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Q1 2017 Earnings
Presentation



May 2, 2017



CONSTRUCTION
PRODUCTS



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. Potential risks and uncertainties include, but are not limited to, the impact of economic, competitive, regulatory, political and other risks and uncertainties including 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, 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 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, 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, 2016, and reports on Form 10-Q thereafter.

L.B. Foster Company assumes no obligation to update or revise any forward-looking information to reflect actual results, changes in assumptions or other factors affecting forward-looking information, except as required by law.

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

Non-GAAP Financial Measures

This earnings presentation discloses the following non-GAAP measure:

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

Management believes that this non-GAAP financial measure is useful to investors in the assessment of our operations as well as the use of our assets without regard to financing methods, capital structure, and historical cost basis. Additionally, EBITDA is a financial measurement that management and the board of directors use 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 the GAAP measures are included within this presentation.

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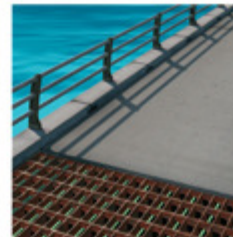
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Financial Overview



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Financial Highlights

Metrics	Q1 2017	Q1 2016	Variance
Sales	\$118.7 million	\$126.3 million	\$(7.6) million, (6.0)%
Gross Profit Margin	17.9%	19.0%	(110) Bps
Net Loss per Diluted Share	\$(0.23)	\$(0.28)	\$0.05
EBITDA ¹	\$5.1 million	\$4.0 million	\$1.1 million, 28.9%
Operating Cash Flow	\$10.7 million	\$(5.1) million	\$15.8 million
New Orders	\$162.7 million	\$117.9 million	\$44.8 million
Backlog	\$195.3 million	\$154.0 million	\$41.3 million

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.

Consolidated Income Statement - QTD

(\$ in millions, except per share)	Three Months Ended March 31, 2017		Three Months Ended March 31, 2016		Delta	
	\$	%	\$	%	\$	%
Sales	\$118.7	-	\$126.3	-	\$(7.6)	(6.0)%
Gross Profit	21.3	17.9%	24.0	19.0%	(2.7)	(11.3)%
SG&A	19.2	16.2%	22.8	18.1%	(3.6)	(15.7)%
Amortization Expense	1.8	1.5%	3.3	2.6%	(1.5)	(46.1)%
Interest Expense, Net	2.1	1.7%	1.1	0.9%	0.9	84.0%
Other Expense	0.2	0.2%	0.9	0.7%	(0.7)	(77.5)%
Pre-tax Loss	(2.0)	(1.7)%	(4.1)	(3.3)%	2.2	(52.0)%
Net Loss	(2.4)	(2.0)%	(2.8)	(2.2)%	0.4	(14.5)%
Diluted Loss Per Share	\$(0.23)		\$(0.28)		\$0.05	(17.9)%
EBITDA⁽¹⁾	\$5.1	4.3%	\$4.0	3.1%	\$1.1	28.9%

(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.

Segment Results

Sales (\$ in millions)	Three Months Ended March 31, 2017		Three Months Ended March 31, 2016		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$56.5	47.6%	\$64.3	50.9%	\$(7.8)	(12.2)%
Construction Products	37.3	31.4%	31.9	25.2%	5.4	17.1%
Tubular and Energy Services	24.9	21.0%	30.1	23.9%	(5.2)	(17.4)%
Total	\$118.7		\$126.3		\$(7.6)	(6.0)%

Segment Profit (Loss) (\$ in millions)	Three Months Ended March 31, 2017		Three Months Ended March 31, 2016		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$1.5	2.6%	\$0.7	1.2%	\$0.7	100.9%
Construction Products	1.2	3.3%	0.4	1.4%	0.8	172.1%
Tubular and Energy Services	(0.5)	(2.0)%	(1.9)	(6.4)%	1.4	73.6%
Segment Profit (Loss)	2.2	1.9%	(0.7)	(0.6)%	3.0	-
Corporate/Unallocated	(4.2)	-	(3.4)	-	(0.8)	(22.9)%
Total	\$(2.0)	(1.7)%	\$(4.1)	(3.3)%	\$2.2	(52.0)%

Note: Figures may not foot due to rounding

Balance Sheet

(\$ in millions)	March 31, 2017	December 31, 2016
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$33.8	\$30.4
Accounts receivable – net	76.7	66.6
Inventories – net	82.6	83.2
Other current assets	18.1	19.4
Total current assets	211.1	199.6
Property, plant and equipment – net	103.5	104.0
Other assets:		
Goodwill	19.1	18.9
Other intangibles – net	61.9	63.5
Other assets	6.6	7.0
Total assets	\$402.2	\$393.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$76.8	\$61.8
Accrued warranty	10.2	10.2
Current maturities of long-term debt	10.2	10.4
Total current liabilities	97.3	82.3
Long-term debt	145.1	149.2
Other long-term liabilities	28.1	28.3
Total stockholders' equity	131.8	133.3
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$402.2	\$393.0

Note: Figures may not foot due to rounding.

Cash Flows

(\$ in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net loss and non-cash items	\$3.0	\$4.0
Receivables	(9.9)	4.3
Inventory	0.9	4.1
Payables and deferred revenue	17.7	(7.8)
Working capital subtotal	8.8	0.6
All other	(1.0)	(9.8)
Operating cash flow	10.7	(5.1)
Capital expenditures	(3.5)	(3.1)
Dividends	-	(0.4)
Debt (payments) / proceeds – net	(4.3)	6.2
All other	0.4	0.1
Net increase / (decrease) in cash	3.4	(2.4)
Cash balance, end of period	\$33.8	\$30.9

Note: Figures may not foot due to rounding.

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	\$	%
Rail Products and Services	\$87.1	\$54.5	\$32.6	59.7%
Construction Products	44.4	39.6	4.8	12.1%
Tubular and Energy Services	31.2	23.8	7.4	31.1%
Total	\$162.7	\$117.9	\$44.8	38.0%

Note: Figures may not foot due to rounding.

Backlog Summary

(\$ in millions)	Backlog		
	<u>March 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>March 31, 2016</u>
Rail Products and Services	\$91.7	\$62.7	\$74.9
Construction Products	79.1	72.0	57.0
Tubular and Energy Services	24.5	12.8	22.1
Total	\$195.3	\$147.5	\$154.0

Note: Figures may not foot due to rounding.

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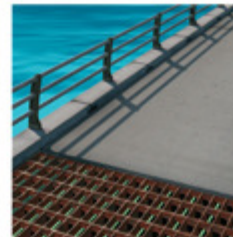
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Business Review



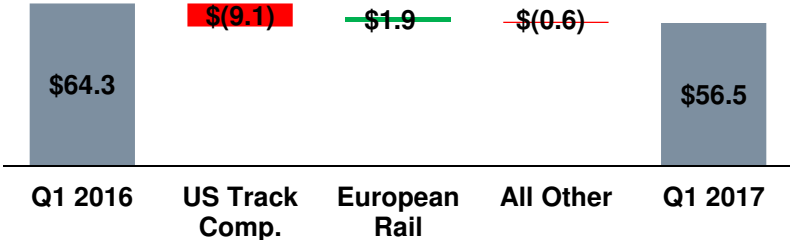
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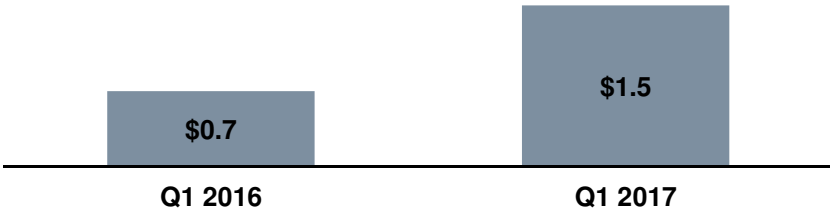
Rail Products and Services

Q1 2017 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales decreased by 12.2% with declines across all domestic track component divisions
 - Initial sales decrease driven by initial low levels of project activity in the domestic freight rail market and continued lower rail pricing impacting rail distribution sales
 - Exited quarter with improved Y-O-Y March sales
- European rail business remains strong due to project backlog
- Segment profit increased primarily due to SG&A and other expense reductions

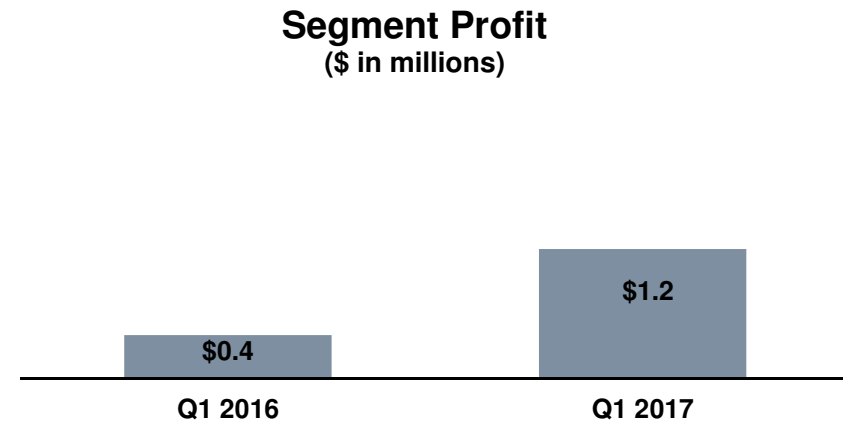
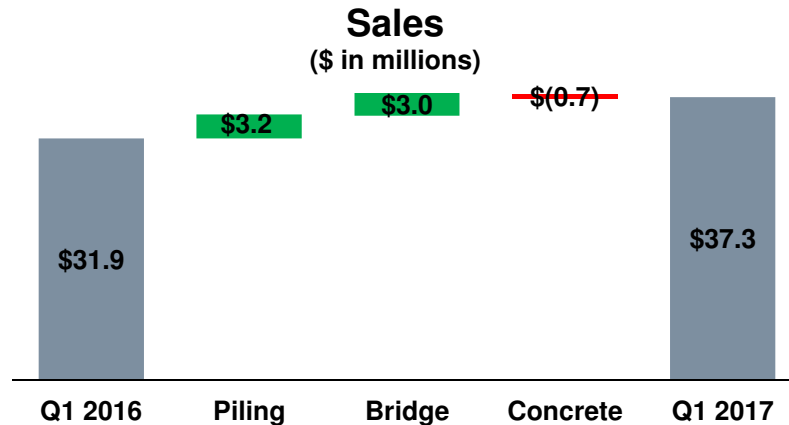
Market Outlook

Q1 2017 Trends / Outlook:

- North American freight orders have improved and are anticipated to maintain pace into Q3 2017
- Market prices for new rail expected to increase as mills announce price increases
- Continued favorable market outlook for European rail division

Construction Products

Q1 2017 Results



Commentary

- Sales increase due to improved demand for certain Piling products and continuation of Peace Bridge project
- Competitive pricing strategy and recovery of commodity piling business yielded improved Piling sales
- Segment profit increase largely due to increased operating efficiencies for Concrete products

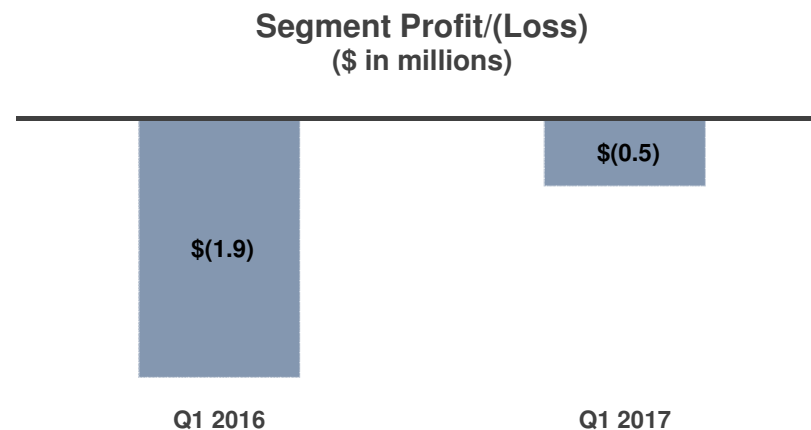
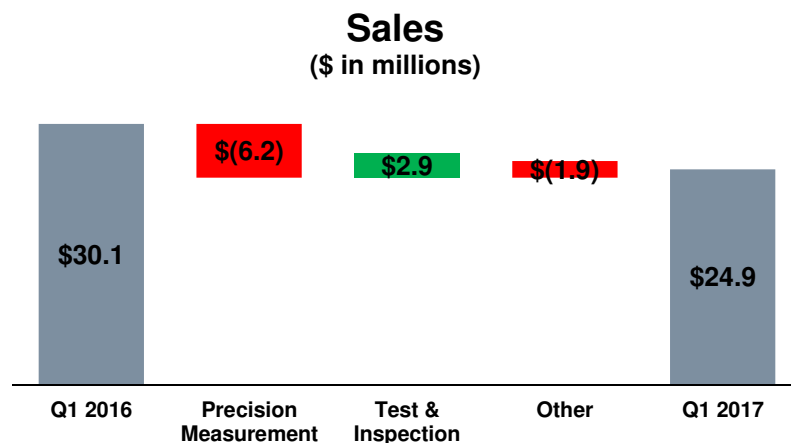
Market Outlook

Q1 2017 Trends / Outlook:

- New orders for Construction products increased 12.1%
 - Concrete products' expanded product offerings having a positive impact
- Peace Bridge project will continue into 2018
- Commodity piling pricing expected to remain competitive

Tubular and Energy Services

Q1 2017 Results



Commentary

- Sales decreased by 17.4% with declines in all product categories except Test and Inspection
 - Sales to midstream customers were down, particularly for Precision Measurement
 - Upstream Test and Inspection sales growth of 57.4%
- Q1 2017 favorably impacted from a reduction in amortization expense, due to 2016 impairment activity

Market Outlook

Q1 2017 Trends / Outlook

- Upstream oil and gas market strengthening
 - Test & Inspection orders improved 95% over Q1 2016 and 37.5% over Q4 2016
- Expect mixed midstream activity
 - Improved protective coatings volumes
 - Precision Measurement activity expected to lag upstream recovery

Key Takeaways

- Bookings in Q1 2017 reflect strengthening of our markets and the ability to gain share in certain niches
- Combined, the distribution businesses contributed to lower gross profit
- North American freight rail orders improved late in Q1 and are expected to remain steady into Q3 2017
- Upstream energy market activity continued to improve in Q1 2017. Midstream energy business is mixed, with improvements in protective coatings expected to be offset by a delayed recovery in precision measurement
- The Company's focus on working capital performance and free cash flow generation resulted in \$4.0 million reduction in outstanding bank debt

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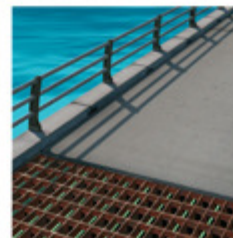
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Appendix



Non-GAAP Reconciliations



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Non-GAAP Financial Measures: EBITDA

(\$ in millions)	Three Months Ended	
	March 31, 2017	March 31, 2016
Net loss as reported	\$(2.4)	\$(2.8)
Interest expense, net	2.1	1.1
Income tax expense (benefit)	0.4	(1.3)
Depreciation	3.3	3.7
Amortization	1.8	3.3
EBITDA	\$5.1	\$4.0

Note: Figures may not foot due to rounding.