LBFoster

Investor Update Call
IOS Test and Inspection Services Transaction

September 28, 2020

Robert Bauer – President and CEO
James Kempton – Corporate Controller and Principal Accounting Officer

SAFE HARBOR
DISCLAIMER

Safe Harbor Statement

This presentation and oral statements regarding the subject matter may contain “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements provide management's current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Sentences containing words such as “believe,” “intend,” “plan,” “may,” “expect,” “should,” “could,” “anticipate,” “estimate,” “predict,” “project,” or their negatives, or other similar expressions of a future or forward-looking nature generally should be considered forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions about future events that involve inherent risks and uncertainties and may concern, among other things, the Company’s expectations relating to our strategy, goals, projections, and plans regarding our financial position, liquidity, capital resources, and results of operations and decisions regarding our strategic growth initiatives, market position, and product development. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company’s control. The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: the COVID-19 pandemic, and any future global health crises, and the related social, regulatory, and economic impact and the response thereto by the Company, our employees, our customers, and national, state, or local governments; a continued deterioration in the prices of oil and natural gas and the related impact on the upstream and midstream energy markets; a continuation or worsening of the adverse economic conditions in the markets we serve, whether as a result of the current COVID-19 pandemic, including its impact on travel and demand for oil and gas, and the continued deterioration in the prices for oil and gas, or otherwise; volatility in the global capital markets, including interest rate fluctuations, which could adversely affect our ability to access the capital markets on terms that are favorable to us; restrictions on our ability to draw on our credit agreement, including as a result of any future inability to comply with restrictive covenants contained therein; a continuing decrease in freight or transit rail traffic, including as a result of the COVID-19 pandemic; environmental matters, including any costs associated with any remediation and monitoring; the risk of doing business in international markets; our ability to effectuate our strategy, including cost reduction initiatives, and our ability to effectively integrate acquired businesses and realize anticipated benefits; costs of and impacts associated with shareholder activism; customer restrictions regarding the on-site presence of third party providers due to the COVID-19 pandemic; the timeliness and availability of materials from our major suppliers, including any continuation or worsening of the disruptions in the supply chain recently experienced as a result of the COVID-19 pandemic, as well as the impact on our access to supplies of customer preferences as to the origin of such supplies, such as customers’ concerns about conflict minerals; labor disputes; cyber-security risks such as data security breaches, malware, ransomware, “hacking,” and identity theft, a failure of which could disrupt our business and may result in misuse or misappropriation of confidential or proprietary information, and could result in the disruption or damage to our systems, increased costs and losses, or an adverse effect to our reputation; the continuing effective implementation of an enterprise resource planning system; changes in current accounting estimates and their ultimate outcomes; 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 any new credit agreement, and reforms regarding the use of LIBOR as a benchmark for establishing applicable interest rates; the Company’s ability to manage its working capital requirements and indebtedness; domestic and international taxes, including estimates that may impact these amounts; foreign currency fluctuations; inflation; domestic and foreign government regulations, including tariffs; economic conditions and regulatory changes caused by the United Kingdom’s exit from the European Union in January 2020; a lack of state or federal funding for new infrastructure projects; an increase in manufacturing or material costs; the loss of future revenues from current customers; and risks inherent in litigation and the outcome of litigation and product warranty claims. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. Significant risks and uncertainties that may affect the operations, performance, and results of the Company’s business and forward-looking statements include, but are not limited to, those set forth under Item 1A, “Risk Factors,” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2019, or as updated and amended by other current or periodic filings with the Securities and Exchange Commission. All information in this presentation speaks only as of September 28, 2020, 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 investor presentation discloses the following non-GAAP measures:

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

Management believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company’s business as EBITDA enhances investors’ ability to compare historical periods by adjusting 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 its financial and operational decision-making and in the determination of certain compensation programs. Additionally, adjusted EBITDA, which includes certain adjustments for restructuring, closure, and allocated corporate costs to EBITDA, is a non-GAAP measure.

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 and adjusted EBITDA are included within this presentation.

EXECUTIVE SUMMARY

- Sold IOS Test and Inspection Services business on September 4, 2020.
- Strategic exit of the volatile and challenging upstream energy market by L.B. Foster Company.
- Eliminates the dilutive effect of the Test and Inspection Services business results on the Company's performance.
- Executed as a sale of the equity of the Test and Inspection Services business, transferring legacy liabilities to the buyer.
- Precludes the cash impact of any additional closure activities related to this business.
- Provides immediate, near term and long-term cash benefits to the Company via sale proceeds and anticipated tax benefits related to the divestiture.
- Allows management to focus more on core competencies with better opportunities.

TUBULAR & ENERGY

CURRENT AND FUTURE FOCUS

LBFoster®

ENERGY DELIVERY PATH →

Well Head | Gathering | Transport | Refining | Retail









Test and Inspection Services

Protective Coatings

Measurement Solutions

Safe Deployment of Tubulars

Keeping tubulars in production on critical drilling and pipeline applications

Test and Inspection Services Business (Sold Sept. 4, 2020)

- Ultrasonic, MRI and hydrostatic inspection and test
- Field testing and inspection of drill pipe
- Premium threading connections and couplings for drill pipe tubing and casing

Current and future focus

- Threading services for waterwell pipe
- Corrosion protection* for pipeline
- Interior coatings to improve flow

Measurement Solutions

Critical measurement and control systems for transport and movement of liquids and gas

Current and future focus

- Custody transfer systems
- Precision metering systems for liquids and gas*
- Pigging systems for pipelines
- Additive and injection systems*
- Terminal operations systems

** Company core competency (underlined)*

UPSTREAM ENERGY
EXIT RATIONALE

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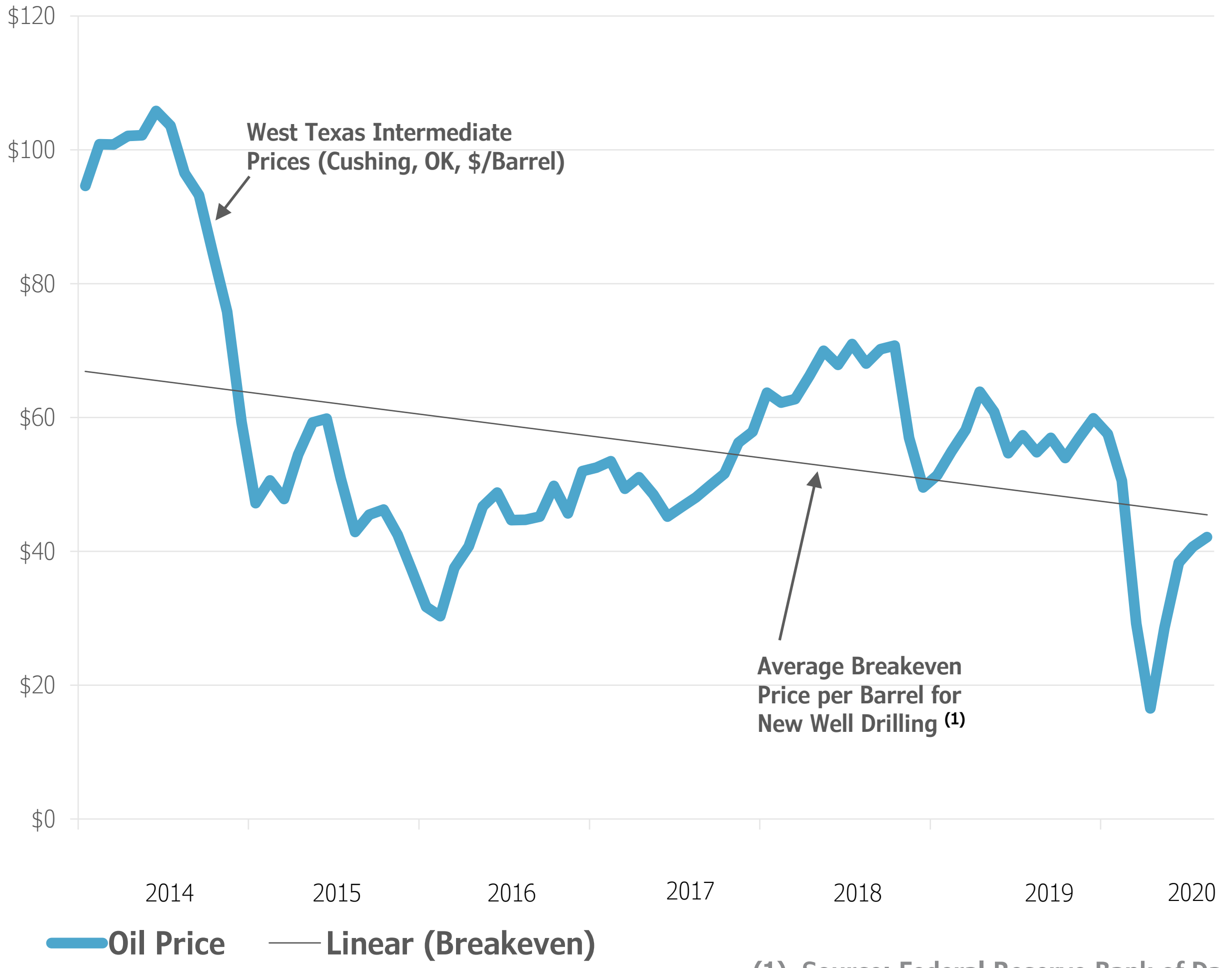
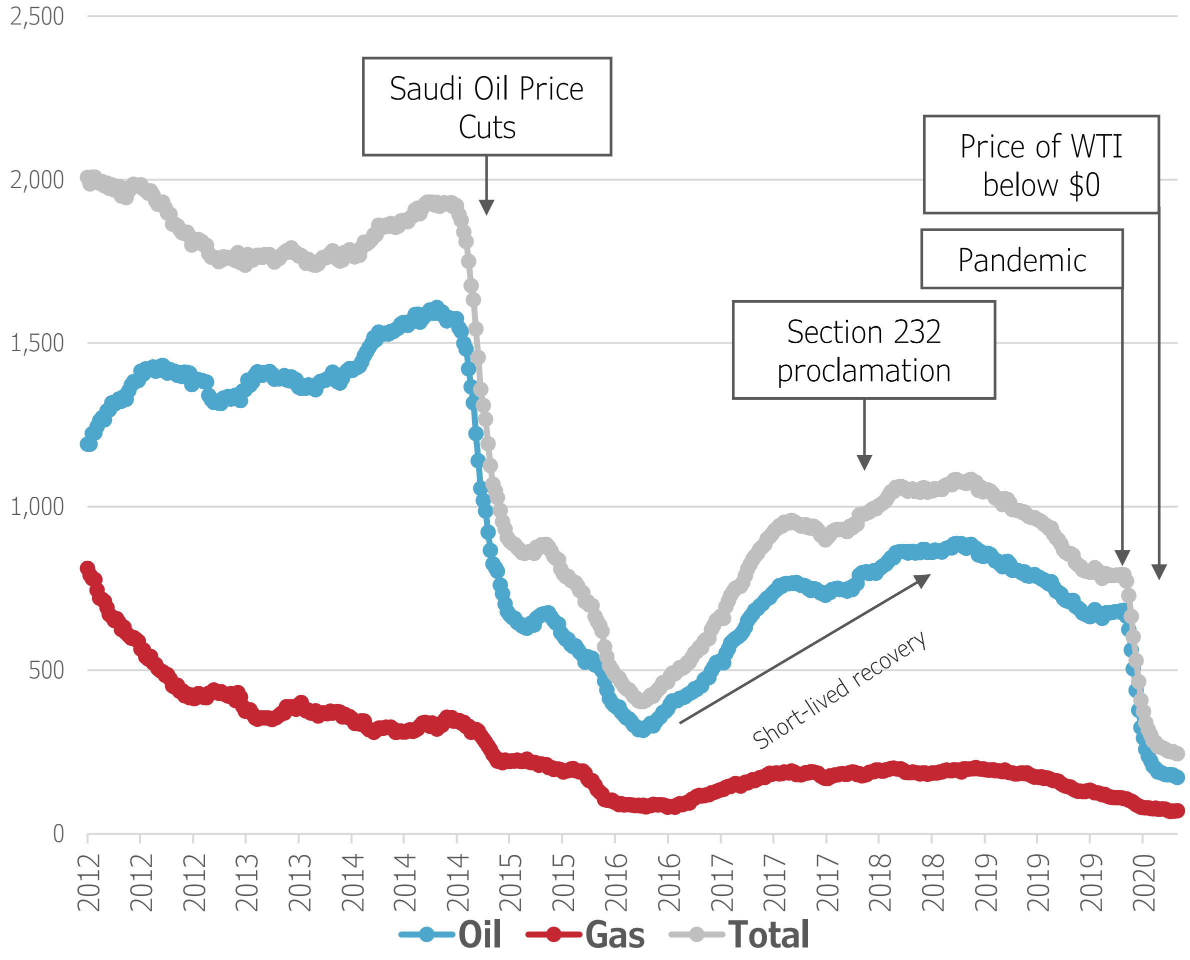
U.S. Oil Prices



(1) Source: Federal Reserve Bank of Dallas

- The recent collapse in oil demand associated with reduced travel from the COVID-19 pandemic has led to a severe drop in demand for the Test and Inspection Services business.
- Once promising "shale boom" has become a difficult area for suppliers to make profit, and cost pressures have continued to intensify with the onset of the pandemic.
- Market volatility and supply chain pressures perpetuate the challenges in the market.

U.S. Rig Count - 2012 to Present



- 2015 oil price war started by Saudi Arabia leads to dramatic reduction in U. S. drilling.
- First round of "fallout" occurs and once booming areas like the Bakken in North Dakota are hit hard.
- Operators begin to analyze wells on profitability.
- Cash flow is now the primary metric in decision making.
- Suppliers are under intense pressure to lower prices.
- Section 232 of Trade Act results in lower imports of foreign made tubulars which were a large source of IOS Test and Inspection volume.
- Pandemic leads to negative oil prices, dramatic reduction in rigs and new wells, and unprecedented supply-demand imbalance .
- Demand not likely to reach supply for some time.

SUMMARY FINANCIAL
IMPACT

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Test and Inspection Services Results			
($ in millions, unless otherwise indicated)	Six Months Ended June 30, 2019	Twelve Months Ended December 31, 2019	Six Months Ended June 30, 2020
Sales	$21.2	$38.6	$11.1
Gross Profit	$1.5	$0.4	($2.6)
Gross Profit Margin	7.1%	1.1%	(23.0%)
Pretax Loss	**($2.1)**	**($8.0)**	**($10.7)**
EBITDA(1)	($0.5)	($4.8)	($9.3)
Adjusted EBITDA (1)	**$0.1**	**($1.8)**	**($2.7)**

- The impact of Test and Inspection Services business on gross profit, gross profit margins, and EBITDA results were primarily due to headwinds and volatility experienced in the market in recent years, which was further perpetuated by the COVID-19 pandemic.
- Beginning with the quarter ending September 30, 2020, the Company will present the Test and Inspection Services business as discontinued operations within the financial statements.

(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.

TRANSACTION
SUMMARY

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- **Sale of the Equity Interests in the Operating Entities of the IOS Test and Inspection Services business.**
    - Received $4.0 million in cash proceeds from an unaffiliated buyer.
    - Sale agreement included limited representations and warranties and caps on indemnification.
    - Estimated pre-tax loss on sale of $13.2 million, including transaction costs of $1.9 million.
- **Significant Tax Benefits to the Company as a Result of the Transaction.**
    - Approximately $8.8 million cash tax refund anticipated to be received within the next year.
        - Resulted from the combination of the acceleration of existing deferred tax benefits and new tax benefits generated by the loss on the sale.
    - Incremental $18.0 to $20.0 million tax benefit anticipated to be generated by the sale to reduce tax liabilities in future periods.
        - May be subject to a valuation allowance for financial reporting purposes.

FUTURE
VISION

- **Focus on Core Competencies With Better Opportunities.**
  - The sale represents the Company's strategic shift away from the upstream oil and gas market.
  - Management will be able to identify and focus on opportunities that bring growth to the core businesses.
- **Divestiture Driving a Positive Change to Our Risk Profile.**
  - This sale is supporting a positive change to the risk profile of our business through:
    - Reducing dependence on the upstream energy market and the liability associated with serving upstream applications.
    - Reducing exposure to a volatile industry that can turn-off demand quickly under poor conditions.
    - Avoiding frequent cycles from a global oil market that has market share wars using price.
- **Remaining Businesses Operating in the Tubular and Energy Markets Positioned In Midstream Applications.**
  - Focus on core competencies going forward, including protective coatings, corrosion protection, additive and injection systems, and precision metering systems for liquids and gas.
  - Less volatility in the midstream oil and gas market mitigates some challenges previously faced surrounding market changes.
  - Longer term investments with associated backlog in the midstream space.

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THANK YOU



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APPENDIX

NON-GAAP
ADJUSTED EBITDA

IOS Test and Inspection Results			
($ in millions)	Six Months Ended June 30, 2019	Twelve Months Ended December 31, 2019	Six Months Ended June 30, 2020
Loss contributed to Tubular and Energy Segment Profit	$ (2.1)	$ (8.0)	$ (10.7)
Interest expense - net	0.0	0.0	0.0
Depreciation expense	1.5	3.1	1.4
Amortization expense	0.1	0.1	0.1
EBITDA(1)	**$ (0.5)**	**$ (4.8)**	**$ (9.3)**
Restructuring and closure costs	0.0	1.7	5.9
Allocated corporate operating expenses	0.6	1.3	0.7
Adjusted EBITDA(1)	**$ 0.1**	**$ (1.8)**	**$ (2.7)**

(1) 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.
Note figures may not foot due to rounding.