



Q3 2017 Earnings Presentation

November 7, 2017

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; 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; environmental matters, including any costs associated with any remediation and monitoring; risks inherent in litigation; the ultimate number of concrete ties that will be replaced pursuant to product warranty claims and an overall resolution of the product warranty and related contract claims and costs associated with the outcome of the lawsuit filed by Union Pacific Railroad Corporation; 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, 2016, and reports on Form 10-Q thereafter.

All information in this presentation speaks only as of November 7, 2017, 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”);
- EBITDA adjusted for asset impairments ("Adjusted EBITDA");
- Adjusted diluted earnings (loss) per share.

Management believes that these non-GAAP financial measures are useful to investors in the assessment of the use of our assets without regard to financing methods, capital structure, or historical cost basis, and assist investors in understanding the underlying operating performance of the Company. Additionally, EBITDA and Adjusted EBITDA are financial measurements that management and the board of directors use in the determination of certain compensation programs. Adjusted diluted earnings (loss) per share amounts in this earnings release exclude asset impairment charges and are non-GAAP measures used for management reporting purposes. Management believes that these measures provide useful information to investors because they will assist investors in evaluating earnings performance on a comparable year-over-year basis.

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, Adjusted EBITDA, and adjusted diluted earnings (loss) per share are included within this presentation.



Financial Overview

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Financial Highlights

Metrics	Q3 2017	Q3 2016	Variance
Sales	\$131.5 million	\$114.6 million	\$16.8 million, 14.7%
Gross Profit Margin	20.1%	17.3%	280 bps
Adjusted Earnings (Loss) per Diluted Share¹	\$0.31	\$(0.00)	\$0.31
Adjusted EBITDA¹	\$9.9 million	\$4.1 million	\$5.8 million, 141.3%
Operating Cash Flow	\$(2.4) million	\$5.3 million	\$(7.7) million
New Orders	\$145.5 million	\$110.9 million	\$34.7 million, 31.3%
Backlog	\$189.6 million	\$143.8 million	\$45.8 million, 31.8%

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

Consolidated Income Statement - QTD

L.B. Foster Company (FSTR)
Q3 2017 Earnings Presentation
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(\$ in millions, except per share)	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016		Delta	
	\$	%	\$	%	\$	%
Sales	\$ 131.5	—	\$ 114.6	—	\$ 16.8	14.7%
Gross profit	26.4	20.1%	19.8	17.3%	6.6	33.1%
SG&A	20.2	15.4%	19.8	17.3%	0.4	2.1%
Amortization expense	1.8	1.3%	1.8	1.5%	—	0.1%
Asset impairments	—	—%	6.9	6.1%	(6.9)	(100.0)%
Interest expense, net	2.0	1.5%	1.5	1.3%	0.5	34.0%
Other income	(0.6)	(0.5)%	(0.8)	(0.7)%	0.2	26.9%
Pre-tax income (loss)	3.0	2.3%	(9.4)	(8.2)%	12.4	132.2%
Net income (loss)	\$ 3.2	2.5%	\$ (6.0)	(5.2)%	\$ 9.2	153.9%
Diluted earnings (loss) per share	\$ 0.31		\$ (0.58)		\$ 0.89	
EBITDA⁽¹⁾	\$ 9.9	7.5%	\$ (2.8)	(2.5)%	\$ 12.8	457.1%
Adjusted net income (loss)⁽¹⁾	\$ 3.2	2.5%	\$ (0.0)	(0.0)%	\$ 3.3	9,050.0%
Adjusted diluted earnings (loss) per share⁽¹⁾	\$ 0.31		\$ (0.00)		\$ 0.31	
Adjusted EBITDA⁽¹⁾	\$ 9.9	7.5%	\$ 4.1	3.6%	\$ 5.8	141.3%

(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

Consolidated Income Statement - YTD

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(\$ in millions, except per share)	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016		Delta	
	\$	%	\$	%	\$	%
Sales	\$ 395.1	—	\$ 376.9	—	\$ 18.1	4.8%
Gross profit	75.4	19.1%	71.6	19.0%	3.8	5.3%
SG&A	60.0	15.2%	65.9	17.5%	(5.9)	(9.0)%
Amortization expense	5.2	1.3%	7.8	2.1%	(2.6)	(33.3)%
Asset impairments	—	—%	135.9	36.0%	(135.9)	(100.0)%
Interest expense, net	6.1	1.6%	4.2	1.1%	2.0	46.9%
Other (income) expense	(0.6)	(0.1)%	0.7	0.2%	(1.2)	(181.8)%
Pre-tax income (loss)	4.5	1.1%	(142.9)	(37.9)%	147.5	103.2%
Net income (loss)	\$ 3.8	1.0%	\$ (100.8)	(26.7)%	\$ 104.6	103.8%
Diluted earnings (loss) per share	\$ 0.37		\$ (9.82)		\$ 10.19	
EBITDA⁽¹⁾	\$ 25.6	6.5%	\$ (120.3)	(31.9)%	\$ 145.9	121.3%
Adjusted net income (loss)⁽¹⁾	\$ 3.8	1.0%	\$ (4.0)	(1.1)%	\$ 7.8	196.5%
Adjusted diluted earnings (loss) per share⁽¹⁾	\$ 0.37		\$ (0.39)		\$ 0.75	
Adjusted EBITDA⁽¹⁾	\$ 25.6	6.5%	\$ 15.6	4.1%	\$ 10.0	64.4%

(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 September 30, 2017		Three Months Ended September 30, 2016		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 62.1	47.2%	\$ 56.9	49.7%	\$ 5.2	9.1%
Construction Products	39.1	29.7%	34.9	30.4%	4.2	12.2%
Tubular and Energy Services	30.3	23.1%	22.9	19.9%	7.4	32.3%
Total	\$ 131.5		\$ 114.6		\$ 16.8	14.7%

Segment Profit (Loss) (\$ in millions)	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 3.5	5.6%	\$ (2.0)	(3.6)%	\$ 5.5	269.6%
Construction Products	3.4	8.7%	1.4	3.9%	2.0	149.8%
Tubular and Energy Services	2.3	7.6%	(7.0)	(30.4)%	9.3	133.0%
Segment profit (loss)	9.2	7.0%	(7.7)	(6.7)%	16.8	219.6%
Corporate/Unallocated	(6.1)	(4.7)%	(1.7)	(1.5)%	(4.4)	260.5%
Total	\$ 3.0	2.3%	\$ (9.4)	(8.2)%	\$ 12.4	132.2%

Note: Figures may not foot due to rounding

Balance Sheet

L.B. Foster Company (FSTR)
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(\$ in millions)	September 30, 2017	December 31, 2016
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 35.0	\$ 30.4
Accounts receivable – net	79.3	66.6
Inventories – net	104.0	83.2
Other current assets	11.1	19.4
Total current assets	229.4	199.6
Property, plant and equipment – net	98.5	104.0
Other assets:		
Goodwill	19.7	18.9
Other intangibles – net	59.1	63.5
Other assets	2.5	7.0
Total assets	\$ 409.2	\$ 393.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 89.7	\$ 61.8
Accrued warranty	9.6	10.2
Current maturities of long-term debt	9.9	10.4
Total current liabilities	109.2	82.3
Long-term debt	128.4	149.2
Other long-term liabilities	27.8	28.3
Total stockholders' equity	143.8	133.3
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 409.2	\$ 393.0

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net income (loss) and non-cash items	\$ 19.0	\$ 16.0
Receivables	(11.9)	13.5
Inventory	(19.3)	3.2
Payables and deferred revenue	25.4	(12.4)
Working capital subtotal	(5.9)	4.3
All other	14.4	(8.4)
Operating cash flow	27.5	11.9
Capital expenditures	(5.3)	(6.5)
Dividends	—	(1.2)
Debt (payments) / proceeds – net	(21.3)	(33.1)
All other	3.7	(0.8)
Net increase / (decrease) in cash	4.6	(29.7)
Cash balance, end of period	\$ 35.0	\$ 3.7

Note: Figures may not foot due to rounding

New Order Summary - QTD

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	\$	%
Rail Products and Services	\$ 69.4	\$ 48.0	\$ 21.4	44.5%
Construction Products	39.1	44.0	(4.9)	(11.1)%
Tubular and Energy Services	37.0	18.8	18.2	97.1%
Total	\$ 145.5	\$ 110.9	\$ 34.7	31.3%

Note: Figures may not foot due to rounding

New Order Summary - YTD

(\$ in millions)	New Orders Entered		Delta	
	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	\$	%
Rail Products and Services	\$ 212.0	\$ 164.5	\$ 47.5	28.9%
Construction Products	125.0	136.8	(11.9)	(8.7)%
Tubular and Energy Services	99.8	67.6	32.2	47.6%
Total	\$ 436.8	\$ 368.9	\$ 67.9	18.4%

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		
	September 30, 2017	December 31, 2016	September 30, 2016
Rail Products and Services	\$ 85.8	\$ 62.7	\$ 53.4
Construction Products	74.9	72.0	75.8
Tubular and Energy Services	28.9	12.8	14.7
Total	\$ 189.6	\$ 147.5	\$ 143.8

Note: Figures may not foot due to rounding

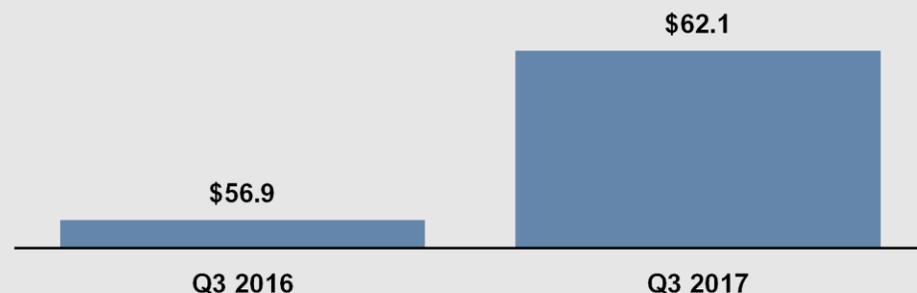


Business Review

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Q3 2017 Results

Sales
(\$ in millions)



Segment Profit/(Loss)
(\$ in millions)



Commentary

- Sales increased by 9.1% with increases in both North American and European rail divisions
 - NA Rail increase driven by:
 - Recovery among freight railroads
 - Volume increases for Rail Technologies
 - European Rail Technologies rail business volumes increased
- Gross profit margins increased from prior year due to improvements within Rail Distribution and Concrete Rail Products
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

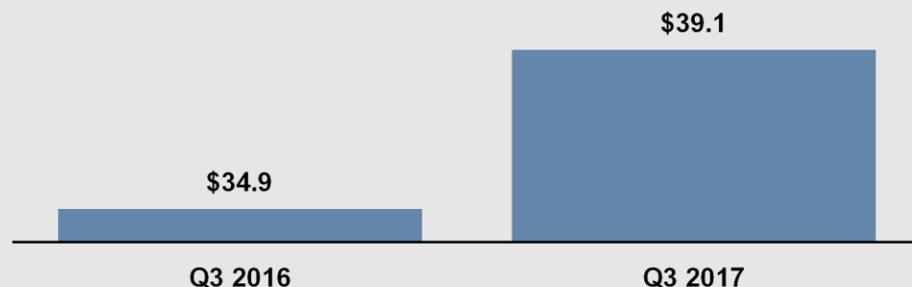
Market Outlook

Q3 2017 Trends / Outlook

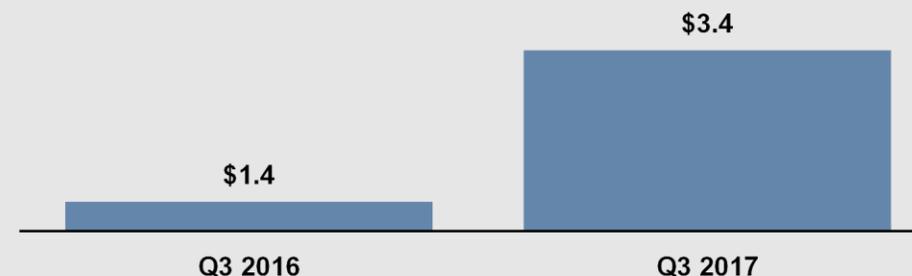
- Q3 2017 orders increased from Q3 2016 by 44.5% and backlog remained strong, 60.6% higher than September 30, 2016
 - Orders and backlog also improved over Q2 2017
- North American rail traffic continues to improve and Q3 car loads and intermodal units have combined for an increase of 3.7% over the prior year
- 2017 full year segment sales are expected to exceed our prior year totals

Q3 2017 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales increased due to improved demand for Fabricated Bridge from both projects and non-project work, including the continuation of the Peace Bridge project
- Improved precast building sales helped drive growth in the segment
- Segment profit increased largely due to gross profit margin improvement
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

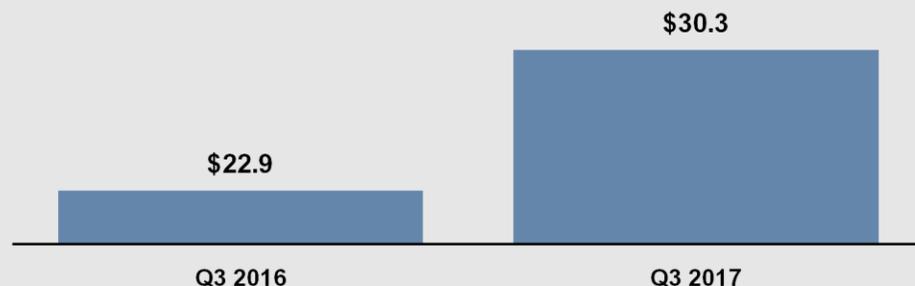
Market Outlook

Q3 2017 Trends / Outlook

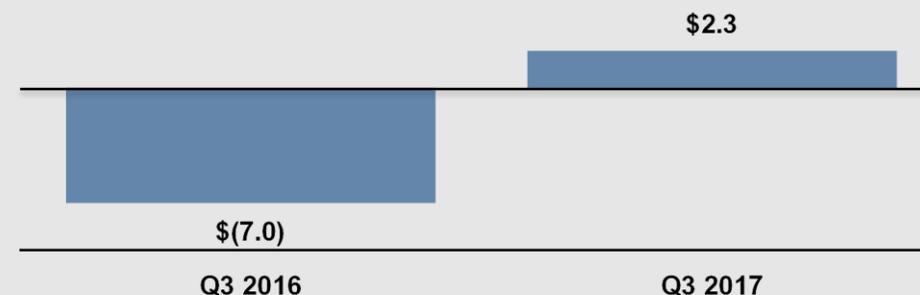
- New orders for Construction Products declined 11.1% primarily due to Piling reductions
 - 2017 Fabricated Bridge orders increased from prior year by \$5.3M
 - 2017 Precast Concrete Products backlog higher than prior year period by 34.2%
- 2017 full year Piling sales levels expected to surpass prior year levels

Q3 2017 Results

Sales
(\$ in millions)



Segment Profit/(Loss)
(\$ in millions)



Commentary

- Sales increased 32.3% with increases for all product categories except Precision Measurement
 - Upstream Test and Inspection sales growth continued as the number of new wells and demand increased
 - Protective Coatings order entry and backlog continued to be strong
- Non-GAAP gross profit margin improved across all divisions, favorably impacting segment profit. The prior year loss included impairment charges
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

Market Outlook

Q3 2017 Trends / Outlook

- New orders increased 97.1% compared to Q3 2016, improving our backlog to \$28.9 million
 - Segment orders and backlog also improved over Q2 2017
- Upstream oil and gas market continues year over year improvement
- Protective Coatings volume grows as pipeline projects move forward
- Precision Measurement new order and backlog activity improved as the midstream markets recover
- 2017 full year sales are anticipated to exceed our prior year totals

Q4 and Full Year 2017 Outlook

We expect that:

- Market conditions will remain favorable in all business segments through the fourth quarter
- Increased orders and backlog from the Rail and Tubular segments as both markets continue to show signs of recovery
- Favorable market conditions will provide for reduced Net Debt to EBITDA

	Q4 2017	FY 2017
Sales	\$135.0 - \$142.0 Million	\$530.0 - \$537.0 Million
EBITDA¹	\$9.5 - \$11.5 Million	\$35.0 - \$37.0 Million
Net Debt		\$90.0 - \$100.0 Million
Net Debt to EBITDA¹		Below 3.0x

(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

Key Takeaways

- Strong third quarter new orders and backlog activity driven by the continued recovery of rail and energy markets
 - New orders and backlog levels both significantly increased over the prior quarter and prior year period
 - Increased Precision Measurement Systems new orders and backlog indicate recovery in the midstream market
- Gross profit margins improved across all three segments
- Cost management activities continue, with a decline in SG&A expense as a percentage of sales
- Anticipated fourth quarter revenue outlook lead to increased third quarter working capital levels
 - Debt increased \$0.3 million over the prior quarter, despite increased working capital levels of 13.8 million
- Very strong 2017 year to date operating cash flow, providing \$27.5 million
- Lower Net Debt to EBITDA¹
 - Targeting below 3.0x for 2017, a reduction from 7.0x at December 31, 2016

*(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*



Appendix

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Non-GAAP Financial Measures: Adjusted EBITDA

L.B. Foster Company (FSTR)
Q3 2017 Earnings Presentation
Webcast November 7, 2017

(\$ in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net loss as reported	\$ 3.2	\$ (6.0)	\$ 3.8	\$ (100.8)
Interest expense, net	2.0	1.5	6.1	4.2
Income tax (benefit) expense	(0.2)	(3.4)	0.7	(42.1)
Depreciation	3.2	3.3	9.7	10.6
Amortization	1.8	1.8	5.2	7.8
EBITDA	9.9	(2.8)	25.6	(120.3)
Asset impairments	—	6.9	—	135.9
Adjusted EBITDA	\$ 9.9	\$ 4.1	\$ 25.6	\$ 15.6

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EPS

(\$ in millions, except per share data)

Adjusted Diluted Earnings (Loss) Per Share Reconciliation	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net income (loss), as reported	\$ 3.2	\$ (6.0)	\$ 3.8	\$ (100.8)
Asset impairments, net of tax benefits of \$1 and \$39.0	—	5.9	—	96.8
Adjusted net income (loss)	\$ 3.2	\$ (0.0)	\$ 3.8	\$ (4.0)
Average number of common shares outstanding - Diluted	10.5	10.3	10.4	10.3
Diluted earnings (loss) per common share, as reported	\$ 0.31	\$ (0.58)	\$ 0.37	\$ (9.82)
Diluted earnings (loss) per common share, as adjusted	\$ 0.31	\$ (0.00)	\$ 0.37	\$ (0.39)

Note: Figures may not foot due to rounding