



Q1 2019 Earnings Presentation

May 9, 2019

LBFoster®

Safe Harbor Statement

This presentation and oral statements regarding the subject matter may contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. We caution you that such statements involve risks, uncertainties, and assumptions which could cause actual results to differ materially from those expressed or implied in such statements. The Company has based these forward-looking statements on current expectations and assumptions of future events. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, political, and other risks and uncertainties, most of which are difficult to predict, and many of which are beyond the Company's control. Among the factors that could cause actual results to differ materially are risks and uncertainties related to: economic conditions and regulatory changes caused by the United Kingdom's pending exit from the European Union and the possibility of a "no-deal Brexit;" shifting federal and foreign regulatory policies, including tariffs; the risk of doing business in international markets; the strength of the markets where the Company participates; sustained declines in energy prices; changes in the cost and availability of raw materials and other products purchased for resale; a lack of state or federal funding for infrastructure projects; domestic and international taxes, including the estimates that impact these amounts; the impact of acquisitions and other strategic investments; the effective continued implementation of an enterprise resource planning system; our ability to effectuate our strategy, including cost reduction initiatives; the ability to manage our working capital requirements and indebtedness, the adequacy of internal and external sources of funds to meet financing needs, including our ability to negotiate any additional necessary amendments to our credit agreement or the terms of a new credit agreement and reforms regarding the use of LIBOR as a benchmark for establishing applicable interest rates; environmental matters, including any costs associated with any remediation and monitoring; risks inherent in litigation; and those matters set forth in Item 8, Footnote 19, “Commitments and Contingent Liabilities” and in Item 1A, “Risk Factors” of the Company's Form 10-K for the year ended December 31, 2018, and as updated and amended in our Quarterly Reports on Form 10-Q thereafter.

All information in this presentation speaks only as of May 9, 2019, and any distribution of the presentation after that date is not intended and will not be construed as updating or confirming such information. L.B. Foster Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by securities laws.

The information in this presentation is unaudited, except where noted otherwise.

Non-GAAP Financial Measures

This earnings presentation discloses the following non-GAAP measures:

- Earnings before interest, taxes, depreciation, and amortization (“EBITDA”)

Management believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company’s business since EBITDA enhances investors’ ability to compare historical periods as it adjusts for the impact of financing methods, tax law and strategy changes, and depreciation and amortization. In addition, EBITDA is a financial measurement that management and the Company’s Board of Directors use in their financial and operational decision-making and in the determination of certain compensation programs.

Non-GAAP financial measures are not a substitute for GAAP financial results and should only be considered in conjunction with the Company's financial information that is presented in accordance with GAAP. Quantitative reconciliations of EBITDA is included within this presentation.



Financial Overview

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Executive Summary

- Focus on profitability restoration resulted in year over year gross profit and net income growth
 - Diluted earnings per share increased by \$0.53 over the prior year quarter
- First quarter 2019 sales increased by \$28.0 million, or 22.9%, over the prior year quarter
 - Driven by 29.2%, 21.8%, and 19.3% increases in the Construction Products, Rail Products and Services, and Tubular and Energy Services segments, respectively
- Gross profit increased \$7.0 million over the prior year quarter to \$29.2 million
 - Gross profit margin percentage increased 130 basis points primarily from our Tubular and Energy Services and Construction Products segments
- Debt increased by \$15.2 million during the three months ended March 31, 2019
 - Cash provided by debt was utilized to fund trade working capital needs due to a strong backlog ending at \$250.1 million
- Reduction of Net Debt to EBITDA¹ compared to the prior year quarter
 - March 31, 2019 Net Debt to EBITDA ratio ended at 1.75x for the trailing twelve months

(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.

Financial Highlights

Metrics	Q1 2019	Q1 2018	Variance
Sales	\$150.5 million	\$122.5 million	\$28.0 million, 22.9%
Gross Profit	\$29.2 million	\$22.2 million	\$7.0 million, 31.4%
Gross Profit Margin	19.4%	18.1%	130 bps
Earnings (Loss) per Diluted Share	\$0.35	\$(0.18)	\$0.53
EBITDA¹	\$10.2 million	\$5.3 million	\$4.9 million, 92.4%
Operating Cash Flow	\$(13.5) million	\$2.6 million	\$(16.1) million
New Orders	\$180.3 million	\$176.0 million	\$4.3 million, 2.5%
Backlog	\$250.1 million	\$220.3 million	\$29.8 million, 13.5%

(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.

New Order Summary - First Quarter

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	\$	%
Rail Products and Services	\$ 98.5	\$ 96.0	\$ 2.5	2.6 %
Construction Products	42.1	45.7	(3.7)	(8.1)%
Tubular and Energy Services	39.8	34.2	5.5	16.2 %
Total	\$ 180.3	\$ 176.0	\$ 4.3	2.5 %

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		
	March 31, 2019	December 31, 2018	March 31, 2018
Rail Products and Services	\$ 121.5	\$ 97.4	\$ 104.9
Construction Products	101.0	95.4	85.7
Tubular and Energy Services	27.6	27.6	29.7
Total	\$ 250.1	\$ 220.4	\$ 220.3

Note: Figures may not foot due to rounding



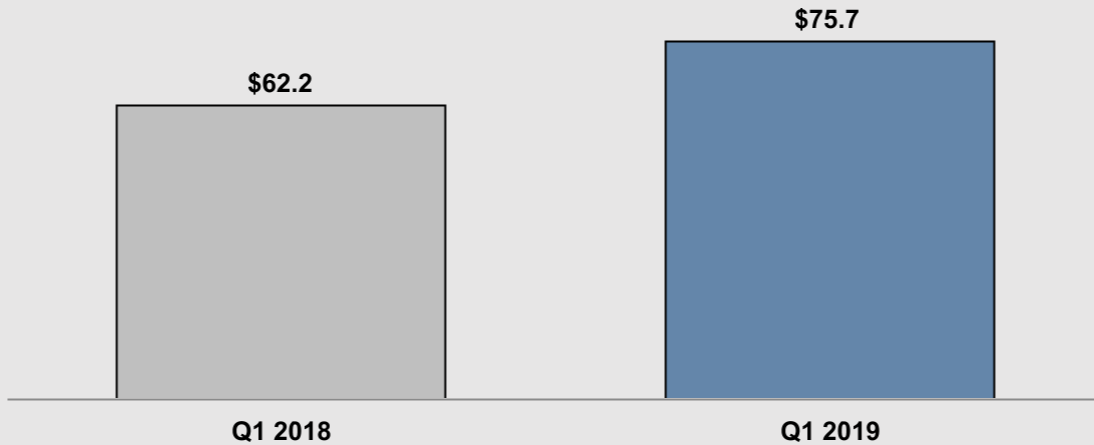
Business Review

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Rail Products and Services

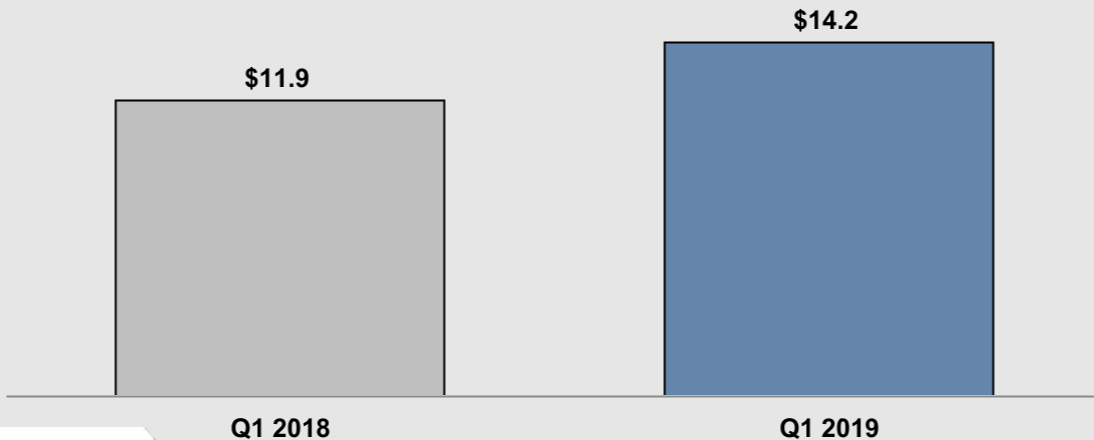
Q1 2019 Results

Sales

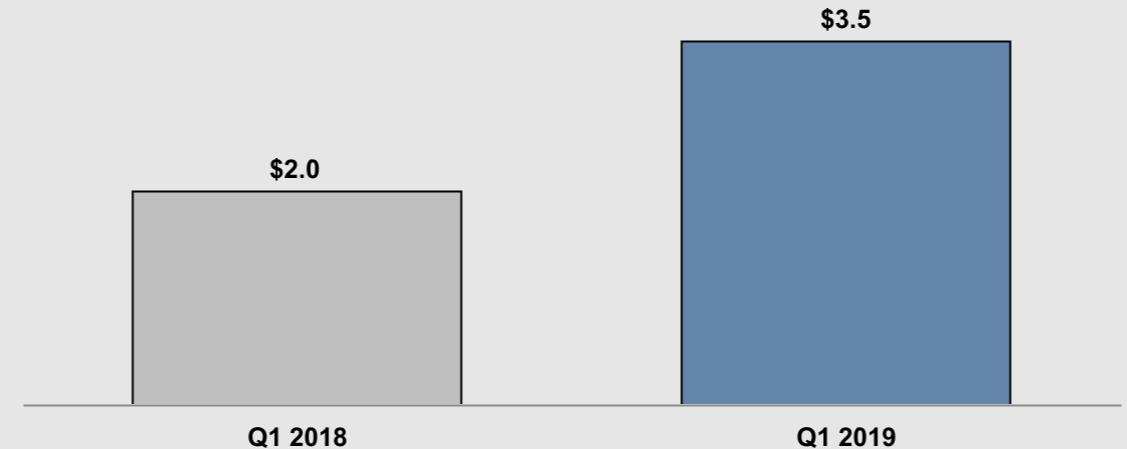


- Sales increased from both our Rail Products and Rail Technologies business units
 - New rail products were the primary driver of the sales increase
 - Global transit projects also favorably impacted Rail sales, including our services for London's Crossrail project
- Gross profit increased in both Rail Products and Rail Technologies business units
 - Gross profit margin declined by 40 basis points compared to the prior year quarter
- Segment SG&A expense as a percentage of sales declined year over year as a result of successful cost containment programs
- 2019 new order activity increased by 2.6% compared to the prior year, which contributed to an ending backlog that was 15.8% higher than the prior year

Gross Profit



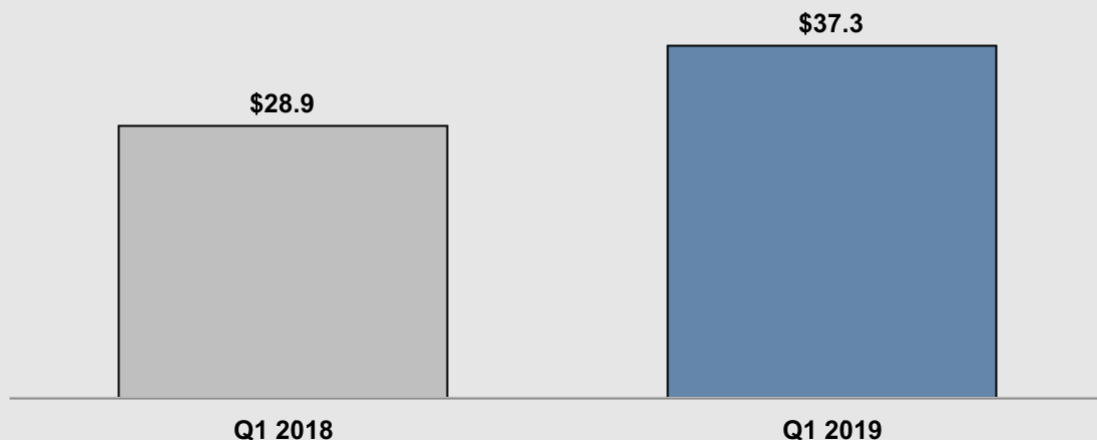
Segment Profit



Construction Products

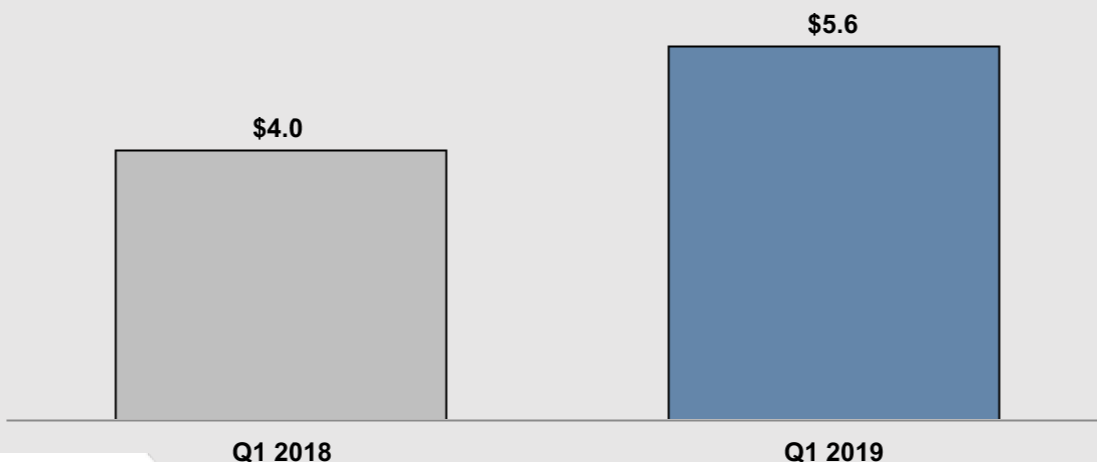
Q1 2019 Results

Sales

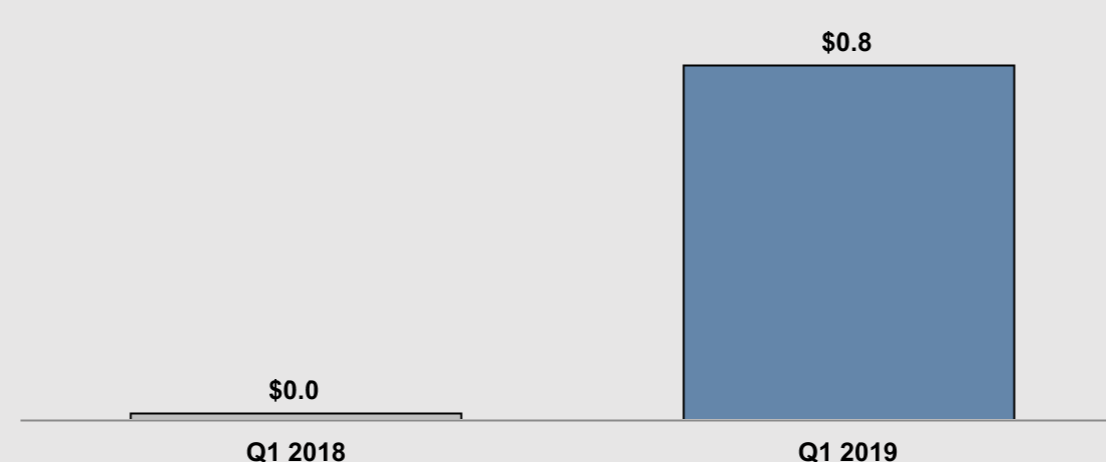


- Sales increased in each division within the segment
 - Piling was favorably impacted by activity on a significant 2018 order and Fabricated Bridge increased demand from its steel decking and railing products
 - Concrete buildings primarily drove the sales increase within Precast Concrete Products
- Gross profit increased in both Piling and Fabricated Bridge and Precast Concrete Products
 - Gross profit margin increased by 90 basis points over the prior year quarter
- Segment SG&A expense as a percentage of sales declined year over year as a result of successful cost containment programs
- New orders for 2019 declined by 8.1% compared to the prior year quarter, however, backlog ended 17.8% higher than the prior year period

Gross Profit



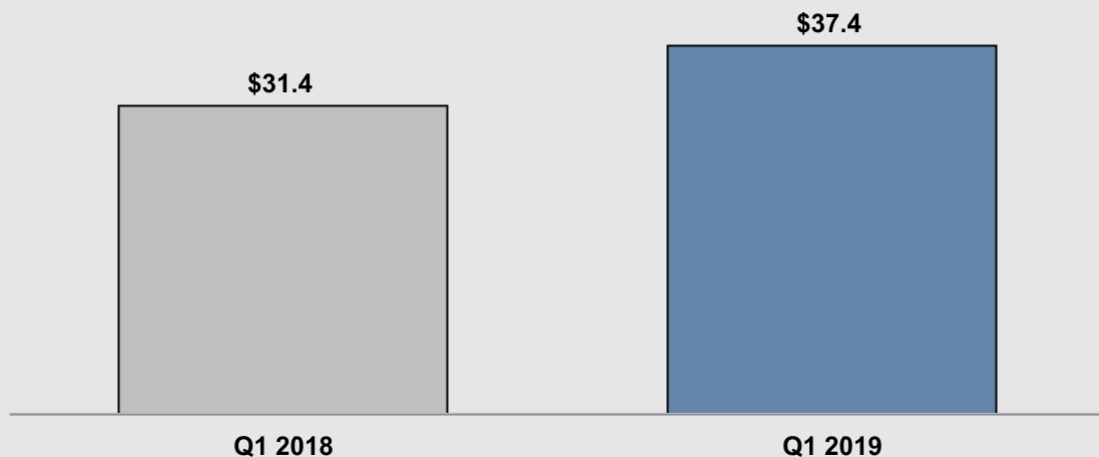
Segment Profit



Tubular and Energy Services

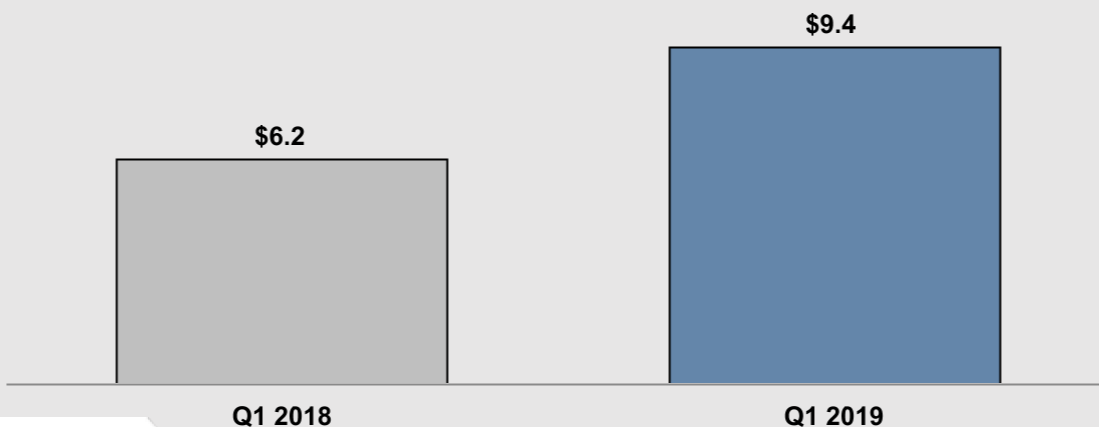
Q1 2019 Results

Sales

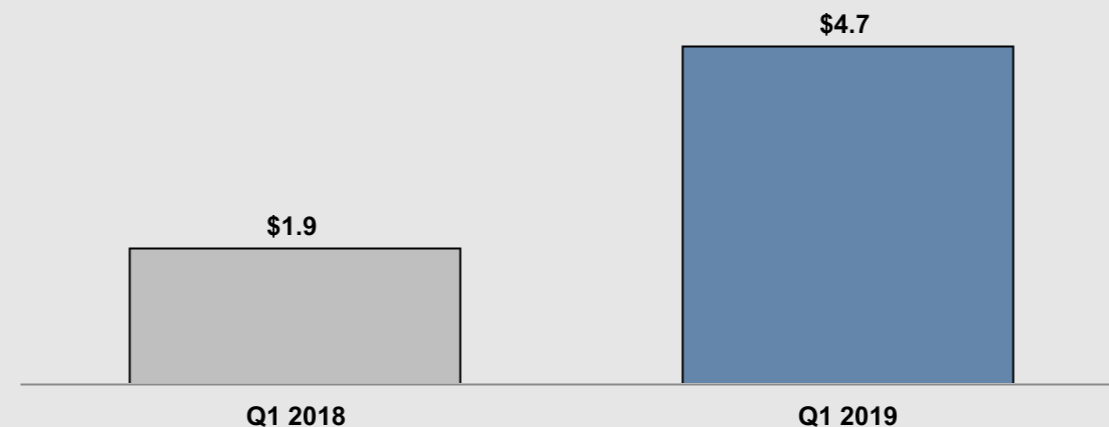


- Sales increased by 19.3% over the prior year quarter
 - The sales increase was primarily driven by Protective Coatings and Measurement Systems
- Gross profit increased by 50.0% supported by both Protective Coatings and Measurement Systems and Test, Inspection, and Threading Services
 - Gross profit margin increased by 510 basis points over the prior year quarter
- Segment SG&A expense as a percentage of sales declined year over year as a result of successful cost containment programs
- New order activity increased by 16.2% compared to the prior year quarter while ending backlog decreased by 7.0% compared to the prior year period
 - New order increase is primarily attributable to midstream activity

Gross Profit



Segment Profit





Appendix

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Consolidated Income Statement - First Quarter

L.B. Foster Company (FSTR)
Q1 2019 Earnings Presentation
Webcast May 9, 2019

(\$ in millions, except per share)	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 150.5	—	\$ 122.5	—	\$ 28.0	22.9 %
Gross profit	29.2	19.4 %	22.2	18.1 %	7.0	31.4 %
SG&A	21.9	14.6 %	20.5	16.7 %	1.5	7.1 %
Amortization expense	1.7	1.1 %	1.8	1.5 %	(0.1)	(4.1)%
Interest expense, net	1.4	0.9 %	1.9	1.5 %	(0.5)	(28.2)%
Other income	(0.2)	(0.1)%	(0.6)	(0.5)%	0.5	75.2 %
Pre-tax income (loss)	4.3	2.9 %	(1.3)	(1.1)%	5.7	424.7 %
Net income (loss)	\$ 3.7	2.5 %	\$ (1.9)	(1.5)%	\$ 5.5	298.6 %
Diluted earnings (loss) per share	\$ 0.35		\$ (0.18)		\$ 0.53	
EBITDA⁽¹⁾	\$ 10.2	6.8 %	\$ 5.3	4.3 %	\$ 4.9	92.4 %

(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.
Note: Figures may not foot due to rounding

Segment Results

Sales (\$ in millions)	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 75.7	50.3 %	\$ 62.2	50.8 %	\$ 13.5	21.8 %
Construction Products	37.3	24.8 %	28.9	23.6 %	8.4	29.2 %
Tubular and Energy Services	37.4	24.9 %	31.4	25.6 %	6.0	19.3 %
Total	\$ 150.5		\$ 122.5		\$ 28.0	22.9 %
Segment Profit (\$ in millions)	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 3.5	4.6 %	\$ 2.0	3.3 %	\$ 1.4	69.9 %
Construction Products	0.8	2.2 %	0.0	0.1 %	0.8	4,533.3 %
Tubular and Energy Services	4.7	12.5 %	1.9	6.0 %	2.8	148.5 %
Segment profit	9.0	6.0 %	4.0	3.2 %	5.1	127.8 %
Corporate/Unallocated	(4.7)	(3.1)%	(5.3)	(4.3)%	0.6	11.6 %
Pre-tax income (loss)	\$ 4.3	2.9 %	\$ (1.3)	(1.1)%	\$ 5.7	424.7 %

Note: Figures may not foot due to rounding

Balance Sheet

L.B. Foster Company (FSTR)
Q1 2019 Earnings Presentation
Webcast May 9, 2019

(\$ in millions)	March 31, 2019	December 31, 2018
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 9.0	\$ 10.3
Accounts receivable – net	99.5	86.1
Inventories – net	142.7	124.5
Other current assets	7.8	5.8
Total current assets	259.0	226.7
Property, plant and equipment – net	85.9	86.9
Operating lease right-of-use assets	13.1	—
Other assets:		
Goodwill	19.4	19.3
Other intangibles – net	48.3	49.8
Other assets	0.5	0.5
TOTAL ASSETS	\$ 426.2	\$ 383.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 136.9	\$ 123.6
Current maturities of long-term debt	0.6	0.6
Total current liabilities	137.5	124.2
Long-term debt	89.6	74.4
Other long-term liabilities	71.8	62.5
Total stockholders' equity	127.3	122.1
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 426.2	\$ 383.2

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net income (loss) and non-cash items	\$ 8.8	\$ 2.7
Receivables	(13.2)	—
Inventory	(17.5)	(3.0)
Payables and deferred revenue	20.2	10.8
Working capital subtotal	(10.4)	7.8
All other	(12.0)	(7.9)
Operating cash flow	(13.5)	2.6
Capital expenditures	(2.6)	(0.7)
Debt payments – net	15.2	(27.6)
All other	(0.3)	(1.0)
Net decrease in cash	(1.2)	(26.7)
Cash balance, end of period	\$ 9.0	\$ 11.0

Non-GAAP Financial Measures: EBITDA

L.B. Foster Company (FSTR)
Q1 2019 Earnings Presentation
Webcast May 9, 2019

(\$ in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income (loss), as reported	\$ 3.7	\$ (1.9)
Interest expense, net	1.4	1.9
Income tax expense	0.6	0.5
Depreciation	2.8	2.9
Amortization	1.7	1.8
EBITDA	\$ 10.2	\$ 5.3

Note: Figures may not foot due to rounding