L.B. Foster Company VanHooseCo Acquisition

Nasdaq - FSTR

August 15, 2022

Safe Harbor Disclaimer

Safe Harbor Statement

This presentation 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 in this earnings release 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 impacts and the response thereto by the Company, our employees, our customers, and national, state, or local governments; volatility in the prices of oil and natural gas and the related impact on the midstream energy markets, which could result in cost mitigation actions, including shutdowns or furlough periods; a continuation or worsening of the adverse economic conditions in the markets we serve, including possible recession in the markets we serve, whether as a result of the current COVID-19 pandemic, including its impact on labor markets, supply chains, and other inflationary costs, travel and demand for oil and gas, the continued deterioration in the prices for oil and gas, governmental travel restrictions, project delays, and budget shortfalls, 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 ongoing COVID-19 pandemic; environmental matters, including any costs associated with any remediation and monitoring of such matters; the risk of doing business in international markets, including compliance with anti-corruption and bribery laws, foreign currency fluctuations and inflation, and trade restrictions or embargoes; our ability to effectuate our strategy, including cost reduction initiatives, and our ability to effectively integrate acquired businesses or to divest businesses, such as the recent disposition of the Piling business and acquisitions of the Skratch Enterprises Ltd., Intelligent Video Ltd. and VanHooseCo businesses and to realize anticipated benefits; costs of and impacts associated with shareholder activism; continued 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 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, 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 effectiveness of our ongoing 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 taxes; domestic and foreign government regulations, including tariffs; economic conditions and regulatory changes caused by the United Kingdom's exit from the European Union; geopolitical conditions, including the conflict in Ukraine; 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, 2021, or as updated and/or amended by our other current or periodic filings with the Securities and Exchange Commission.

All information in this presentation speaks only as of August 15, 2022, 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")

The Company believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company's business since EBITDA may enhance 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 measure 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. Adjusted EBITDA adjusts for certain charges to net income and EBITDA that the Company believes are unusual, non-recurring, unpredictable, or non-cash.

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, net debt, and adjusted net leverage ratio, funding capacity, and other non-GAAP metrics are included within this presentation.

Opening Remarks

John Kasel
President and CEO

Acquisition of VanHooseCo - Executive Summary

Acquired the operating assets of VanHooseCo Precast LLC headquartered in Loudon, TN

Purchase price of $50.5M, subject to customary warranty / retention holdbacks and working capital adjustments

Purchase price represents a 7.0x - 7.5x multiple of adjusted EBITDA for fiscal year ended December 31, 2021

Establishes robust platform for investment and organic growth in expanding precast concrete market

Another important step in our transformation journey…well aligned with our growth strategy

Note: See appendix for non-GAAP reconciliation

Strategic Playbook – Progress on Key Workstreams

		Playbook Item	What We Mean
GROWTH	1	Double down on Precast Concrete	Expand share of turnkey building market; expand with organic and inorganic programs
	2	Drive step-change Friction Management growth via mobile solutions and new geographies	Growth of onboard market, share in existing applications and served markets
	3	Scale and increase capital efficiency in Europe	Focus on Contract Services business platforms best positioned for profitable and scalable growth
	4	Leverage and strengthen our position in technology businesses	Drive margin expansion in Rail Technologies; leverage technology development capabilities to establish first-mover advantage in Digital Railway
RETURNS	5	Exit Piling	Divested commoditized, working-capital intensive business for ~$24M to free up capital for growth programs
	6	Better leverage leadership position in niche markets (to drive returns)	Manage niche, lower-growth businesses to maximize profits while maintaining competitive position; focus on operational excellence programs to expand margins and reduce capital needs
	7	Maximize cash generation in remainder of businesses	Operate remaining businesses for cash with minimal capital investment; continuously evaluate entire portfolio in line with longer-term strategic vision
	8	Align corporate structure and SG&A base with forward portfolio requirements	Shift overall resourcing across business to better align with playbook; move resource intensity from back office to customer-facing growth enablers

Business Transformation Update

L.B. Foster continues to execute its portfolio transformation in line with our strategic playbook

Rail Technologies - Acquisitions

Completed acquisition of U.K.-based Skratch Enterprises Ltd. on June 21, 2022

Completed acquisition of U.K.-based Intelligent Video Ltd. on July 6, 2022

Rail Products - Divestiture

Completed sale of Canadian-based track components business on August 1, 2022

Both acquired businesses support the Company's Technology Services and Solutions growth platform

- Combined annual revenue of ~$8M and ~$1.8M in EBITDA
- ~$8.8M in combined acquisition purchase price
- 38 employees

Proceeds provide funds to invest in growth platforms

- Annual revenue of ~$14M and ~$1.5M in EBITDA
- ~$7.8M in divestiture proceeds
- 30 employees

1) Amounts presented are unaudited for TTM ended June 30, 2022.
2) Transaction purchase prices and proceeds subject to customary indemnity holdback and working capital adjustments.

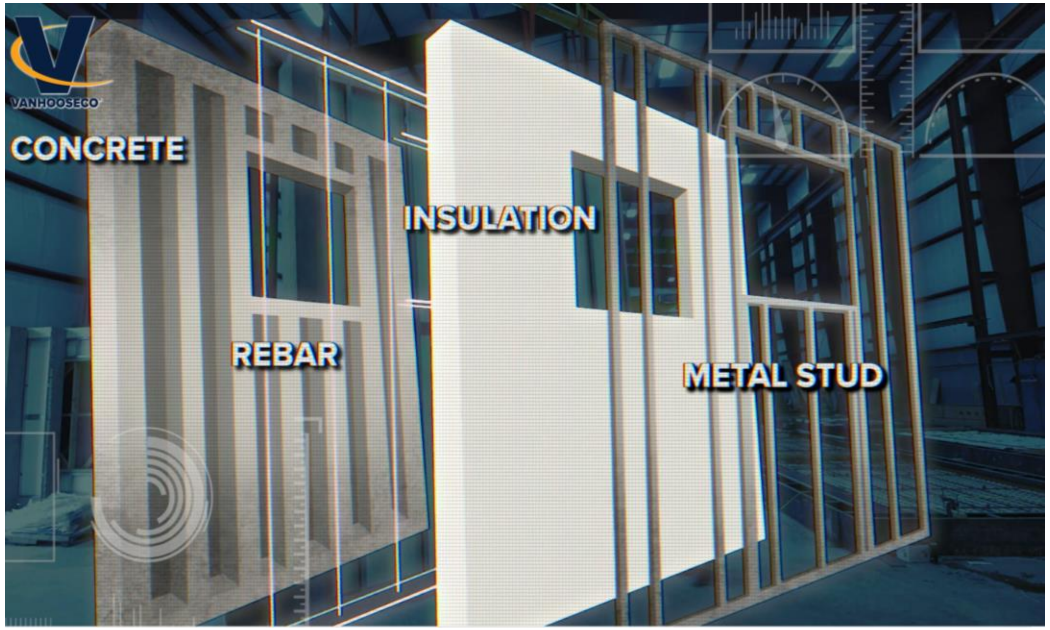
About VanHooseCo

VanHooseCo has a proud tradition serving the US precast concrete market for nearly 25 years

- Founded in 1998
- Headquartered in Loudon, TN (near Knoxville)
- Commissioning second manufacturing site in Lebanon, TN (near Nashville)
- Approximately 100 employees
- Serves commercial, industrial, and residential infrastructure markets

About VanHooseCo

Envirocast® insulated wall system complements our CXT® building portfolio



About VanHooseCo

Envirokeeper® water management products well positioned to address growing water conservation needs

Strategic Alignment

Disciplined process to identify and execute inorganic growth opportunities

		Ideal Candidate	VANHOOSECO
Economics	Size (Annual Revenue)	$40-$60M	$28M
	Revenue Growth	3-5%	> 5%
	EBITDA Margins	15+%	~25%
	EBITDA Multiple	6-7x	7x – 7.5x
Participation	Product Participation	- High mix of Building Components - Turnkey / Modular Buildings exposure is a bonus	✓
	Market Participation	Diversity in end segments	✓
Geographic Footprint	Regional coverage	- Southeast facility positioned to participate in favorable demographic trends…setup to accommodate new products	✓
	Key-Site footprint	- 2-3 acres in facility for Turnkey Buildings - 2-3 acres of yard space for Turnkey Buildings	✓
Capabilities	Batch Plant	Yes	✓
	Quality of Production Assets	Very High	✓
	Production Leadership Team	Strong technical knowhow, integrate LBF products (CXT buildings) and reverse integrate target products to LBF sites	✓
	Sales Team	Skilled and willing to stay, product and regional experts	✓
	Labor Pool Availability	Strong pool of people to pull from	✓
	Favorable Freight Lines	Yes	✓

VanHooseCo was an ideal acquisition candidate in alignment with our strategic playbook for the Precast Concrete growth platform

Financial Considerations

Bill Thalman
Senior Vice President and CFO

VanHooseCo Key Financial Statistics

Key Financial Statistics - VanHooseCo	As of and for fiscal year ended December 31, 2021
($ in millions)	
Total working capital	$ 5.9
Property, plant and equipment	19.2
Total assets	28.5
Net sales	28.7
Gross profit	8.0
Gross profit margin	28.0%
Selling and administrative expenses	2.9
Deferred compensation expense	2.5
Operating income	2.6
Interest expense	1.0
Other expense	0.3
Net income	1.4
Adjusted EBITDA	7.2
Operating cash flow	4.6
Less: Capital expenditures	6.2
Free Operating Cash Flow	(1.6)

- Book value of assets totaling $28.5M
  - Significant plant infrastructure in Loudon and Lebanon, TN
- Revenues totaled $28.7M in 2021
  - ~5% growth per annum in 2020 and 2021
  - Accelerated growth based on 1st 6-months of 2022
- Strong gross margins with focus on value-added products and best-practice commercial processes
- Adjusted EBITDA ~25% of sales before integration costs and sales synergies from Lebanon startup / product line integrations
- Cap Ex reflective of investment for growth; annual maintenance Cap Ex ~$1.0M

Purchase price represents 7.0x – 7.5x multiple of 2021 adjusted EBITDA

1) See reconciliation in appendix regarding non-GAAP measure.
2) Amounts may not foot due to rounding.

Credit Agreement Amendment

- Obtained unanimous bank syndicate approval of amendment to 4th Amended and Restated Credit Agreement entered into in August 2021 (the "Credit Agreement")
  - Credit Agreement required bank group approval of VanHooseCo acquisition
- <u>Key Amendment Terms</u>
  - VanHooseCo acquisition approved as a Permitted Acquisition
  - Maximum Gross Leverage Ratio increased from 3.25x to 4.0x at acquisition closing and 9/30/2022
    - 25 bps step down in ratio each quarter through 6/30/2023
    - Ratio back to 3.25x pre-Amendment level as of 6/30/2023 and thereafter
  - Additional pricing tier added at Gross Leverage levels above 3.25x
  - Updated Credit Agreement to convert from LIBOR-based to SOFR-based pricing

Bank group supportive along our transformation journey as we turn toward accelerating growth

Closing Remarks

John Kasel
President and CEO

Executing Our Strategic Playbook

Transforming LB Foster in line with our strategy

Rail Technologies - Acquisitions

SKRATCH

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Double Down on Precast – VanHooseCo Acquisition

VANHOOSECO®

Building Momentum

LBFoster®

> A global solutions provider of engineered, manufactured products and services that builds and supports **INFRASTRUCTURE**

Long-Term Vision
(2025)

REVENUE ~$600M
Organic Growth ~$100M
Acquisitions ~$150M

GROSS PROFIT MARGIN ~21.0%

ADJ. EBITDA ~$50M
Adj. EBITDA Margin ~8.0%

Thank you!

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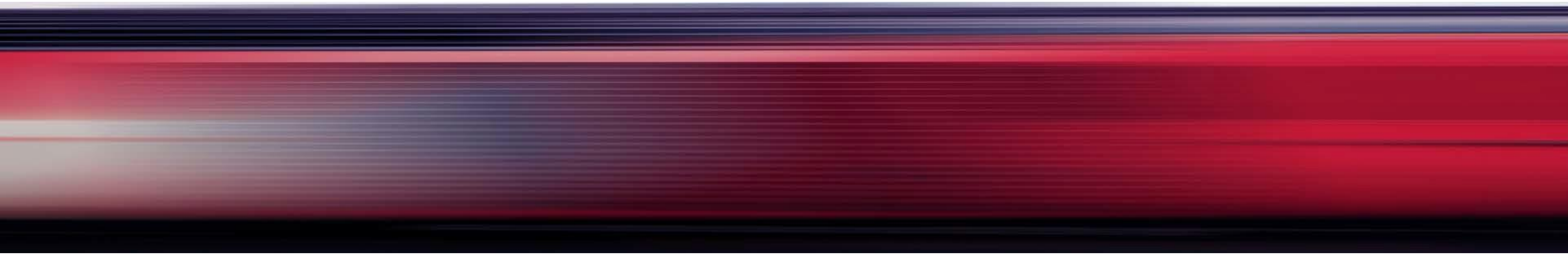

Non-GAAP Measure: EBITDA / Adjusted EBITDA (in 000s)

VanHooseCo Affiliated Entities		Twelve Months Ended December 31, 2021
Adjusted EBITDA Reconciliation		
Net income, as reported	$	1,354
Interest expense - net		957
Depreciation expense		1,867
Amortization expense		66
Total EBITDA	$	4,244
Non-recurring compensation		2,938
Adjusted EBITDA	$	7,182

Note figures may not foot due to rounding.