Net Capex	\$ 148,714
Revenue as reported	1,925,787
ADJUSTED EBITDA - Net Capex Margin	7.7%

- (a) Adjusted EBITDA is net income loss from continuing operations; income tax expense; equity in income of unconsolidated entities, net; change in fair value to the unit adjustment liability; interest income; interest expense; depreciation and amortization; and special items. Adjusted EBITDA - Net Capex is Adjusted EBITDA less total capital expenditures plus total proceeds from asset sales. Adjusted EBITDA - Net Capex margin is Adjusted EBITDA - Net Capex divided by revenue as reported.
- (b) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewals; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

The Company's management believes that Adjusted EBITDA, Adjusted EBITDA - Net Capex, and Adjusted EBITDA - Net Capex Margin, all of which are non-U.S. GAAP financial measures, are meaningful to investors in evaluating the Company's operating performance. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures 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 EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION EXCLUDING SPECIAL ITEMS (EBITDA) AND ADJUSTED EBITDA - NET CAPEX (a) (Unaudited)

		Twelve Months Ended December 31 2014
(In thousands)		
Net income (loss) from continuing operations, as reported	\$	(17,786)
Addback:		
Income tax expense (benefit)		30,366
Equity in income (loss) of unconsolidated entities, net		1,558
Change in fair value to the unit adjustment liability		9,740
Interest income		(1,702)
Interest expense		47,111
Depreciation and amortization		174,472
Special items:		
Harsco Metals & Minerals Segment site exit and underperforming contract charges		50,111
Harsco Metals & Minerals Segment contract termination charges		11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves		5,332
Harsco Metals & Minerals Segment Project Orion Charges		11,992
Harsco Infrastructure Segment loss on disposal		2,911
Strategic transaction review costs		3,531
Harsco Infrastructure transaction costs		2,192
Harsco Rail Segment grinder asset impairment charge		590
Gains associated with exited Harsco Infrastructure operations retained		(2,205)
Adjusted EBITDA	\$	329,770
Less capital expenditures (b)		(208,859)
Plus total proceeds from asset sales		14,976
Adjusted EBITDA - Net Capex	\$	135,888
Revenue, as reported	\$	2,066,289
Adjusted EBITDA - Net Capex %		6.6%
Total debt		871,645
Debt to Adjusted EBITDA		2.6
Interest expense		47,111
Adjusted EBITDA Interest Coverage		7.0

- (a) Adjusted earnings before interest, income taxes, and depreciation and amortization (Adjusted EBITDA) is operating income (loss), excluding special items, and depreciation and amortization expense. Adjusted EBITDA - Net Capex is Adjusted EBITDA less total capital expenditures plus total proceeds from asset sales. Adjusted EBITDA - Net Capex is Adjusted EBITDA less total capital expenditures plus total proceeds from asset sales. Adjusted EBITDA - Net Capex margin is Adjusted EBITDA - Net Capex divided by total revenue.
- (b) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewal; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

The Company's management believes that Adjusted EBITDA, Adjusted EBITDA - Net Capex, and Adjusted EBITDA - Net Capex Margin, all of which are non-U.S. GAAP financial measures, are meaningful to investors in evaluating the Company's operating performance. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.