



BAIRD 2018 GLOBAL INDUSTRIAL CONFERENCE NOVEMBER 7, 2018

Bob Bauer – President and CEO
Jim Maloney – SVP, CFO and Treasurer

LBFoster®

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All information in this presentation speaks only as of November 7, 2018, 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.

This presentation also includes non-GAAP measures. Please refer to the Appendix for reconciliations of such non-GAAP measures to the most directly comparable GAAP measures. Management believes that the use of non-GAAP measures assists investors in understanding the underlying operating performance of the Company and its segments.

Discussion Points

- Financial Highlights
- Company Profile, Market Outlook & Value Creation



FINANCIAL HIGHLIGHTS

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Investor Presentation Released November 7, 2018

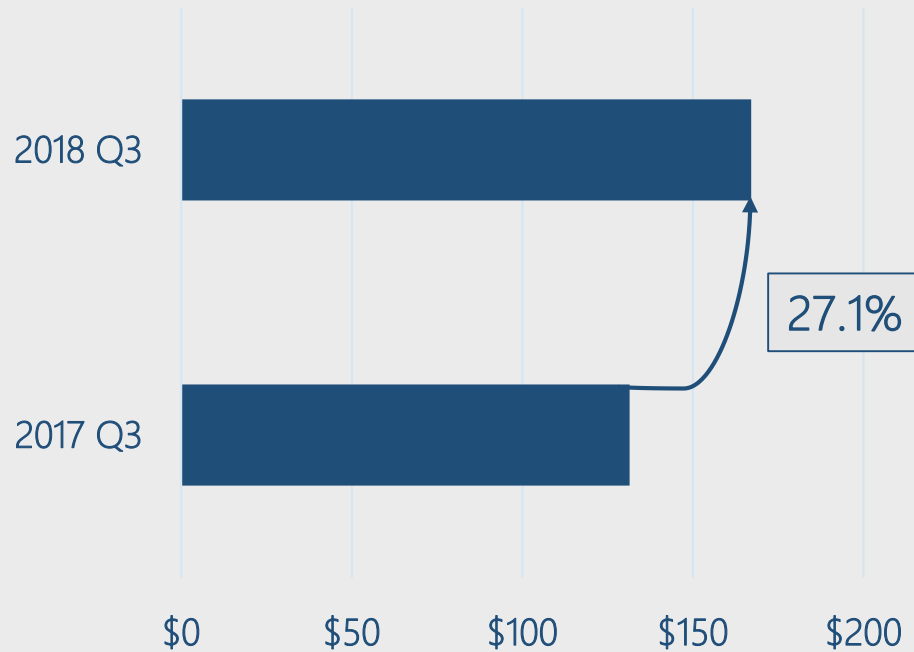
Financial Highlights

Metrics	YTD Sept. 30, 2018	YTD Sept. 30, 2017	Variance
Sales	\$462.4 million	\$395.1 million	\$67.4 million, 17.1%
Gross Profit	\$84.1	\$75.4	\$8.8 million, 11.7%
Gross Profit Margin	18.2%	19.1%	(90) Bps
Earnings per Diluted Share	\$0.75	\$0.37	\$0.38
EBITDA ¹	\$27.7 million	\$25.6 million	\$2.1 million, 8.1%
Operating Cash Flow	\$22.4 million	\$27.5 million	(\$5.1) million
New Orders	\$549.5 million	\$436.7 million	\$112.8 million, 25.8%
Backlog	\$251.6 million	\$189.6 million	\$62.0 million, 32.7%

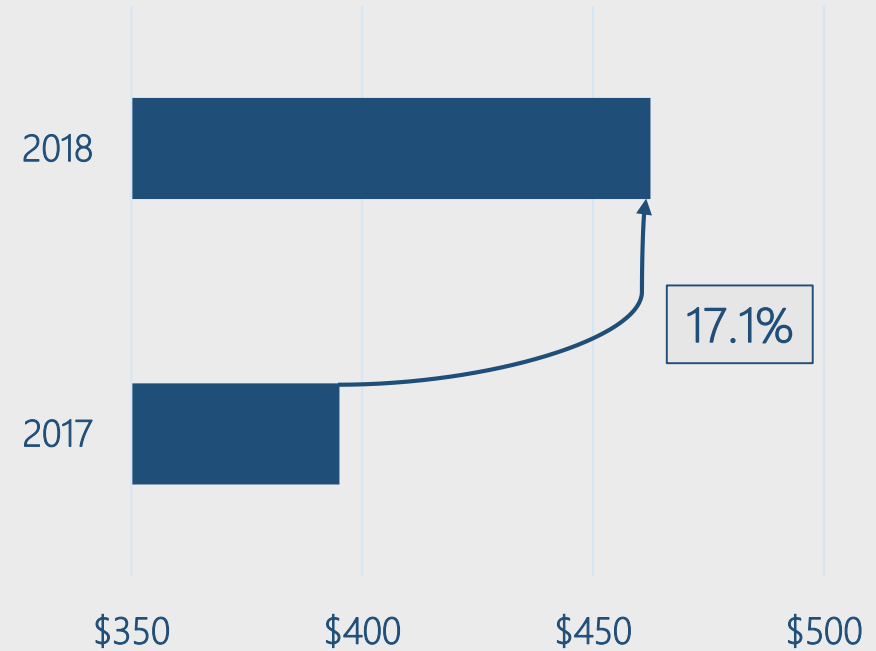
¹ Earnings Before Interest, Taxes, Depreciation, and Amortization. See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.

Sales Growth in 2018

Q3 Sales (\$M)



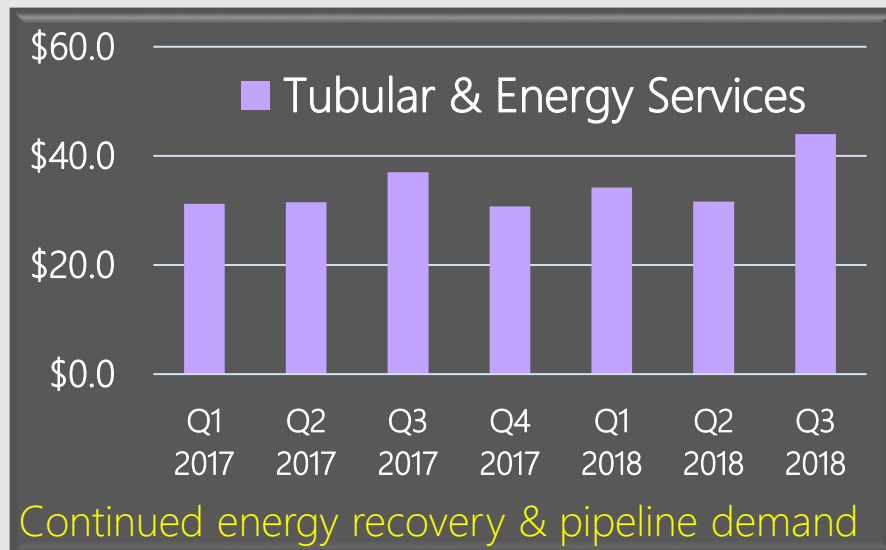
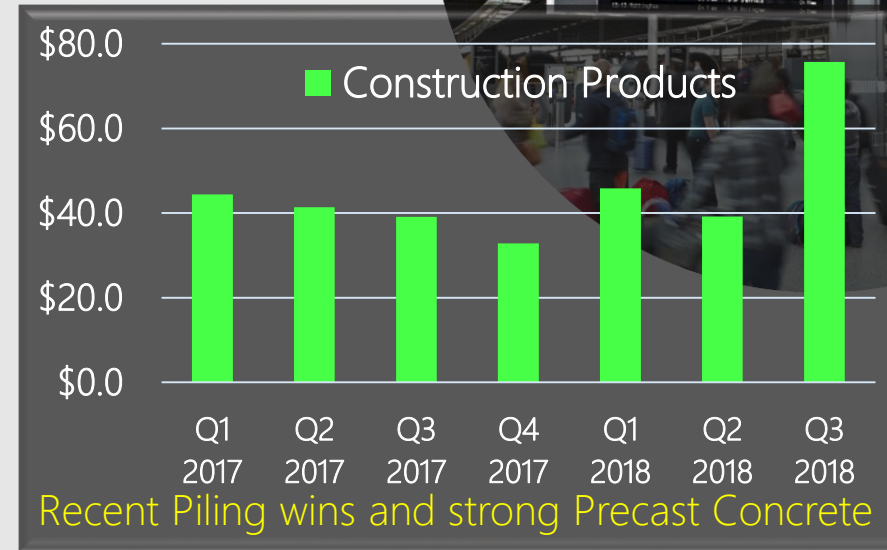
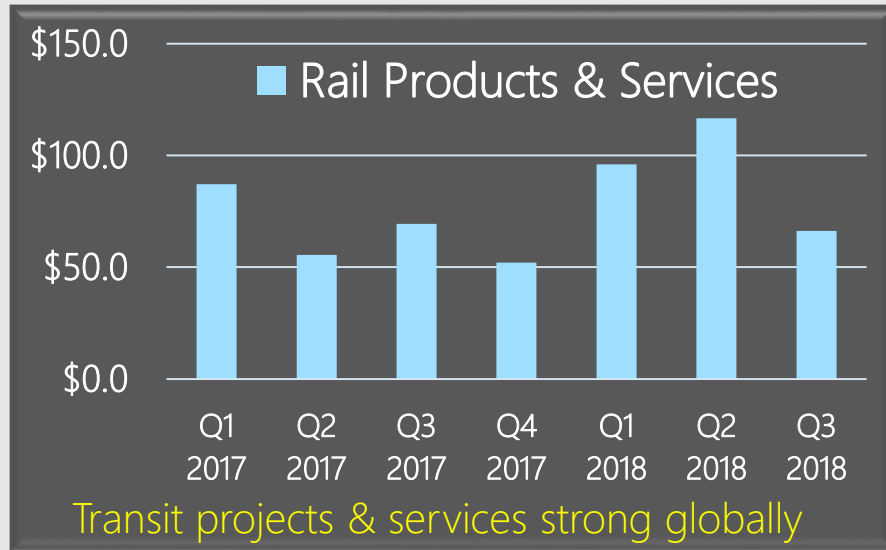
9 Months Sales (\$M)



- Rail Products & Services sales increased 36.1%
- Tubular & Energy Services sales increased 35.5%
- Construction Products sales increased 6.2%

- Rail Products & Services sales increased 27.0%
- Tubular & Energy Services sales increased 30.5%
- Construction Products sales decreased 7.6%

Orders History Q1 2017 through Q3 2018

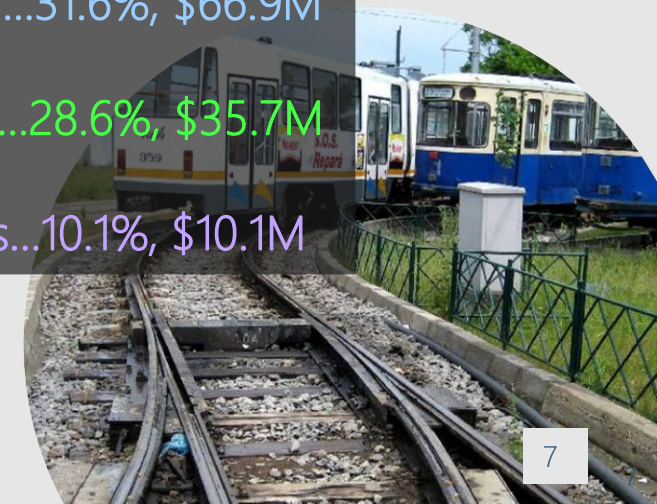


Y-O-Y Order Growth YTD Sept. 30

Rail Products & Services.....31.6%, \$66.9M

Construction Products.....28.6%, \$35.7M

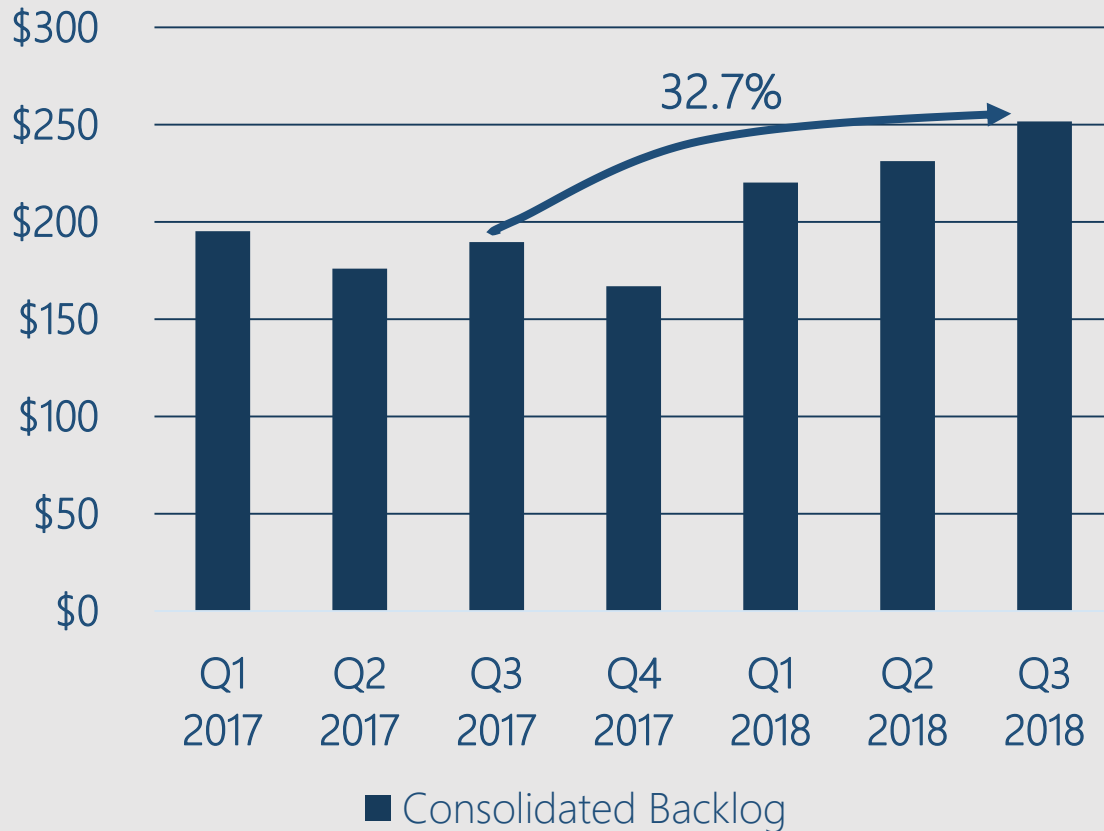
Tubular & Energy Services...10.1%, \$10.1M



Backlog Q1 2017 through Q3 2018

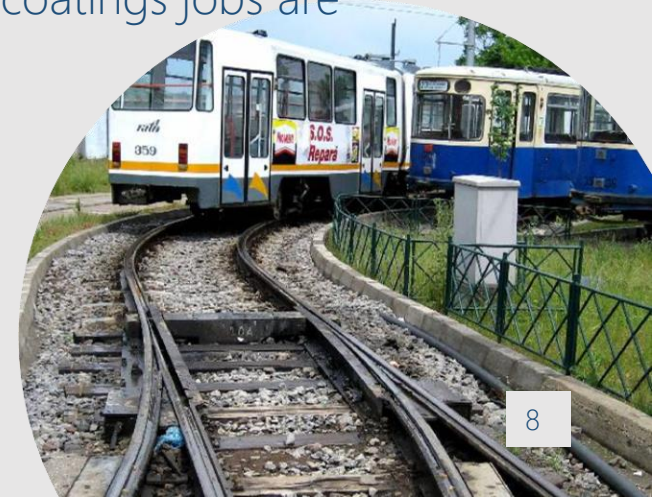
Backlog increased 32.7% in Q3 over prior year

Consolidated Backlog (\$M)

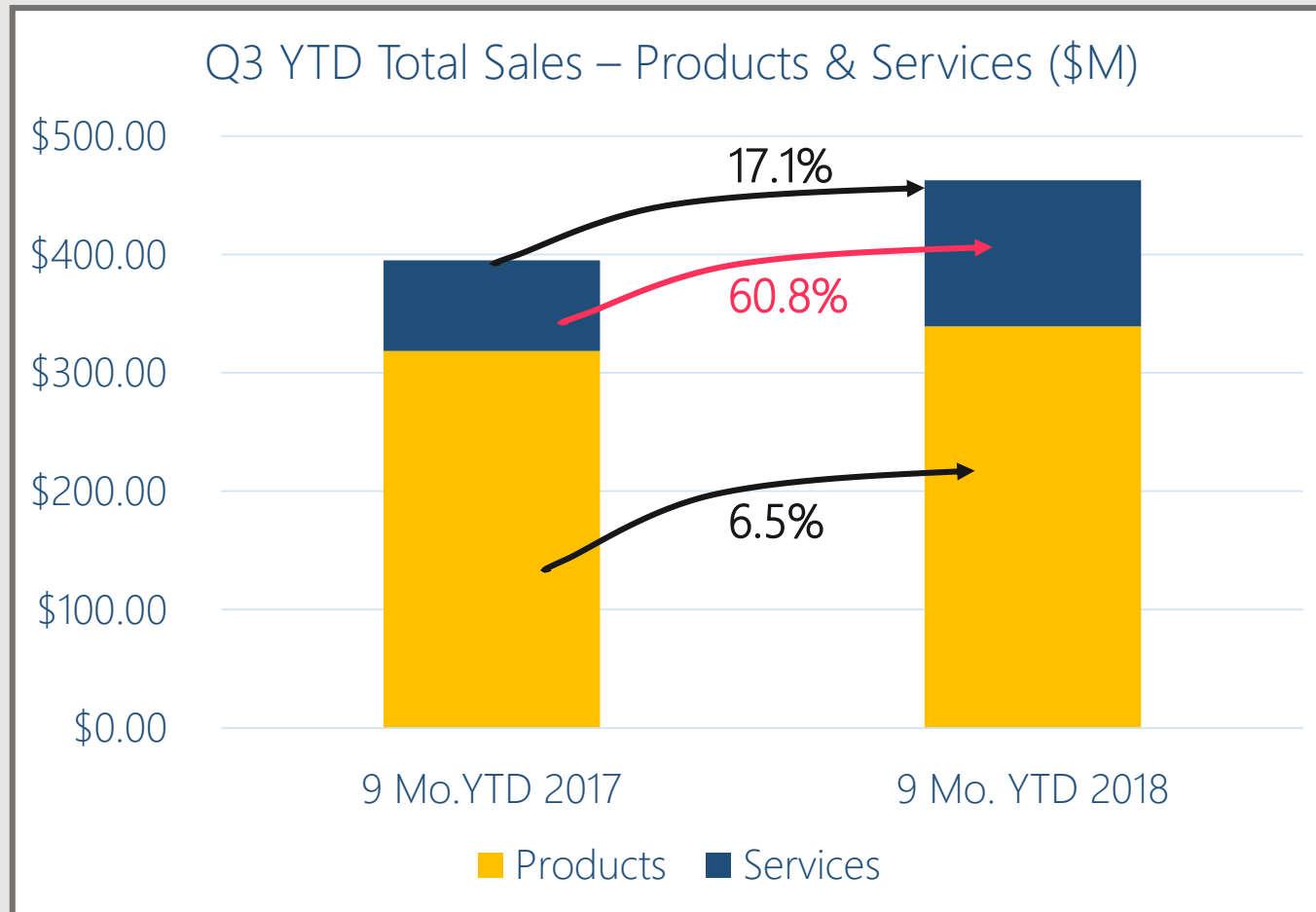


Year over year backlog change

- Rail Products & Services increased 26.9% on transit strength
- Construction Products segment increased 57.1% with large Piling projects driving change
- Tubular & Energy Services decreased 13.2% as some large protective coatings jobs are shipped

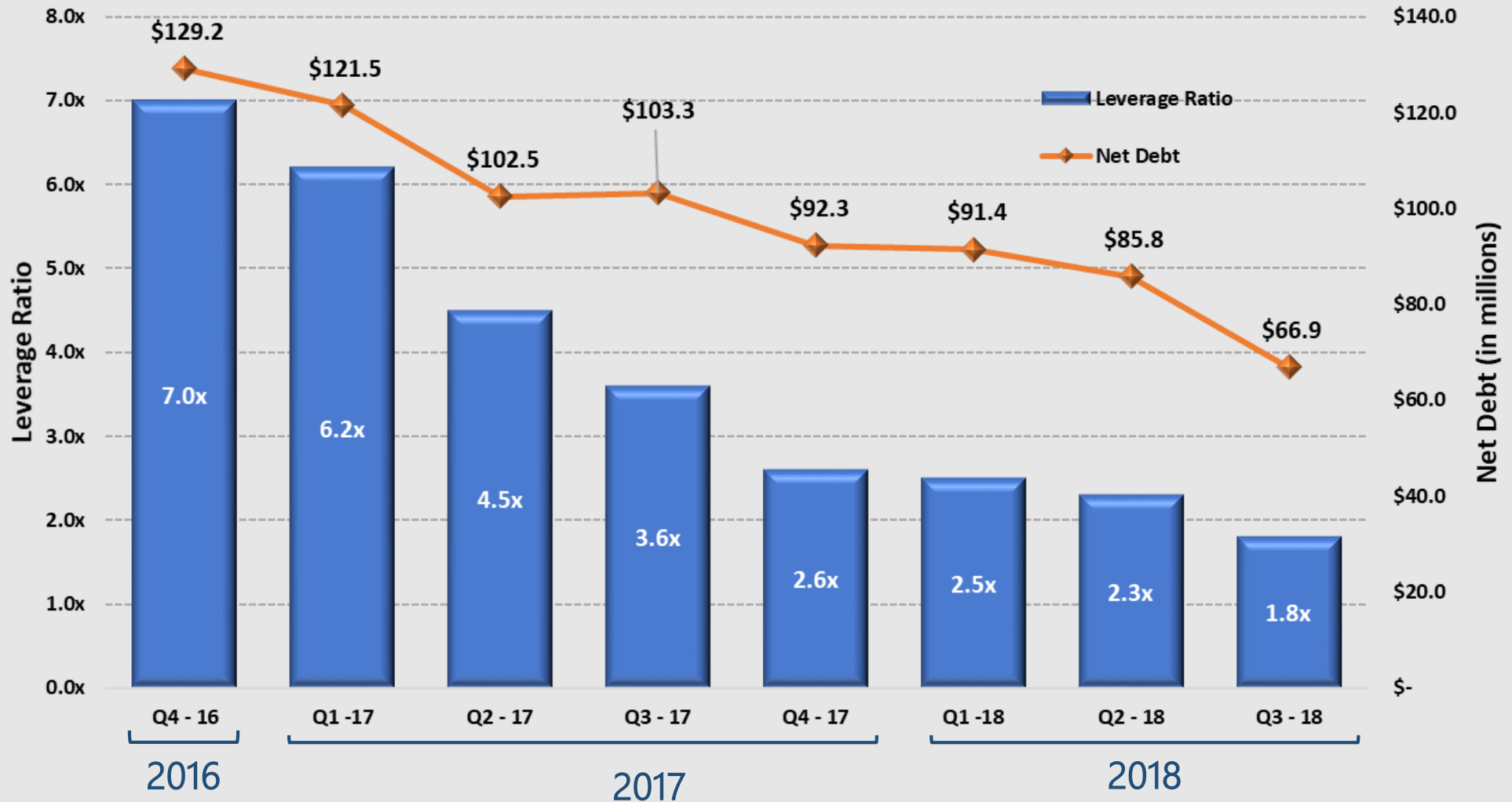


Continued migration toward services even as product sales are strong



- Nine-month YTD sales increase of 17.1%
- Services drive growth in Rail Products & Services and Tubular & Energy Services segments

Change in Leverage





COMPANY PROFILE, MARKET OUTLOOK AND VALUE CREATION

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Primary End Market Focus

Infrastructure for Transportation

Adjacent Markets around Core

- Rail Products and Services
 - Track infrastructure products
- Rail Technologies
 - Wheel rail interface solutions
 - Condition monitoring
- Automation Solutions
- Highways, Bridges, Ports
 - Piling products
 - Fabricated bridge decking

Rail Services

Precast Concrete Solutions

Automation Solutions

Infrastructure for Energy

Adjacent Markets around Core

- Energy Delivery Path
 - Safe deployment of tubulars
 - Corrosive protective coatings – pipelines
 - Test & inspection services
 - Reclamation and refurbishing
- Measurement & control for transport of liquids and gas
 - Precision measurement systems
 - Additive and Injection systems






Measurement Devices

Gas Measurement Systems

Coating Applications

Core focus remains while we pursue growth opportunities in adjacent markets

Current Business Profile

Markets We Serve	Transportation Infrastructure		Energy Infrastructure
Segment	Rail Products and Services	Construction Products	Tubular and Energy Services
% Revenue (YTD 9/30/18)			
Recent Emphasis	<ul style="list-style-type: none"> On-track services Rail Technologies 	<ul style="list-style-type: none"> Expanding pre-cast products & footprint Bridge peripheral components 	<ul style="list-style-type: none"> New Service offerings New measurement applications
Product Overview			

Globalization and Mobility Drive Transportation and Energy

<u>Trends</u>	<u>Drivers</u>	<u>Impact on FSTR</u>
Increasing use of public transportation	Congested highways, pollution	Transit rail and highway capacity demand
Efficiently moving people & freight constantly, around the world	Globalization, search for best supply chains & cost	Need for intermodal transportation investment & energy consumption
North American transition from a net importer to a net exporter of energy	Lower cost unconventional sources of oil, gas & natural gas liquids	Investment for export based infrastructure (pipelines and terminals)
Import/export growth	Global markets, trade & quotas	Construction of ports, intermodal rail, pipelines
Natural gas is a faster growing energy source replacing coal	Abundance & cost of gas, and environmental regulations	Upstream services & transport, offset by less coal by rail
Increase in renewable energy sources	Clean energy	Headwind for growth of hydrocarbons and coal

Creating Value for Our Shareholders

Invest in divisions with superior organic growth opportunity

- Friction management technology with after-market services
- Smart samplers, injection systems & gas measurement skids
- Automation solutions for railway & other applications
- New precast concrete products

Capitalize on recent market dynamics

Increase profitability & cash flow

- Business System: Continuous Sustainable Improvement
- Continued margin improvement through modernization and lower cost facilities
- Further working capital opportunity
- Modernization from ERP and other systems
- Business system enhances operational excellence

Expect further improvement in operating margins

Continue shift toward higher margin business models

- Investing in service business models such as tubular services, specialty coating, & friction management
- Sales mix: increasing in value-add solutions such as railway automation, smart measurement systems, controls & displays
- Exited low margin businesses:

2017/2018

- Brazil (switch to distribution model)
- Coating Field Services
- LB Pipe & Coupling JV

Acquisitions Aimed at Expanding Served Markets

	Acquisitions	Rationale
Energy	<ul style="list-style-type: none"> IOS (Test & Inspection Services) Chemtec (Precision Measurement Systems) 	<ul style="list-style-type: none"> Exposure to growing shale development with service and solutions IOS acquisition shifted us more from a products business to a services business Offers new markets and access to larger measurement market (about \$750M) within our existing customer base
	<ul style="list-style-type: none"> Ball Winch 	<ul style="list-style-type: none"> High margin custom coatings for small pipeline applications and fittings Complements and expands business through addition of custom coatings business
Transportation	<ul style="list-style-type: none"> Carr Concrete 	<ul style="list-style-type: none"> Ability to compete in East Coast market Expanded product offerings across entire precast business
	<ul style="list-style-type: none"> TEW 	<ul style="list-style-type: none"> Enhanced our product application and automation solutions capabilities Further expansion into international rail markets
	<ul style="list-style-type: none"> FWO 	<ul style="list-style-type: none"> Expansion of electronic track lubrication and maintenance business into Germany

Creating Value Through Innovation



Friction Management for Rail Applications



LIDAR used to Detect Debris at Crossings



Wheel Impact Load Detection



Smart Sampler for Precise Measurement



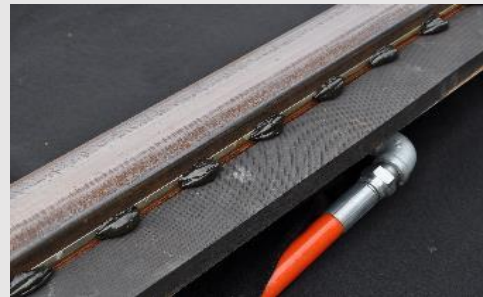
Traceability on Key Oilfield Tubular Integrity Tests



Single Driver Control/Display



Passenger Display Solutions



Biodegradable Grease Solutions

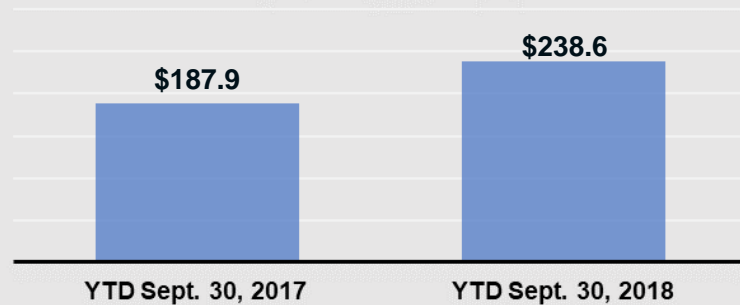


Corrosion Protection for Critical Applications

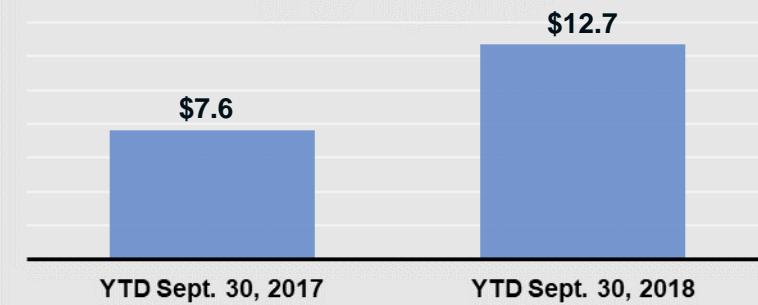
Rail Products and Services

YTD September 30, 2018 Results

Sales (\$ in millions)



Segment Profit (\$ in millions)



Commentary

- Sales increased by 27.0% with increases in both North American and European rail regions
 - NA Rail increase driven by:
 - Strength in transit rail projects
 - New rail tonnage up 8.3% over the prior year
 - Volume increases for Rail Technologies worldwide
 - European Rail Technologies business favorably impacted by transit market including services for London's Crossrail projects
- Cost containment activities continued as SG&A as a percentage of sales declined year over year
- Segment profit increased \$5.1 million, or 66.9%

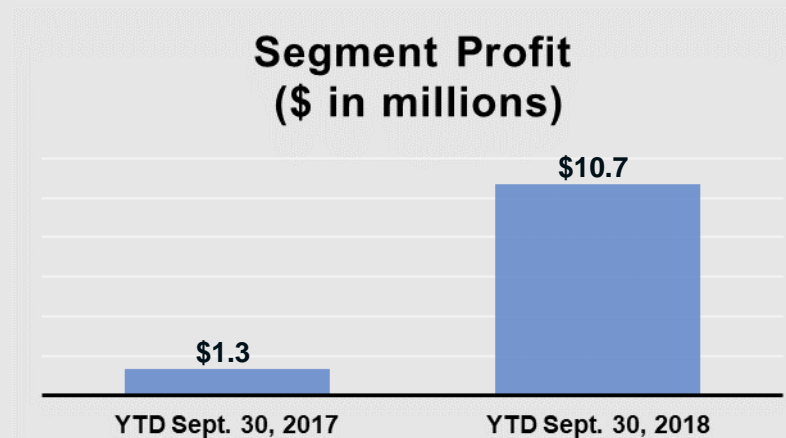
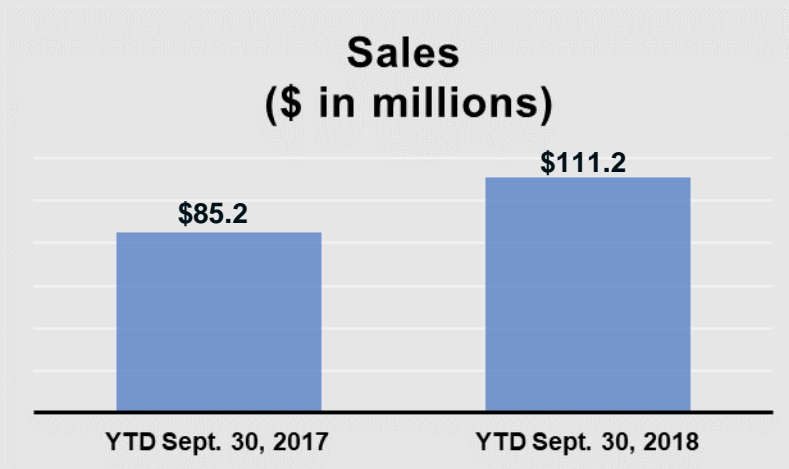
Market Outlook

2018 Trends / Outlook

- YTD 2018 orders increased from the same 2017 period by 31.6% and backlog remained strong, 26.9% higher than September 30, 2017
 - Bookings for European transit projects remained strong in 2018
 - Backlog of \$108.8 million favorably positions the segment moving into Q4 2018
- Significant spending continues for network expansion and modernization of transit systems worldwide
- North American freight rail traffic continues to improve and Q3 Class 1 total car loads have increased 3.2% over the prior year

Tubular and Energy Services

YTD September 30, 2018 Results



Commentary

- Sales increased 30.5% with increases for all product categories within the segment
 - Protective Coatings sales growth increased due to pipeline project orders over the last several quarters
 - Upstream Test and Inspection sales growth continued as the number of active wells and demand increased
 - Measurement Solutions sales nearly doubled compared to the prior year levels
- Cost containment activities continued as SG&A as a percentage of sales declined year over year
- Segment profit increased by \$9.4 million, supported by margin improvement of 390 basis points compared to the prior year

Market Outlook

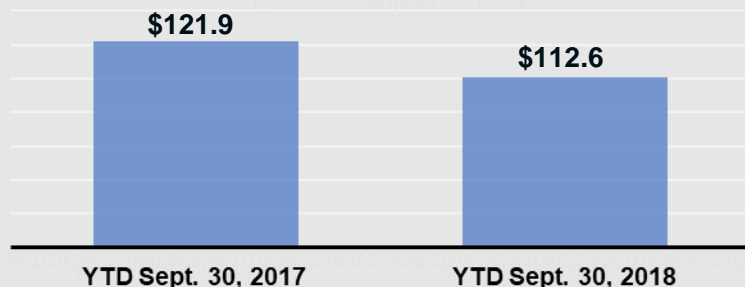
2018 Trends / Outlook

- Segment new orders for nine months ended September 30, 2018 have increased 10.1% over the prior year period
- Upstream oil and gas market continues year over year improvement
- Large backlog of pipeline projects in Protective Coatings has driven sales volume growth
- U.S. Operators lift production forecasts as tight oil & gas developers become more competitive globally and export opportunities emerge

Construction Products

YTD September 30, 2018 Results

Sales (\$ in millions)



Segment Profit (\$ in millions)



Commentary

- Sales decreased \$9.3 million, or 7.6%, as compared to the prior year period
 - Piling and Fabricated Bridge sales declined compared to the prior year period
 - Piling sales declined 11.2%, however orders to date are up 41.5%
 - Fabricated Bridge decline primarily related to the lack of a mega project in the current year
- Segment profit decreased 57.8%, largely due to competitive pricing, product mix, a decline in bridge decking volume, and manufacturing inefficiencies in 2018
- SG&A as a percentage of sales declined year over year

Market Outlook

2018 Trends / Outlook

- New orders for Construction Products increased 28.6% over the prior year
 - The increase in new orders was primarily supported by Piling and to a lesser extent, Fabricated Bridge and Precast Concrete Products
- Backlog increased 57.1% over the prior year period and 65.0% since December 31, 2017
- With Q3 2018 sales increasing over the prior year and the strength in new orders and ending backlog, the Company is encouraged by the momentum moving into Q4 2018

Operating Free Cash Flow Creates Value for our Shareholders

	2012	2013	2014	2015	2016	2017	YTD Sept. 30, 2018
Operating Cash Flow	\$27.0	\$13.9	\$66.7	\$56.2	\$18.4	\$39.4	\$22.4
Capital Spending	\$7.2	\$9.7	\$17.1	\$14.9	\$7.7	\$6.1	\$3.2

- Facility modernization
- ERP system investment
- Acquisition program support

- Significant modernization progress made during 2013 – 2015
- Several projects aimed to drive improvement in operating efficiency



THANK YOU

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APPENDIX

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Consolidated Income Statement - First Nine Months

(\$ in millions, except per share)	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 462.4	—	\$ 395.1	—	\$ 67.4	17.1%
Gross profit	84.1	18.2%	75.4	19.1%	8.8	11.7%
SG&A	65.5	14.2%	60.0	15.2%	5.5	9.1%
Amortization expense	5.3	1.2%	5.2	1.3%	0.1	2.0%
Interest expense, net	4.8	1.0%	6.1	1.6%	(1.3)	(21.7)%
Other income	(0.3)	(0.1)%	(0.6)	(0.1)%	0.2	42.8%
Pre-tax income	8.8	1.9%	4.5	1.1%	4.3	95.5%
Net income	\$ 7.9	1.7%	\$ 3.8	1.0%	\$ 4.1	106.3%
Diluted earnings per share	\$ 0.75		\$ 0.37		\$ 0.38	
EBITDA⁽¹⁾	\$ 27.7	6.0%	\$ 25.6	6.5%	\$ 2.1	8.1%

(1) Earnings Before Interest, Taxes, Depreciation and Amortization. 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

Balance Sheet

(\$ in millions)	September 30, 2018	December 31, 2017
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 9.6	\$ 37.7
Accounts receivable – net	85.6	76.6
Inventories – net	107.2	97.5
Other current assets	8.1	9.3
Total current assets	210.5	221.1
Property, plant and equipment – net	87.9	96.1
Other assets:		
Goodwill	19.4	19.8
Other intangibles – net	51.8	57.4
Other assets	0.9	2.2
TOTAL ASSETS	\$ 370.5	\$ 396.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 104.9	\$ 84.2
Accrued warranty	9.4	8.7
Current maturities of long-term debt	0.6	0.7
Total current liabilities	114.9	93.5
Long-term debt	75.8	129.3
Other long-term liabilities	24.7	27.3
Total stockholders' equity	155.1	146.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 370.5	\$ 396.6

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net income and non-cash items	\$ 23.4	\$ 19.0
Receivables	(10.6)	(11.9)
Inventory	(10.5)	(19.3)
Payables and deferred revenue	21.9	25.4
Working capital subtotal	0.7	(5.9)
All other	(1.7)	14.4
Operating cash flow	22.4	27.5
Capital expenditures	(3.2)	(5.3)
Debt payments – net	(53.5)	(21.3)
All other	6.2	3.7
Net (decrease) / increase in cash	(28.1)	4.6
Cash balance, end of period	\$ 9.6	\$ 35.0

Note: Figures may not foot due to rounding

New Order Summary - First Nine Months

(\$ in millions)	New Orders Entered		Delta	
	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	\$	%
Rail Products and Services	\$ 278.9	\$ 212.0	\$ 66.9	31.6%
Construction Products	160.7	125.0	35.7	28.6%
Tubular and Energy Services	109.9	99.8	10.1	10.1%
Total	\$ 549.5	\$ 436.7	\$ 112.8	25.8%

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		
	September 30, 2018	December 31, 2017	September 30, 2017
Rail Products and Services	\$ 108.8	\$ 68.9	\$ 85.8
Construction Products	117.7	71.3	74.9
Tubular and Energy Services	25.1	26.7	28.9
Total	\$ 251.6	\$ 166.9	\$ 189.6

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: EBITDA

(\$ in millions)	Nine Months Ended	
	September 30, 2018	September 30, 2017
Net income as reported	\$ 7.9	\$ 3.8
Interest expense, net	4.8	6.1
Income tax expense	1.0	0.7
Depreciation	8.7	9.7
Amortization	5.3	5.2
EBITDA	\$ 27.7	\$ 25.6

Note: Figures may not foot due to rounding