HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended December 31		Twelve Months Ended December 31	
	2017	2016	2017	2016
Revenues from continuing operations:				
Service revenues	$ 243,613	$ 224,952	$ 981,672	$ 939,129
Product revenues	211,357	135,270	625,390	512,094
Total revenues	454,970	360,222	1,607,062	1,451,223
Costs and expenses from continuing operations:				
Cost of services sold	192,176	184,983	767,081	759,120
Cost of products sold	157,579	99,212	453,641	411,343
Selling, general and administrative expenses	62,705	49,838	234,673	200,391
Research and development expenses	1,131	1,532	4,227	4,280
Other expenses, net	2,912	509	4,641	12,620
Total costs and expenses	416,503	336,074	1,464,263	1,387,754
Operating income from continuing operations	38,467	24,148	142,799	63,469
Interest income	854	715	2,469	2,475
Interest expense	(11,371)	(11,660)	(47,552)	(51,584)
Loss on early extinguishment of debt	(2,265)	(35,337)	(2,265)	(35,337)
Change in fair value to the unit adjustment liability and loss on dilution and sale of equity method investment	—	—	—	(58,494)
Income (loss) from continuing operations before income taxes and equity income	25,685	(22,134)	95,451	(79,471)
Income tax benefit (expense)	(58,046)	8,276	(83,803)	(6,637)
Equity income of unconsolidated entities, net	—	—	—	5,686
Income (loss) from continuing operations	(32,361)	(13,858)	11,648	(80,422)
Discontinued operations:				
Income (loss) on disposal of discontinued business	844	(727)	306	1,061
Income tax (expense) benefit related to discontinued business	(303)	269	(110)	(392)
Income (loss) from discontinued operations	541	(458)	196	669
Net income (loss)	(31,820)	(14,316)	11,844	(79,753)
Less: Net income attributable to noncontrolling interests	(1,584)	(1,322)	(4,022)	(5,914)
Net income (loss) attributable to Harsco Corporation	$ (33,404)	$ (15,638)	$ 7,822	$ (85,667)
Amounts attributable to Harsco Corporation common stockholders:				
Income (loss) from continuing operations, net of tax	$ (33,945)	$ (15,180)	$ 7,626	$ (86,336)
Income (loss) from discontinued operations, net of tax	541	(458)	196	669
Net income (loss) attributable to Harsco Corporation common stockholders	$ (33,404)	$ (15,638)	$ 7,822	$ (85,667)
Weighted-average shares of common stock outstanding	80,651	80,379	80,553	80,333
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	$ (0.42)	$ (0.19)	$ 0.09	$ (1.07)
Discontinued operations	0.01	(0.01)	—	0.01
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	$ (0.41)	$ (0.19) (a)	$ 0.10 (a)	$ (1.07) (a)
Diluted weighted-average shares of common stock outstanding	80,651	80,379	82,840	80,333
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	$ (0.42)	$ (0.19)	$ 0.09	$ (1.07)
Discontinued operations	0.01	(0.01)	—	0.01
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders	$ (0.41)	$ (0.19) (a)	$ 0.09	$ (1.07) (a)

(a) Does not total due to rounding.

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	December 31 2017	December 31 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,098	$ 69,831
Restricted cash	4,111	2,048
Trade accounts receivable, net	288,034	236,554
Other receivables	20,224	21,053
Inventories	178,293	187,681
Other current assets	39,332	33,108
Total current assets	592,092	550,275
Property, plant and equipment, net	479,747	490,255
Goodwill	401,758	382,251
Intangible assets, net	38,251	41,567
Deferred income tax assets	51,574	106,311
Other assets	15,263	10,679
Total assets	$ 1,578,685	$ 1,581,338
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 8,621	$ 4,259
Current maturities of long-term debt	11,208	25,574
Accounts payable	126,249	107,954
Accrued compensation	60,451	46,658
Income taxes payable	5,106	4,301
Insurance liabilities	11,167	11,850
Advances on contracts and other customer advances	117,958	117,329
Other current liabilities	133,368	109,748
Total current liabilities	474,128	427,673
Long-term debt	566,794	629,239
Insurance liabilities	22,385	25,265
Retirement plan liabilities	259,367	319,597
Other liabilities	40,846	42,001
Total liabilities	1,363,520	1,443,775
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Common stock	141,110	140,625
Additional paid-in capital	180,201	172,101
Accumulated other comprehensive loss	(546,582)	(606,722)
Retained earnings	1,157,801	1,150,688
Treasury stock	(762,079)	(760,391)
Total Harsco Corporation stockholders' equity	170,451	96,301
Noncontrolling interests	44,714	41,262
Total equity	215,165	137,563
Total liabilities and equity	$ 1,578,685	$ 1,581,338

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Three Months Ended December 31		Twelve Months Ended December 31	
	2017	2016	2017	2016
Cash flows from operating activities:				
Net income (loss)	$ (31,820)	$ (14,316)	$ 11,844	$ (79,753)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	30,320	30,799	121,839	129,083
Amortization	2,109	2,400	8,098	12,403
Change in fair value to the unit adjustment liability and loss on dilution and sale of equity method investment	—	—	—	58,494
Contract estimated forward loss provision for Harsco Rail Segment	—	5,000	—	45,050
Loss on early extinguishment of debt	—	35,337	—	35,337
Deferred income tax expense (benefit)	55,331	(5,639)	57,349	(7,654)
Equity in income of unconsolidated entities, net	—	—	—	(5,686)
Dividends from unconsolidated entities	—	—	93	16
Other, net	(1,818)	722	749	2,633
Changes in assets and liabilities:				
Accounts receivable	(5,379)	11,986	(32,012)	16,041
Inventories	49,669	11,982	19,557	(12,313)
Accounts payable	3,509	(9,454)	12,554	(20,194)
Accrued interest payable	151	(9,442)	438	(3,197)
Accrued compensation	10,147	4,384	11,126	8,865
Advances on contracts and other customer advances	(10,277)	(867)	(16,811)	14,485
Retirement plan liabilities, net	(3,410)	(3,269)	(21,300)	(20,420)
Other assets and liabilities	(4,545)	(4,593)	3,368	(13,314)
Net cash provided by operating activities	93,987	55,030	176,892	159,876
Cash flows from investing activities:				
Purchases of property, plant and equipment	(34,183)	(19,394)	(98,314)	(69,340)
Proceeds from sales of assets	2,672	2,127	13,418	9,305
Purchases of businesses, net of cash acquired	—	—	—	(26)
Proceeds from sale of equity investment	—	—	—	165,640
Net proceeds (payments) from settlement of foreign currency forward exchange contracts	(22,879)	10,250	(18,429)	17,238
Other investing activities, net	—	—	—	70
Net cash provided (used) by investing activities	(54,390)	(7,017)	(103,325)	122,887
Cash flows from financing activities:				
Short-term borrowings, net	3,146	(823)	5,061	(2,350)
Current maturities and long-term debt:				
Additions	1,985	669,892	27,985	720,727
Reductions	(43,035)	(703,799)	(108,280)	(979,567)
Cash dividends paid on common stock	—	—	—	(4,105)
Dividends paid to noncontrolling interests	(662)	—	(2,445)	(1,702)
Purchase of noncontrolling interests	—	—	(3,412)	(4,731)
Stock-based compensation - Employee taxes paid	(81)	—	(1,688)	(91)
Deferred pension underfunding payment to unconsolidated affiliate	—	—	—	(20,640)
Proceeds from cross-currency interest rate swap termination	—	—	—	16,625
Deferred financing costs	—	(15,584)	(42)	(16,530)
Other financing activities, net	(524)	—	(894)	—
Net cash used by financing activities	(39,171)	(50,314)	(83,715)	(292,364)
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	420	(5,731)	4,478	1,724
Net increase (decrease) in cash and cash equivalents, including restricted cash	846	(8,032)	(5,670)	(7,877)
Cash and cash equivalents, including restricted cash, at beginning of period	65,363	79,911	71,879	79,756
Cash and cash equivalents, including restricted cash, at end of period	$ 66,209	$ 71,879	$ 66,209	$ 71,879

HARSCO CORPORATION
REVIEW OF OPERATIONS BY SEGMENT (Unaudited)

(In thousands)	Three Months Ended December 31, 2017 Revenues	Three Months Ended December 31, 2017 Operating Income (Loss)	Three Months Ended December 31, 2016 Revenues	Three Months Ended December 31, 2016 Operating Income (Loss)
Harsco Metals & Minerals	$ 249,825	$ 22,324	$ 234,617	$ 19,700
Harsco Industrial	81,826	10,355	55,981	3,099
Harsco Rail	123,283	13,983	69,590	4,916
Corporate	36	(8,195)	34	(3,567)
Consolidated Totals	$ 454,970	$ 38,467	$ 360,222	$ 24,148

(In thousands)	Twelve Months Ended December 31, 2017 Revenues	Twelve Months Ended December 31, 2017 Operating Income (Loss)	Twelve Months Ended December 31, 2016 Revenues	Twelve Months Ended December 31, 2016 Operating Income (Loss)
Harsco Metals & Minerals	$ 1,011,328	$ 105,257	$ 965,540	$ 81,634
Harsco Industrial	299,592	35,174	247,542	23,182
Harsco Rail	295,999	32,091	238,107	(17,527)
Corporate	143	(29,723)	34	(23,820)
Consolidated Totals	$ 1,607,062	$ 142,799	$ 1,451,223	$ 63,469

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

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

(a) The Company recorded a charge as a result of revaluing net deferred tax assets and liabilities as a result of U.S. tax reform (Q4 and Full year 2017 $48.7 million).
(b) Bad debt expense incurred in the Harsco Metals & Minerals Segment (Full year 2017 $4.6 million pre-tax).
(c) Loss on early extinguishment of debt recorded at Corporate (Q4 and Full year 2017 $2.3 million pre-tax; Q4 and Full year 2016 $35.3 million pre-tax).
(d) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Full year 2016 $53.8 million pre-tax).
(e) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (Q4 2016 $5.0 million pre-tax; Full year 2016 $45.1 million pre-tax).
(f) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (Full year 2016 $5.1 million pre-tax).
(g) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 $3.3 million pre-tax).
(h) Expense of deferred financing costs associated with the Company's repayment of approximately $85 million on its Term Loan Facility recorded at Corporate (Full year 2016 $1.1 million pre-tax).
(i) Harsco Metals & Minerals Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (Q4 and Full year 2016 $1.2 million pre-tax).
(j) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
(k) Does not total due to rounding.

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

HARSCO CORPORATION
REVIEW OF OPERATIONS BY SEGMENT EXCLUDING UNUSUAL ITEMS (Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2017:					
Operating income (loss) as reported (a)	$ 22,324	$ 10,355	$ 13,983	$ (8,195)	$ 38,467
Revenues as reported	$ 249,825	$ 81,826	$ 123,283	$ 36	$ 454,970
Operating margin (%)	8.9%	12.7%	11.3%		8.5%
Three Months Ended December 31, 2016:					
Adjusted operating income (loss) excluding unusual items	$ 18,543	$ 3,099	$ 9,916	$ (3,567)	$ 27,991
Revenues as reported	$ 234,617	$ 55,981	$ 69,590	$ 34	$ 360,222
Operating margin (%)	7.9%	5.5%	14.2%		7.8%
Twelve Months Ended December 31, 2017:					
Adjusted operating income (loss) excluding unusual items	$ 109,846	$ 35,174	$ 32,091	$ (29,723)	$ 147,388
Revenues as reported	$ 1,011,328	$ 299,592	$ 295,999	$ 143	$ 1,607,062
Operating margin (%)	10.9%	11.7%	10.8%		9.2%
Twelve Months Ended December 31, 2016:					
Adjusted operating income (loss) excluding unusual items	$ 85,577	$ 23,182	$ 27,523	$ (20,533)	$ 115,749
Revenues as reported	$ 965,540	$ 247,542	$ 238,107	$ 34	$ 1,451,223
Adjusted operating margin (%) excluding unusual items	8.9%	9.4%	11.6%		8.0%

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

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

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended December 31, 2017:					
Operating income (loss) as reported (a)	$ 22,324	$ 10,355	$ 13,983	$ (8,195)	$ 38,467
Revenues as reported	$ 249,825	$ 81,826	$ 123,283	$ 36	$ 454,970
Three Months Ended December 31, 2016:					
Operating income (loss) as reported	$ 19,700	$ 3,099	$ 4,916	$ (3,567)	$ 24,148
Harsco Rail Segment forward contract loss provision	—	—	5,000	—	5,000
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss) excluding unusual items	$ 18,543	$ 3,099	$ 9,916	$ (3,567)	$ 27,991
Revenues as reported	$ 234,617	$ 55,981	$ 69,590	$ 34	$ 360,222

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

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

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Twelve Months Ended December 31, 2017:					
Operating income (loss) as reported	$ 105,257	$ 35,174	$ 32,091	$ (29,723)	$ 142,799
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	$ 109,846	$ 35,174	$ 32,091	$ (29,723)	$ 147,388
Revenues as reported	$ 1,011,328	$ 299,592	$ 295,999	$ 143	$ 1,607,062
Twelve Months Ended December 31, 2016:					
Operating income (loss) as reported	$ 81,634	$ 23,182	$ (17,527)	$ (23,820)	$ 63,469
Harsco Rail Segment forward contract loss provision	—	—	45,050	—	45,050
Harsco Metals & Minerals Segment site exit charges	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss) excluding unusual items	$ 85,577	$ 23,182	$ 27,523	$ (20,533)	$ 115,749
Revenues as reported	$ 965,540	$ 247,542	$ 238,107	$ 34	$ 1,451,223

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

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

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

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

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds for planning and performance evaluation purposes. 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 and settlements of foreign currency forward exchange contracts, 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.

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

(In millions)	Projected Twelve Months Ending December 31 2018 Low	High
Net cash provided by operating activities	$ 205	$ 245
Less capital expenditures	(130)	(149)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	5	4
Free Cash Flow	$ 80	$ 100

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds for planning and performance evaluation purposes. 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 and settlements of foreign currency forward exchange contracts, 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.

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

	Year Ended December 31	
(In thousands)	2017	2016
Income (loss) from continuing operations	$ 11,648	$ (80,422)
Unusual items:		
Impact of U.S. tax reform on income tax benefit (expense)	48,680	—
Harsco Metals & Minerals Segment bad debt expense	4,589	—
Loss on early extinguishment of debt	2,265	35,337
Net loss on dilution and sale of equity investment	—	53,822
Harsco Rail Segment forward contract loss provision	—	45,050
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	—	5,100
Harsco Metals & Minerals Segment separation costs	—	3,287
Expense of deferred financing costs	—	1,125
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	—	(1,157)
Taxes on above unusual items (b)	(2,052)	(17,335)
Net income from continuing operations, as adjusted	65,130	44,807
After-tax interest expense (c)	29,957	31,790
Net operating profit after tax as adjusted	$ 95,087	$ 76,597
Average equity	$ 189,560	$ 290,995
Plus average debt	638,964	821,559
Average capital	$ 828,524	$ 1,112,554
Return on invested capital excluding unusual items	11.5%	6.9%

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

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

(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.