



**HARSCO**  
Insight onsite.™

# Investor Presentation

March, 2017

# Administrative Items

## Forward-Looking Statements

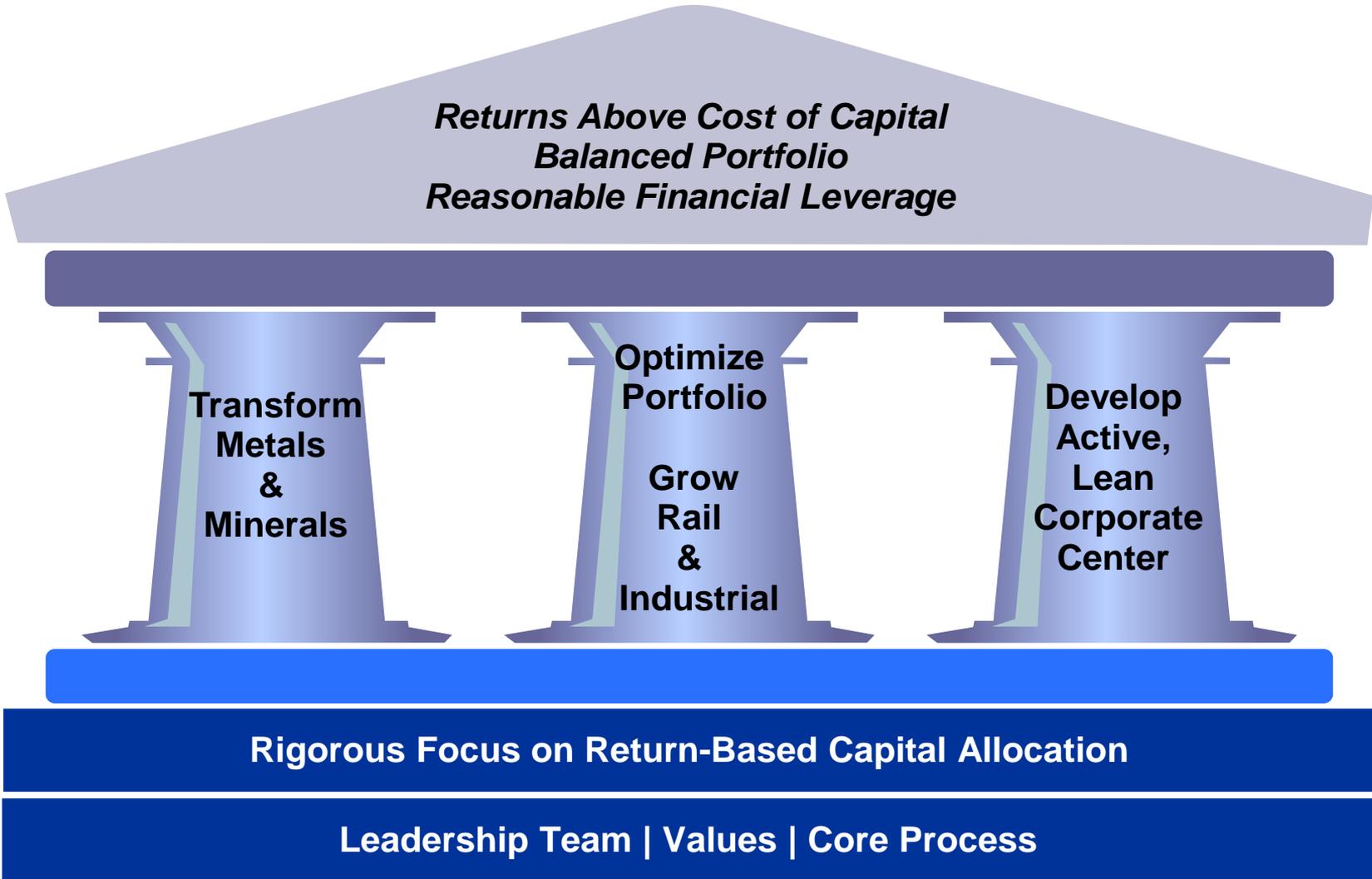
The Company's presentation contains forward-looking statements based on management's current expectations, estimates and projections. The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, 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; 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. 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) 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) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets; (20) the impact of a transaction, if any, resulting from the Company's determination to explore strategic options for the separation of the Harsco Metals & Minerals Segment; and (21) 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 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 in this presentation.

# Harsco – Focused on ROIC



# Key Investment Highlights

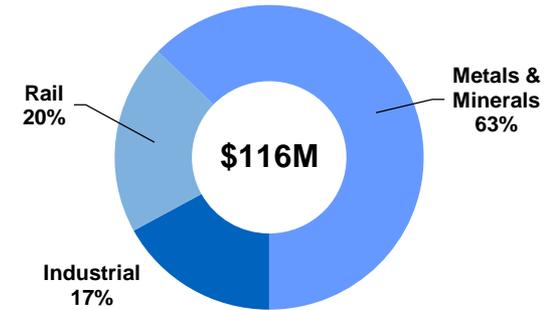
- **Three industry leading, diversified businesses with a global presence, providing innovative customer solutions**
  - Metals & Minerals is global leader in mill services industry with long-term contracts and high renewal rates
  - Industrial is a leading provider of highly engineered products to the industrial and energy markets with attractive margins and returns
  - Rail produces customized rail maintenance equipment, aftermarket parts and safety technologies for a global customer base
- **Focused on improving profitability**
  - Project Orion improved financial profile of Metals & Minerals through efficiency, functional and operational initiatives
  - M&M now targeting new contracts in select markets and growth in Applied Products
  - New technologies and product innovation to fuel growth in Industrial
  - Rail to benefit from short-cycle product penetration as well as product and geographic expansions
- **Meaningful earnings improvement potential from end-market recovery in each business unit**
- **Focused on portfolio balance and realizing underlying asset value**
- **Significant financial flexibility and committed to maintaining strong capital structure**
  - Net leverage reduced meaningfully and refinancing completed in 2016; emphasis on strong free cash flow

# Harsco at a Glance

NYSE: HSC

## Diversified global engineered products and services company

### Adjusted Operating Income<sup>(1)</sup>



### HARSCO METALS & MINERALS



**Revenue: ~\$970M**

*Global market leader in mill services*

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

### HARSCO INDUSTRIAL



**Revenue: ~\$250M**

*Highly engineered OEM to industrial and energy markets*

- 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: ~\$240M**

*Customized provider of maintenance equipment and spare parts*

- Leader in North American rail maintenance market
- Large installed vehicle base
- Short-cycle expansion provides recurring revenues and is positioned to grow
- Significant opportunities for international expansion

Note: Adjusted operating income and all revenues for Harsco Metals & Minerals, Rail, and Industrial Segments are 2016 actual amounts. Industrial Segment: 5

AXC represents Air-X-Changers; IKG represents IKG Industries; and PK represents Patterson-Kelley.

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

# Metals & Minerals

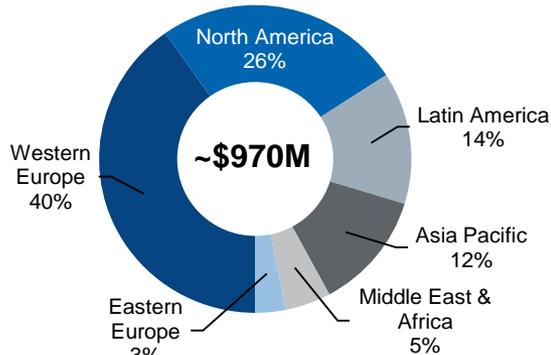
## Improving Returns Above Cost Of Capital

- **Global market leader in 30+ countries**
  - ~70 customers globally and ~140 operating sites
- **Differentiated operational and technical expertise providing valuable customer solutions**
- **Long term contracts and relationships; existing sites have often served customer over multiple decades**
- **High contract renewal rates**
- **Industry leading technology provides opportunity to leverage heightened environmental requirements**
  - Scrap detection and reporting system
  - Wet magnet technology: best in class metal recovery
  - Yield loss monitoring
  - Agglomeration technologies
- **Flexible operating structure scalable to business needs**
- **Transformation initiatives improved return profile**

### Services and Products Portfolio

Category	Solutions	Offerings
<b>Materials Management and Melt Shop Services</b> 	<ul style="list-style-type: none"> <li>■ Optimize availability of inputs</li> <li>■ Enable core operations</li> <li>■ Improve production efficiency</li> <li>■ Offer environmental, health, and safety solutions</li> </ul>	<ul style="list-style-type: none"> <li>■ Slag Hauling &amp; Processing</li> <li>■ Logistics and Raw Materials Inventory Management</li> <li>■ Scarfing, Slitting &amp; Packaging</li> <li>■ Tap-hole Drilling, Refractory Wrecking /Recycling, Vessel Cleaning</li> </ul>
<b>Resource Recovery</b> 	<ul style="list-style-type: none"> <li>■ Processing &amp; recovery of valuable resources</li> </ul>	<ul style="list-style-type: none"> <li>■ Extraction of nickel and other high value metallic</li> <li>■ Briquetting &amp; Pelletizing</li> <li>■ Crushing &amp; Metal Recovery</li> <li>■ Scrap Sales</li> </ul>
<b>Environmental and Product Solutions</b> 	<ul style="list-style-type: none"> <li>■ Utilize by-products from steel and other metal making processes to create value added products</li> <li>■ Zero waste environmental solutions</li> </ul>	<ul style="list-style-type: none"> <li>■ Abrasives &amp; Roofing Granules</li> <li>■ Road Base Materials &amp; Cement</li> <li>■ Metallurgical Additives</li> <li>■ Fertilizers &amp; Soil Conditioners</li> </ul>

### Revenue Mix by Geography



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### Financial Progress from Transformation

Category	2014	2016
	Actuals	Actuals
Revenue	\$1.4B	966M
Adjusted OI Margin <sup>1</sup>	6.7%	8.9%
FCF <sup>2</sup>	\$2M	\$152M

Note: Revenue breakdown from 2016

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

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

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

# M&M - Positioned to Capture Growth Opportunities

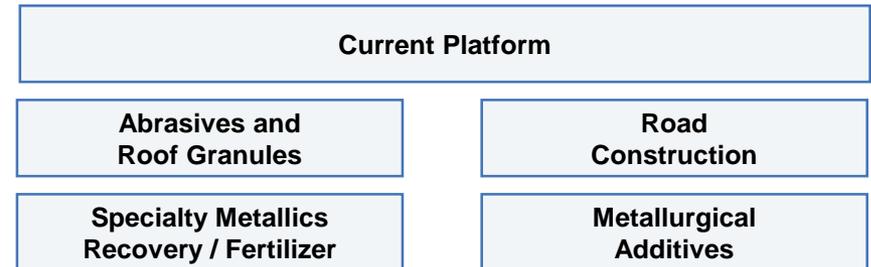
## Increased Penetration of Existing Sites with Targeted Pursuit of New Sites

- Renewed emphasis on entrepreneurial focus at site level for site managers to grow relationships and services
- Ability to obtain add-on contracts at local site level
- Identification of “new site” opportunities and implementation of business win action plan

- **New sites identified in select markets globally**
  - Ongoing dialogue with site managers and site owners
  - Assessment of areas of incremental value M&M can provide

## Firm wide Commercialization of Applied Products Technology

- Applied product “successes” to be rolled out across the site portfolio
- Additional value creation / upside through the development of a global, coordinated Applied Products strategy



## Capitalizing on Opportunities and Outlook in Growth Markets

### India

- Strong market position – only global steel mill services company with full-scale operations in India providing a comprehensive service offering
- High expected steel production volume growth
- Local purchasing enabling lower capital and operating costs
- In-house engineering capabilities, operating track record, and local presence are key differentiating factors

### China

- Significant opportunities from potential outsourcing of steel mill services
- Focus in China on environmental solutions presents additional applied products applications
- Established track record – developed relationships and full-scale operations in China differentiates Harsco from other global mill services companies

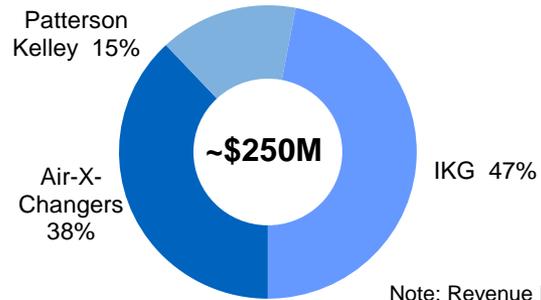
# Industrial - Highly Attractive Return Business

- **Three businesses with premium quality products and powerful 100+ year brand heritage**
  - **AXC:** A leader in high quality air-cooled heat exchangers, sold to energy markets
  - **IKG:** leading producer of industrial metal grating products and high security fencing
  - **PK:** innovative commercial boilers and water heaters
- **Broad attractive end-markets**
  - Growth in natural gas and oil production
  - Chemical and Oil processing expansions
  - Industrial capacity additions
  - Improvement in US construction
- **Focus on Continuous Improvement principles**
- **Attractive margins**
- **Capital-light business with high returns**
  - Yearly CapEx: 2% of revenue (2016)
  - ROIC: 19% (2016)

## Products and Applications Portfolio

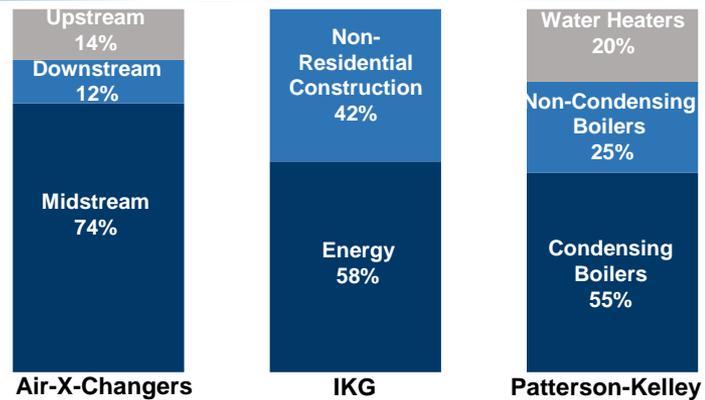
Products	Applications	Customers
 <p><b>Air-X-Changers</b></p>	<ul style="list-style-type: none"> <li>■ Process cooling for petrochemical applications</li> <li>■ Natural gas compression, processing, and transmission</li> </ul>	<ul style="list-style-type: none"> <li>■ Petrochemical Plants</li> <li>■ Natural Gas packagers</li> <li>■ Oil Refineries</li> </ul>
 <p><b>IKG</b></p>	<ul style="list-style-type: none"> <li>■ Mezzanines, platforms, treads, flooring systems</li> <li>■ Aesthetic applications</li> <li>■ High Security fencing</li> </ul>	<ul style="list-style-type: none"> <li>■ Structural Steel Fabricators</li> <li>■ Distributors and Service Centers</li> <li>■ Govt. Buildings</li> </ul>
 <p><b>Patterson-Kelley</b></p>	<ul style="list-style-type: none"> <li>■ Commercial and institutional building space heating</li> <li>■ Domestic hot water</li> </ul>	<ul style="list-style-type: none"> <li>■ K-12 &amp; Universities</li> <li>■ Govt. Facilities</li> <li>■ Hospitals, hotels</li> <li>■ Apartment complexes</li> </ul>

## Revenue Mix by Business



Note: Revenue breakdown from 2016. Segment ROIC for 2016 = segment net operating profit after tax (NOPAT) divided by net operating assets.  
 (1) Company estimates or 2016 information

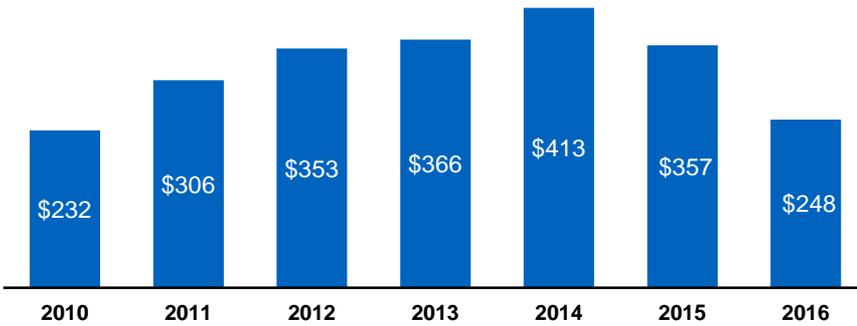
## Business Exposures<sup>1</sup>



# Industrial Platform For Growth

- **Strong position in North America**
- **Product innovation will support growth and broaden offerings to new customers**
  - Examples include: SONIC™ boiler, NURO™ control panel and IKG GateGuard™
- **Targeted M&A in large profitable markets**
  - Supplement end market exposure
  - Leverage competitive position and market expertise

## Top-Line Leverage to Recovery & Product Innovations<sup>1</sup>



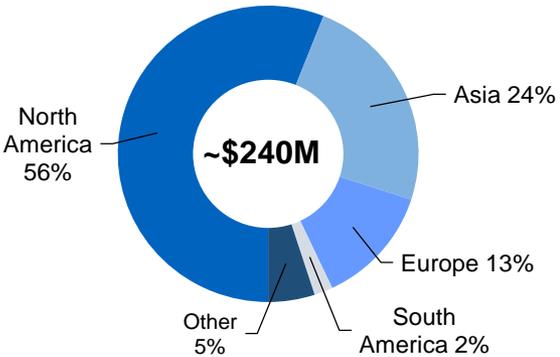
## Specific Growth Drivers and Differentiation within Industrial Operating Businesses

AXC	<ul style="list-style-type: none"> <li>■ Leverage CenterGate facility (550,000 sq.ft.) which supports shorter lead times and master agreements with large customers; consolidated operation also lowers material handling, maintenance and utilities costs</li> <li>■ Focus on large process market and capitalize on market disruptions</li> <li>■ Unique design and engineering capabilities tailored to specific applications and diverse customer needs</li> <li>■ Superior quality and full service field support program</li> </ul>	   <p style="text-align: center;"><i>Gas Compression    Process Cooling    Lube Oil Cooling</i></p>
IKG	<ul style="list-style-type: none"> <li>■ Revitalized Channelview, TX facility supports low-cost and accelerated manufacturing and product quality</li> <li>■ Differentiated design and project management support</li> <li>■ Tailor-made and off-the-shelf solutions</li> <li>■ Award-winning fencing product (GateGuard) provides leverage to increased need for security</li> </ul>	   <p style="text-align: center;"><i>Fabricated    Stock Panels    GateGuard</i></p>
PK	<ul style="list-style-type: none"> <li>■ Innovative, patented NURO touch-screen control system provides best-in-class performance monitoring</li> <li>■ Smallest footprint and most efficient products in the market</li> <li>■ Penetrate stainless market through expanded SONIC product-line</li> <li>■ Leverage next generation THERMIFIC product-line</li> </ul>	   <p style="text-align: center;"><i>Condensing &amp; Non-Condensing Boilers    Water Heaters    Control Systems</i></p>

# Scaling Rail To Drive Growth

- Leader in North American rail maintenance with developing foothold in Asia & Europe
- Integrated, total track solutions
- Customized OEM of rail track maintenance and construction equipment for private and state-owned railways globally
- Differentiated technology solutions, capitalizing on next generation equipment and increased safety awareness
- Large aftermarket opportunity supported by installed base of equipment
- Scalable manufacturing
- Capital light business with high returns
  - Yearly Capex: ~1% of revenue (2016)
  - ROIC: 27% (2016)

## Revenue Mix by Geography



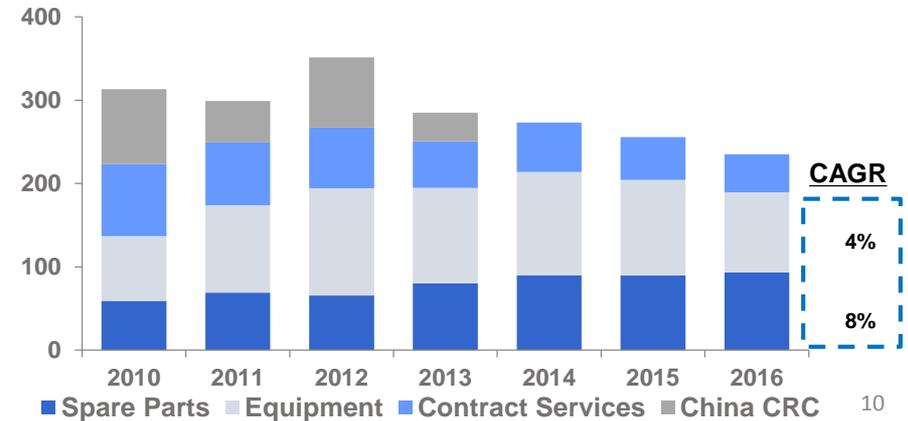
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Note: Revenue breakdown for 2016 by destination. Segment ROIC for 2016 = segment net operating profit after tax (NOPAT) divided by net operating assets.

## Products / Services and Applications Portfolio

Products / Services	Applications
<b>Equipment</b> 	<ul style="list-style-type: none"> <li>■ Customized equipment utilized in the construction and maintenance of rail infrastructure, including tampers, grinders, and other track equipment</li> </ul>
<b>Aftermarket</b> 	<ul style="list-style-type: none"> <li>■ OEM and Non-OEM parts supply</li> <li>■ Component and equipment rebuild services</li> </ul>
<b>Contracting Solutions</b> 	<ul style="list-style-type: none"> <li>■ Selective rail maintenance solutions in niche market segments</li> <li>■ Track and Rail renewal services</li> </ul>
<b>Protran Technology</b> 	<ul style="list-style-type: none"> <li>■ Control systems and technology for Rail vehicles</li> <li>■ Critical safety solutions in rail, transit and wayside applications</li> </ul>

## Strong Revenue Growth in Core Products (\$M)



# Targeting Growth & Share Gain in \$6B MOW Market

## Aftermarket Parts

- Increase penetration of large installed base of Harsco equipment in North America
- Develop non-OEM strategy in North America and Europe
- Strengthen product capabilities; rebuilds and wear parts



## Protran Technology

- Leverage market attention on safety; suite of collision avoidance and warning systems to support passenger, rail worker and pedestrian safety (rail and bus applications)
- Measurement & inspection technologies to monitor track conditions and plan maintenance practices
- Asset awareness and productivity software



## Equipment

- International opportunities are significant
- Focus on higher spending regions such as Europe and Emerging Markets
- Evaluating participation in a number of large, outstanding tenders
- Next generation of innovative operating/control system



## Acquisition Opportunities

- Large, fragmented market with significant M&A opportunities
- Increase geographic scale
- Broaden product capabilities
- Accelerate aftermarket growth
- Add technology solutions

# Balanced Capital Allocation & Financial Strategy

- **Primary focus is Return on Invested Capital; ROIC target is 10%**
  - Improve capital allocation and efficiency in Metals & Minerals
  - Pursue accretive growth opportunities in Rail and Industrial
- **Notable improvement in cash flow**
  - Metals & Minerals capital spending limited to maintenance and targeted growth investments
  - Sustainable working capital improvements in each business segment
- **Maintain reasonable capital structure and adequate financial flexibility to pursue strategic initiatives**
  - Long term target leverage ratio is 2.0x to 2.5x

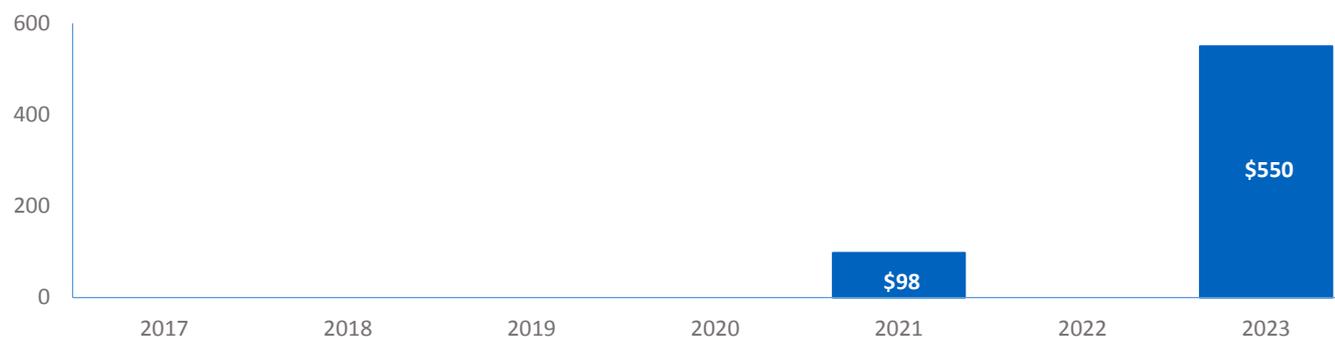
# Strengthened Capital Structure & Liquidity Profile

(\$ millions)	12/31/2015	12/31/2016
<b>Capital structure:</b>		
Cash and cash equivalents	\$80	\$72
Revolving Credit Facility	165	98
Term Loan Facility	250	550
Senior Notes	449	-
Other debt	37	11
<b>Total debt</b>	<b>901</b>	<b>659</b>
Net debt (total debt less cash and cash equivalents)	\$821	\$587
Net leverage ratio <sup>1</sup>	2.8	2.3
<b>Liquidity:</b>		
Gross liquidity <sup>2</sup>	\$216	\$330

Note: (1) Ratio calculation in accordance with credit agreement

(2) Unused revolver + cash and cash equivalents – letters of credit outstanding under RCF (RCF limits cash to \$75 million)

## Major Debt Maturities (\$M)



# 2017 Outlook

	<b>2017 Outlook</b>	<b>2016 Actual</b>
<b>GAAP Operating Income</b>	<b>\$100 to \$120 million</b>	\$63 million
<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>\$100 to \$120 million</b>	\$116 million
<b>Free Cash Flow</b>	<b>\$60 million to \$80 million</b>	\$100 million
<b>ROIC<sup>(1)</sup></b>	<b>8.0% to 9.0%</b>	6.9%
<b>GAAP Diluted Earnings/(Loss) Per Share</b>	<b>\$0.32 to \$0.50</b>	\$(1.07)
<b>Adjusted Diluted Earnings Per Share<sup>(1)</sup></b>	<b>\$0.32 to \$0.50</b>	\$0.48

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

# 2017 Business Outlook

<i>Excluding unusual items</i>		<b>2017 versus 2016</b>
<b>Metals &amp; Minerals</b>	<b>Revenues</b>	unchanged to ↓ single digits
	<b>Operating Income</b>	Unchanged at mid-point, excluding unusual items
	<b>Drivers</b>	+ Commodities prices, LST, cost/operational savings, new sites - FX, nickel & Applied Product volumes, services mix
<b>Industrial</b>	<b>Revenues</b>	Unchanged to ↑ single digits
	<b>Operating Income</b>	↑ single digits at mid-point
	<b>Drivers</b>	+ Demand for heat exchangers and boilers, new products - IKG demand, product mix
<b>Rail</b>	<b>Revenues</b>	↑ 25-30% (↑ single digits excluding SBB revenue)
	<b>Operating Income</b>	↑ single digits at mid-point, excluding unusual items
	<b>Drivers</b>	+ Spare parts and Protran volumes, offshore equipment sales - North American rail spending, contract services
<b>Corporate Costs</b>		↑ due to pension and professional fees

# Summary and Major Priorities

- ❑ 2016 proved to be a turning point for Harsco
  - ✓ Full-year adjusted OI above guidance established in February 2016
  - ✓ Financial improvement in M&M driven by internal actions
  - ✓ Controlled Corporate costs
  - ✓ Free cash flow reached multi-year high
  - ✓ Achieved significant debt reduction and completed refinancing
- ❑ Macro-economic cycle in key end-markets appears to have reached a bottom during 2016
- ❑ Business focus and strategy have remained consistent
  - ✓ Operate lean and disciplined Metals & Minerals business; pursue select growth opportunities
  - ✓ Secure additional growth opportunities in Industrial and Rail
  - ✓ Add value through critical Corporate support functions
  - ✓ Develop “continuous improvement” culture
- ❑ Sustain improvement in FCF
- ❑ Maintain strong capital structure and financial flexibility
- ❑ Significant underlying asset value within business portfolio
- ❑ Target remains to achieve a 10% ROIC



# Appendix

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# Experienced Management Team

**Nicholas Grasberger**  
President, CEO & 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 leader of the Metals & Minerals segment. Mr. Grasberger previously served 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. He has also held positions as VP and Chief Financial Officer for Kennametal, Inc. and as Corporate Treasurer and director of the corporate planning process at H. J. Heinz Company.

**Peter F. Minan**  
SVP & CFO



**Peter F. Minan** was appointed Senior Vice President and Chief Financial Officer of the Company in November 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 more 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.

**Chris Whistler**  
Chief Operating Officer of  
Metals & Minerals



**Chris Whistler** serves as Vice President and Chief Operating Officer of the Harsco Metals & Minerals segment, having oversight responsibility for the segment's global operations. Mr. Whistler has played an instrumental role throughout the transformation of the Metals & Minerals business, serving most recently as head of the centralized Bid & Contract Management function. He joined Harsco in 1993 through its acquisition of MultiServ Group Ltd and has held several key management positions within the Company in both operations and finance, including division VP and Controller and regional Operations executive. Mr. Whistler holds a BA in Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

**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.

**Jeswant Gill**  
President of Rail



**Jeswant Gill** serves as Senior Vice President and Group President of Harsco Rail. He joined Harsco in October 2016 from The Arcadia Group International, where he served as Managing Director for its Global Solutions group. Mr. Gill previously was with Kennametal Inc., a global supplier of industrial tooling and material, where he led its \$1.3 billion Industrial Segment as Executive Vice President. Prior to Kennametal, he has served as Vice President, Global Services for the Industrial Technologies Sector of Ingersoll Rand. He also previously held leadership positions with Invensys PLC and Johnson Controls Inc. .

# Experienced Board of Directors

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

# Business Sensitive to Many Macro Drivers

## Many business drivers

## Business variables

## Impact to bottom line

Materials Management and Melt Shop Services

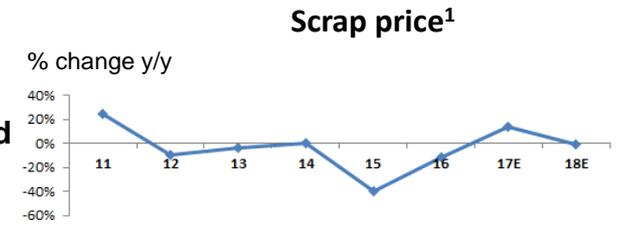
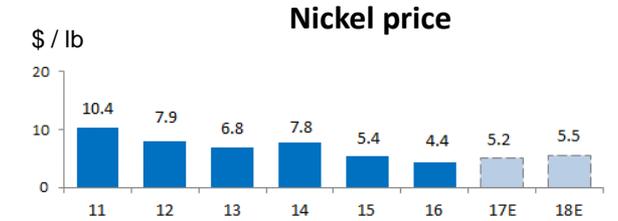
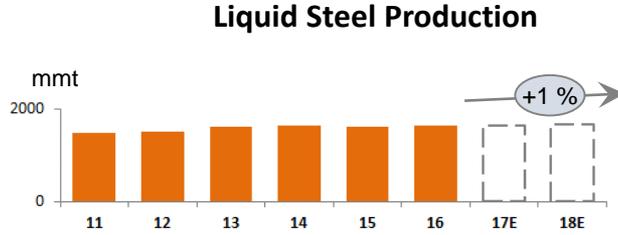
- Liquid Steel Production
- Fixed fees
- Equipment / labor rental demand
- Fuel cost
- Inflation

Resource recovery

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

Environmental products

- Abrasive demand & price
- Roofing demand & price



Within current scope of operations...  
**~1% liquid steel production change equals ~\$2.5 million segment OI improvement**

**\$1 nickel price change equals ~\$6.0 million segment OI improvement**

**10% scrap price change equals ~\$0.6 million segment 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, Goldman Sachs, Citi Research, Barclays, Credit Suisse

# Q4 2016 Financial Summary – Key Performance Indicators

	Fourth Quarter	Change vs. 2015	
		\$	%
Revenues	360	(27)	(7)%
GAAP Operating Income	24	18	nmf
<i>% of Sales</i>	6.7%		nmf
Adjusted Operating Income <sup>(1)</sup>	28	2	9%
<i>% of Sales</i>	7.8%		120bps
GAAP Diluted Earnings Per Share	(0.19)	(0.11)	nmf
Adjusted Diluted Earnings Per Share <sup>(1)</sup>	0.16	0.05	46%
Free Cash Flow <sup>(2)</sup>	38	32	nmf
ROIC (LTM) <sup>(2)</sup>	6.9%		60bps

- ❑ Q4 adjusted operating income toward high-end of guidance range of \$20-29 million; strong M&M performance and lower Corporate costs supported results
- ❑ Adjusted operating income increased compared to prior-year quarter due to M&M and Corporate spending; partially offset by decrease in Industrial earnings
- ❑ GAAP EPS includes \$28 million (net of taxes) of unusual items; Rail forward loss provision and debt refinancing charges and costs
- ❑ Q4 FCF higher than anticipated due mainly to lower M&M capital expenditures; year-over-year increase driven by M&M and Rail

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.

# FY 2016 Financial Summary – Key Performance Indicators

	2016	Change vs. 2015	
		\$	%
<b>Revenues</b>	1,451	(272)	(16)%
<b>GAAP Operating Income</b>	63	(25)	(28)%
<i>% of Sales</i>	4.4%		(70)bps
<b>Adjusted Operating Income<sup>(1)</sup></b>	116	(20)	(14)%
<i>% of Sales</i>	8.0%		10bps
<b>GAAP Diluted Earnings Per Share</b>	(1.07)	(1.16)	nmf
<b>Adjusted Diluted Earnings Per Share<sup>(1)</sup></b>	0.48	(0.08)	(14)%
<b>Free Cash Flow<sup>(2)</sup></b>	100	76	nmf
<b>ROIC (LTM)<sup>(2)</sup></b>	6.9%		60bps

- ❑ **2016 adjusted operating income reflects meaningful improvement in M&M performance, despite no uplift from metal markets; also sizable decline in Corporate costs**
- ❑ **Cyclical pressures contributed to lower Industrial and Rail adjusted earnings, which offset the above factors (Rail comparison impacted by \$11 million FX gain in 2015)**
- ❑ **GAAP EPS includes \$125 million (net of taxes) of unusual items**
- ❑ **Free cash flow increased dramatically due to M&M and Corporate; working capital in M&M and capex contributed to higher FCF**

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

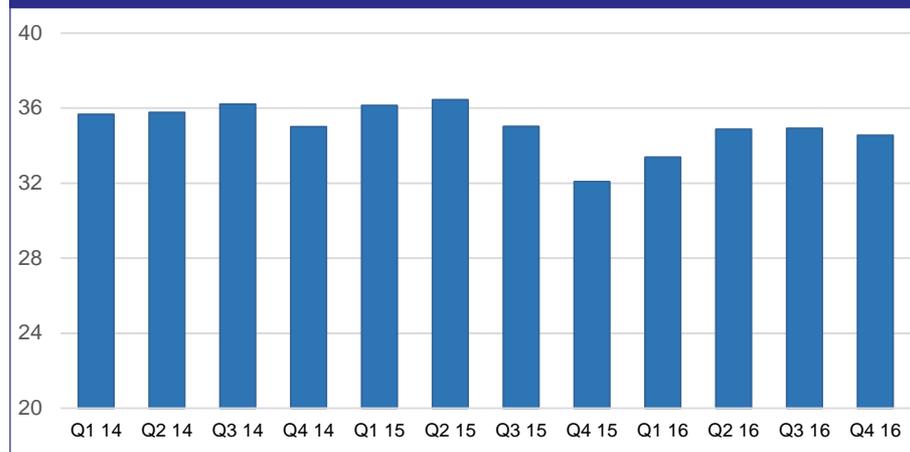
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations.

# Q4 2016 – Metals & Minerals

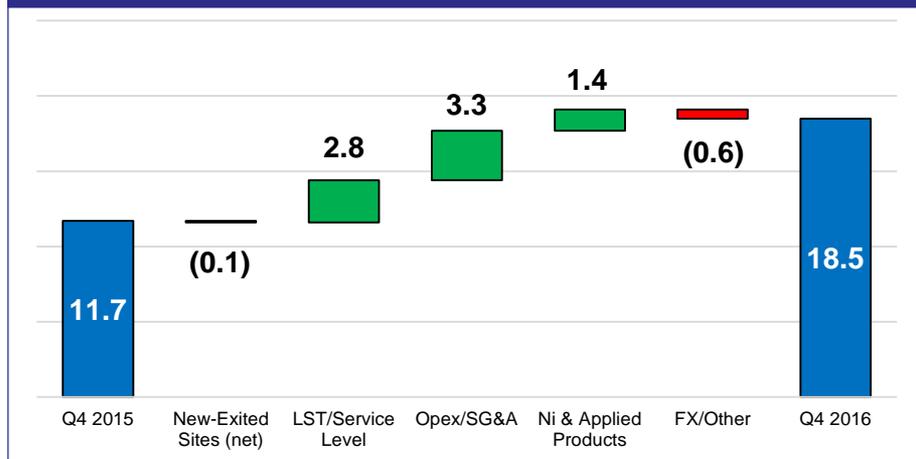
## Summary Results

(\$ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	235	243	(4)%
GAAP operating income	20	nmf	nmf
GAAP operating margin	8.4%	0.2%	
Adjusted operating income*	19	12	59%
Adjusted operating margin*	7.9%	4.8%	
Free cash flow (YTD)	152	64	nmf
ROIC (TTM)	9.0%	5.5%	350bps

## LST Continuing Sites (million tons)



## Adjusted Operating Income Bridge



## Business Highlights

- ❑ Revenues declined modestly as impact of site exits and FX were partially offset by higher LST/service levels and nickel-related sales
- ❑ Adjusted earnings increased as a result of prior Project Orion actions, other operating improvements, higher LST & nickel demand
- ❑ Free cash flow higher in 2016 due to cash earnings, working capital and lower capex

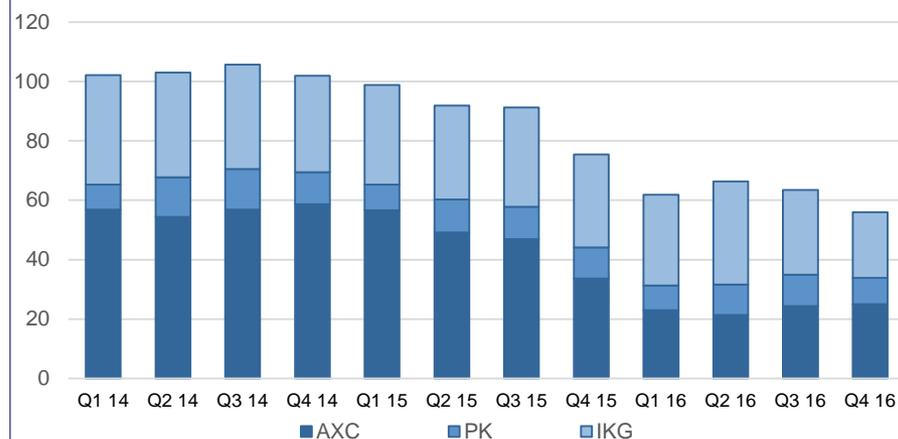
nmf = not meaningful; \*excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.

# Q4 2016 - Industrial

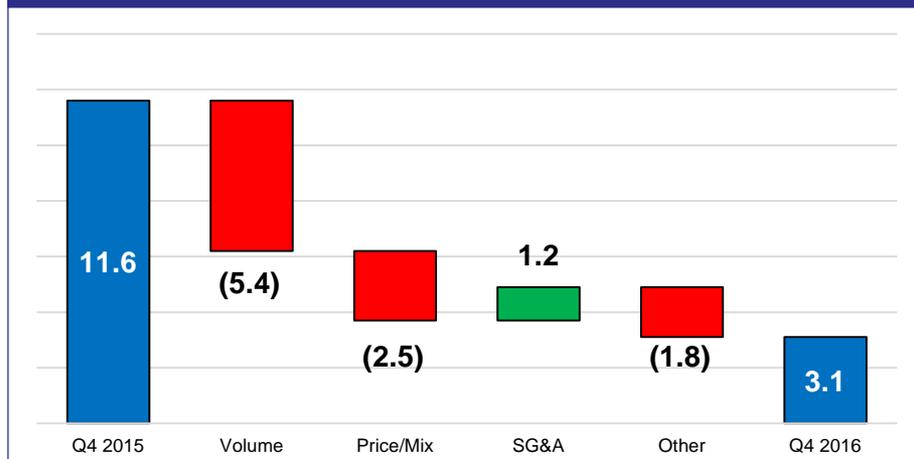
## Summary Results

(\$ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	56	75	(26)%
Operating income - GAAP	3	12	(73)%
Operating margin - GAAP	5.5%	15.4%	
Free cash flow (YTD)	23	59	(61)%
ROIC (TTM)	18.8%	41.6%	nmf

## Revenue Mix



## Operating Income Bridge



## Business Highlights

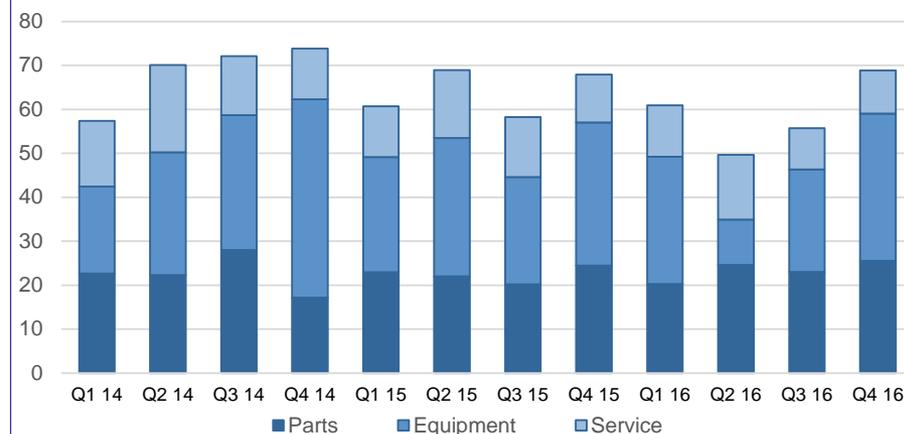
- Revenue change reflects lower demand for heat exchangers and industrial grating
- Operating income and margin declined due to the above and product sales mix
- Free cash flow change in 2016 reflects the decline in cash earnings

# Q4 2016 - Rail

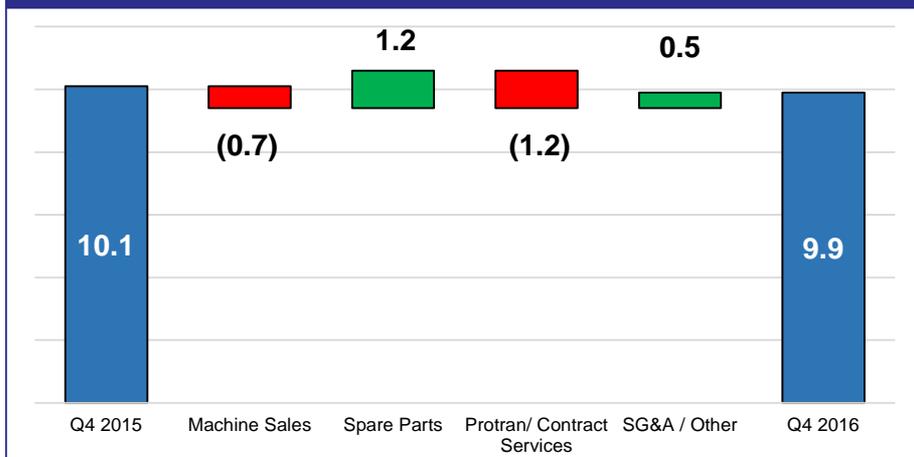
## Summary Results

(\$ in millions)	Q4 2016	Q4 2015	% change
Revenues, as reported	70	69	1%
GAAP operating income	5	10	(51)%
GAAP operating margin	7.1%	14.6%	
Adjusted operating income*	10	10	nmf
Adjusted operating margin*	14.2%	14.6%	
Free cash flow (YTD)	(9)	(1)	nmf
ROIC (TTM)	26.8%	92.7%	nmf

## Revenue Mix



## Adjusted Operating Income Bridge



## Business Highlights

- ❑ Revenues largely unchanged as higher spare parts sales were offset by lower contract services
- ❑ Adjusted operating income and margin consistent with prior-year due to above
- ❑ 2016 free cash flow change attributable to lower cash earnings, partially offset by cash from working capital

nmf = not meaningful; \*excludes unusual items. See tables at end of presentation for GAAP to non-GAAP reconciliations.

# Q1 2017 Outlook

- ❑ Adjusted operating income is expected to be between \$15 to \$20 million versus \$18 million in Q1 2016
- ❑ Adjusted diluted (loss)/earnings per share of \$(0.01) to \$0.04
- ❑ Year-over-year considerations include:
  - M&M: Cost improvements, as well as higher LST and nickel prices
  - Industrial: Weaker demand for industrial grating and less favorable product sales mix
  - Rail: Lower equipment sales and less favorable product sales mix
  - Corporate costs higher than prior-year quarter

# Reconciliation of Non-GAAP Measures

## HARSCO CORPORATION

### RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING SPECIAL ITEMS FOR METALS & MINERALS SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)

(In thousands)	Harsco Metals & Minerals
<b>Twelve Months Ended December 31, 2014:</b>	
Operating income (loss) as reported	\$ 13,771
Harsco Metals & Minerals Segment site exit and underperforming contract charges	50,111
Harsco Metals & Minerals Segment Project Orion charges	11,992
Harsco Metals & Minerals Segment contract termination charges	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,332
Adjusted operating income (loss) excluding unusual items	\$ 92,763
Revenues as reported	\$ 1,378,142
Adjusted operating margin (%) excluding unusual items	6.7%

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 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		Twelve Months Ended	
	December 31		December 31	
	2016	2015	2016	2015
Diluted earnings (loss) per share from continuing operations as reported	\$ (0.19)	\$ (0.08)	\$ (1.07)	\$ 0.09
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)	—	0.08	0.06	0.06
Harsco Metals & Minerals Segment separation costs (e)	—	0.10	0.04	0.12
Expense of deferred financing costs (f)	—	—	0.01	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (g)	(0.01)	—	(0.01)	—
Harsco Metals & Minerals Segment contract termination charges (h)	—	—	—	0.17
Harsco Metals & Minerals Segment salt cake processing and disposal charges (i)	—	—	—	0.06
Harsco Metals & Minerals Segment Project Orion charges (j)	—	0.06	—	0.06
Harsco Metals & Minerals Segment subcontractor settlement charge (k)	—	—	—	0.05
Harsco Metals & Minerals Segment multi-employer pension plan charge (l)	—	—	—	0.01
Harsco Infrastructure Segment loss on disposal (m)	—	—	—	0.01
Taxes on above unusual items (n)	(0.14)	(0.05)	(0.21)	(0.08)
<b>Adjusted diluted earnings per share from continuing operations excluding unusual items</b>	<b>\$ 0.16</b> (o)	<b>\$ 0.11</b>	<b>\$ 0.48</b>	<b>\$ 0.56</b> (o)

- (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 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; Q4 2015 \$6.4 million pre-tax; Full year 2015 \$5.0 million pre-tax).
- (e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 \$3.3 million pre-tax; Q4 2015 \$8.2 million pre-tax; Full year \$9.9 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) Harsco Metals & Minerals Segment charges related to a contract terminations (Q4 2015 \$0.3 pre-tax income; Full Year 2015 \$13.5 million pre-tax loss).
- (i) Harsco Metals & Minerals Segment charges incurred in connection with the processing and disposal of salt cakes (Full year 2015 \$7.0 million pre-tax). The Company's Bahrain operations are operated under a strategic venture for which its strategic venture partner has a 35% minority interest. Accordingly, the net impact of the charge to the Company's Net income (loss) attributable to Harsco Corporation was \$4.6 million.
- (j) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q4 and Full year 2015 \$5.1 million pre-tax).
- (k) Harsco Metals & Minerals Segment charges related to a settlement with a subcontractor (Full year 2015 \$4.2 million pre-tax).
- (l) Harsco Metals & Minerals Segment charges related to a multi-employer pension plan (Full year 2015 \$1.1 million pre-tax).
- (m) Loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Full year 2015 \$1.0 million pre-tax).
- (n) 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.
- (o) 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
<b>Three Months Ended December 31, 2016:</b>					
Adjusted operating income (loss) excluding special items	\$ 18,543	\$ 3,099	\$ 9,916	\$ (3,567)	\$ 27,991
Revenues as reported	\$ 234,617	\$ 55,981	\$ 69,590	\$ 34	\$ 360,222
Operating margin (%)	7.9 %	5.5 %	14.2 %		7.8 %
<b>Three Months Ended December 31, 2015:</b>					
Adjusted operating income (loss) excluding unusual items	\$ 11,654	\$ 11,640	\$ 10,077	\$ (7,788)	\$ 25,583
Revenues as reported	\$ 243,261	\$ 75,373	\$ 68,798	\$ —	\$ 387,432
Adjusted operating margin (%) excluding unusual items	4.8 %	15.4 %	14.6 %		6.6 %
<b>Twelve Months Ended December 31, 2016:</b>					
Adjusted operating income (loss) excluding unusual items	\$ 85,577	\$ 23,182	\$ 27,523	\$ (20,533)	\$ 115,749
Revenues as reported	\$ 965,540	\$ 247,542	\$ 238,107	\$ 34	\$ 1,451,223
Adjusted operating margin (%) excluding unusual items	8.9 %	9.4 %	11.6 %		8.0 %
<b>Twelve Months Ended December 31, 2015:</b>					
Adjusted operating income (loss) excluding unusual items	\$ 62,162	\$ 57,020	\$ 50,896	\$ (34,747)	\$ 135,331
Revenues as reported	\$ 1,106,162	\$ 357,256	\$ 259,674	\$ —	\$ 1,723,092
Adjusted operating margin (%) excluding unusual items	5.6 %	16.0 %	19.6 %		7.9 %

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
<b>Three Months Ended December 31, 2016:</b>					
Operating income as reported	\$ 19,700	\$ 3,099	\$ 4,916	\$ (3,567)	\$ 24,148
Harsco Rail Segment forward contract loss provision	—	—	5,000	—	5,000
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss), excluding unusual items	\$ 18,543	\$ 3,099	\$ 9,916	\$ (3,567)	\$ 27,991
Revenues as reported	\$ 234,617	\$ 55,981	\$ 69,590	\$ 34	\$ 360,222
<b>Three Months Ended December 31, 2015:</b>					
Operating income (loss) as reported	\$ 438	\$ 11,640	\$ 10,077	\$ (15,957)	\$ 6,198
Harsco Metals & Minerals Segment separation costs	—	—	—	8,169	8,169
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	6,399	—	—	—	6,399
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment contract termination charges	(253)	—	—	—	(253)
Adjusted operating income (loss) excluding unusual items	\$ 11,654	\$ 11,640	\$ 10,077	\$ (7,788)	\$ 25,583
Revenues as reported	\$ 243,261	\$ 75,373	\$ 68,798	\$ —	\$ 387,432

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
<b>Twelve Months Ended December 31, 2016:</b>					
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
<b>Twelve Months Ended December 31, 2015:</b>					
Operating income (loss) as reported	\$ 26,289	\$ 57,020	\$ 50,896	\$ (45,669)	\$ 88,536
Harsco Metals & Minerals Segment contract termination charges, net	13,484	—	—	—	13,484
Harsco Metals & Minerals Segment separation costs	—	—	—	9,922	9,922
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—	—	—	7,000
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment site exit and underperforming contract charges	4,977	—	—	—	4,977
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—	—	—	4,220
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—	—	—	1,122
Harsco Infrastructure Segment loss on disposal	—	—	—	1,000	1,000
Adjusted operating income (loss) excluding unusual items	\$ 62,162	\$ 57,020	\$ 50,896	\$ (34,747)	\$ 135,331
Revenues as reported	\$ 1,106,162	\$ 357,256	\$ 259,674	\$ —	\$ 1,723,092

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
<b>Three Months Ended March 31, 2016:</b>					
Operating income (loss) as reported	\$ 6,941	\$ 6,471	\$ 4,906	\$ (8,887)	\$ 9,431
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	\$ 12,041	\$ 6,471	\$ 4,906	\$ (5,600)	\$ 17,818
Revenues as reported	\$ 229,672	\$ 61,869	\$ 61,740	\$ —	\$ 353,281

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		Twelve Months Ended	
	December 31		December 31	
	2016	2015	2016	2015
Net cash provided by operating activities	\$ 55,030	\$ 32,405	\$ 159,785	\$ 121,507
Less capital expenditures	(19,394)	(31,969)	(69,340)	(123,552)
Plus capital expenditures for strategic ventures (a)	58	129	170	439
Plus total proceeds from sales of assets (b)	2,127	5,189	9,305	25,966
Free cash flow	\$ 37,821	\$ 5,754	\$ 99,920	\$ 24,360

(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 millions)	Projected Twelve Months Ending December 31	
	2017	
	Low	High
Net cash provided by operating activities	\$ 149	\$ 158
Less capital expenditures	(90)	(80)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	1	2
Free Cash Flow	<u>\$ 60</u>	<u>\$ 80</u>

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)	Year Ended December 31	
	2016	2015
Income (loss) from continuing operations	\$ (80,422)	\$ 7,312
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	4,977
Harsco Metals & Minerals Segment separation costs	3,287	9,922
Expense of deferred financing costs	1,125	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—
Harsco Metals & Minerals Segment contract termination charges	—	13,484
Harsco Metals & Minerals Segment salt cake processing and disposal charges	—	7,000
Harsco Metals & Minerals Segment Project Orion charges	—	5,070
Harsco Metals & Minerals Segment subcontractor settlement charge	—	4,220
Harsco Metals & Minerals Segment multi-employer pension plan charge	—	1,122
Harsco Infrastructure Segment loss on disposal	—	1,000
Taxes on above unusual items (b)	(17,335)	(6,198)
Net income from continuing operations, as adjusted	44,807	47,909
After-tax interest expense (c)	31,790	29,486
Net operating profit after tax as adjusted	\$ 76,597	\$ 77,395
Average equity	\$ 290,995	\$ 308,182
Plus average debt	821,559	910,955
Average capital	\$ 1,112,554	\$ 1,219,137
Return on invested capital excluding unusual items	6.9 %	6.3 %

(a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

(b) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.

(c) The Company's effective tax rate approximated 37% 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.