



Q1 2018 Earnings Presentation

May 1, 2018

LBFoster®

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All information in this presentation speaks only as of May 1, 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.

Non-GAAP Financial Measures

This earnings presentation discloses the following non-GAAP measures:

- Earnings before interest, taxes, depreciation, and amortization (“EBITDA”);
- Segment gross profit

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 on a more comparable basis to market trends and peers. Additionally, EBITDA is a financial measurement that management and the board of directors use in the determination of certain compensation programs. Segment profit allows users to understand the operational performance of our reportable segments, provides greater comparability to other registrants with similar businesses and avoids possible non-comparability at the reportable segment pre-tax profit level resulting from our specific corporate cost allocations, and facilitates a clearer, market-based perspective on the strength or weakness of our reportable segments in their markets to better aid in investment decisions. Management believes that these measures provide useful information to investors because it 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 are included within this presentation.



Financial Overview

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Financial Highlights

Metrics	Q1 2018	Q1 2017	Variance
Sales	\$122.5 million	\$118.7 million	\$3.8 million, 3.2%
Gross Profit Margin	18.0%	17.9%	10 bps
Loss per Diluted Share	\$(0.20)	\$(0.23)	\$0.03
EBITDA¹	\$5.1 million	\$5.1 million	\$0.0 million, 0.3%
Operating Cash Flow	\$2.6 million	\$10.7 million	\$(8.2) million
New Orders	\$176.0 million	\$162.7 million	\$13.2 million, 8.1%
Backlog	\$220.3 million	\$195.3 million	\$25.0 million, 12.8%

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

Consolidated Income Statement - First Quarter

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(\$ in millions, except per share)	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017		Delta	
	\$	%	\$	%	\$	%
Sales	\$ 122.5	—	\$ 118.7	—	\$ 3.8	3.2%
Gross profit	22.0	18.0%	21.3	17.9%	0.8	3.7%
SG&A	20.5	16.7%	19.2	16.2%	1.2	6.4%
Amortization expense	1.8	1.5%	1.8	1.5%	—	1.5%
Interest expense, net	1.9	1.5%	2.1	1.7%	(0.2)	(8.0)%
Other (income) expense	(0.6)	(0.5)%	0.2	0.2%	(0.8)	(395.1)%
Pre-tax loss	(1.5)	(1.2)%	(2.0)	(1.7)%	0.5	24.8%
Net loss	\$ (2.0)	(1.7)%	\$ (2.4)	(2.0)%	\$ 0.4	16.5%
Diluted loss per share	\$ (0.20)		\$ (0.23)		\$ 0.03	
EBITDA⁽¹⁾	\$ 5.1	4.2%	\$ 5.1	4.3%	\$ —	0.3%

(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

Segment Results

Sales (\$ in millions)	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 62.2	50.8%	\$ 56.5	47.6%	\$ 5.7	10.1%
Construction Products	28.9	23.6%	37.3	31.4%	(8.4)	(22.6)%
Tubular and Energy Services	31.4	25.6%	24.9	21.0%	6.5	26.0%
Total	\$ 122.5		\$ 118.7		\$ 3.8	3.2%

Segment Profit (Loss) (\$ in millions)	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 2.0	3.3%	\$ 0.8	1.5%	\$ 1.2	148.8%
Construction Products	0.0	0.1%	1.7	4.5%	(1.6)	(98.9)%
Tubular and Energy Services	1.9	6.0%	(0.7)	(2.7)%	2.6	377.2%
Segment profit	4.0	3.2%	1.8	1.5%	2.1	118.4%
Corporate/Unallocated	(5.4)	(4.4)%	(3.8)	(3.2)%	(1.6)	43.4%
Pre-tax loss	\$ (1.5)	(1.2)%	\$ (2.0)	(1.7)%	\$ 0.5	24.8%

Note: Figures may not foot due to rounding

Balance Sheet

L.B. Foster Company (FSTR)
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(\$ in millions)	March 31, 2018	December 31, 2017
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 11.0	\$ 37.7
Accounts receivable – net	76.8	76.6
Inventories – net	101.1	97.5
Other current assets	12.6	9.3
Total current assets	201.5	221.1
Property, plant and equipment – net	93.9	96.1
Other assets:		
Goodwill	20.1	19.8
Other intangibles – net	56.0	57.4
Other assets	1.9	2.2
Total assets	\$ 373.4	\$ 396.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 90.3	\$ 84.2
Accrued warranty	8.7	8.7
Current maturities of long-term debt	0.7	0.7
Total current liabilities	99.7	93.5
Long-term debt	101.8	129.3
Other long-term liabilities	26.1	27.3
Total stockholders' equity	145.8	146.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 373.4	\$ 396.6

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net loss and non-cash items	\$ 2.5	\$ 3.0
Receivables	0.0	(9.9)
Inventory	(2.9)	0.9
Payables and deferred revenue	10.8	17.7
Working capital subtotal	8.0	8.8
All other	(7.9)	(1.0)
Operating cash flow	2.6	10.7
Capital expenditures	(0.7)	(3.5)
Debt (payments) / proceeds – net	(27.6)	(4.3)
All other	(1.0)	0.5
Net (decrease) / increase in cash	(26.7)	3.4
Cash balance, end of period	\$ 11.0	\$ 33.8

Note: Figures may not foot due to rounding

New Order Summary - First Quarter

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	\$	%
Rail Products and Services	\$ 96.0	\$ 87.1	\$ 8.9	10.2%
Construction Products	45.7	44.4	1.4	3.0%
Tubular and Energy Services	34.2	31.2	3.0	9.6%
Total	\$ 176.0	\$ 162.7	\$ 13.2	8.1%

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		
	March 31, 2018	December 31, 2017	March 31, 2017
Rail Products and Services	\$ 104.9	\$ 68.9	\$ 91.7
Construction Products	85.7	71.3	79.2
Tubular and Energy Services	29.7	26.7	24.5
Total	\$ 220.3	\$ 166.9	\$ 195.3

Note: Figures may not foot due to rounding

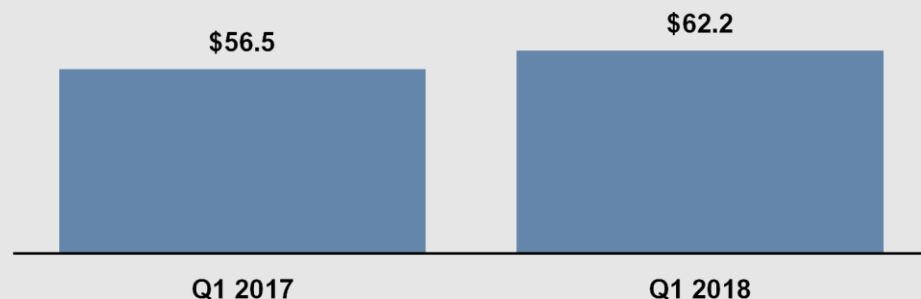


Business Review

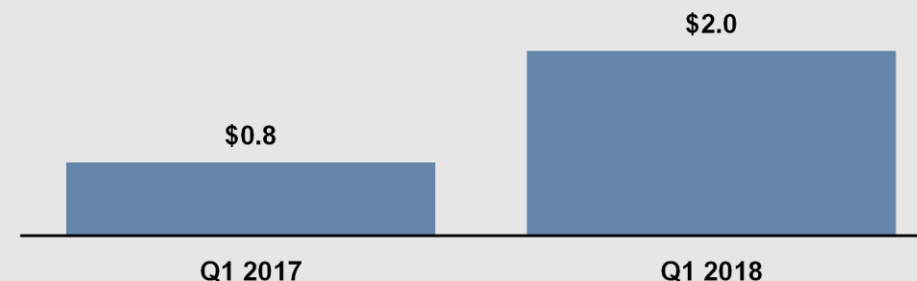
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Q1 2018 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales increased by 10.1% with increases in both North American and European rail divisions
 - NA Rail increase driven by:
 - Continued recovery among freight railroads
 - Volume increases for Rail Technologies
 - European Rail Technologies rail business volumes increased
- Non-GAAP gross profit increased \$0.7 million, or 6.4%
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

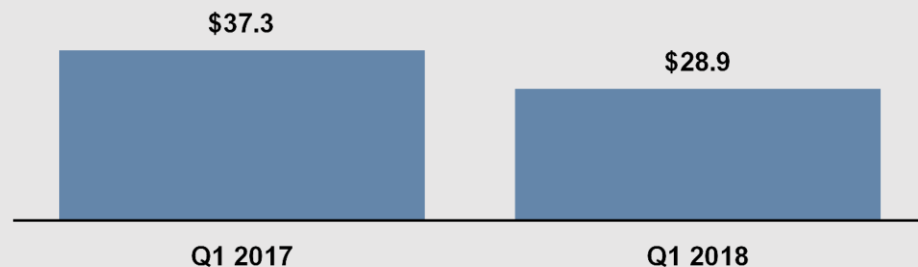
Market Outlook

Q1 2018 Trends / Outlook

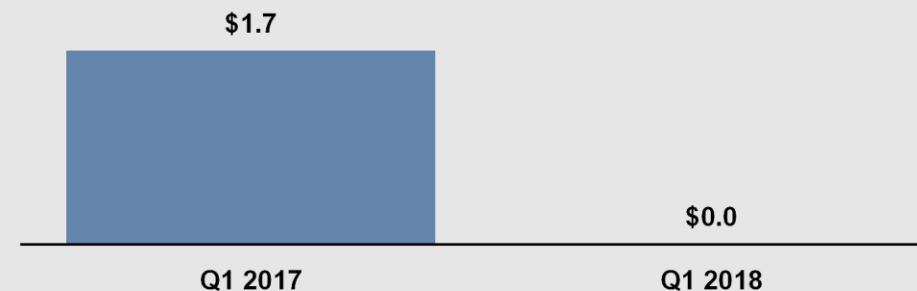
- Q1 2018 orders increased from Q1 2017 by 10.2% and backlog remained strong, 14.5% higher than March 31, 2017
 - Orders and backlog also improved over Q4 2017
- North American rail traffic continues to improve and Q1 Class 1 total car loads have increased 5.1% over the prior year
- Significant spending continues for network expansion and modernization of transit systems worldwide

Q1 2018 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales decreased 8.4 million, or 22.6%, as compared to the prior year period.
 - Q1 2017 sales reflect solid backlog from the Peace Bridge order
 - Piling sales much lower - decline in commodity piling orders through Q4 2017
 - Improved Precast Concrete Products sales helped offset a portion of the decline
- Segment profit decreased largely due to non-GAAP gross profit margin reduction of 220 basis points compared to the prior year

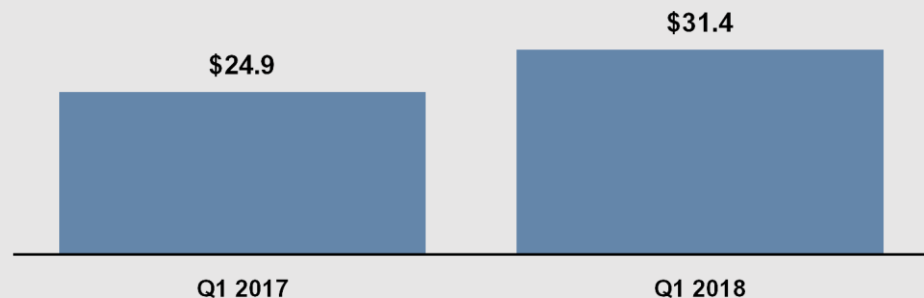
Market Outlook

Q1 2018 Trends / Outlook

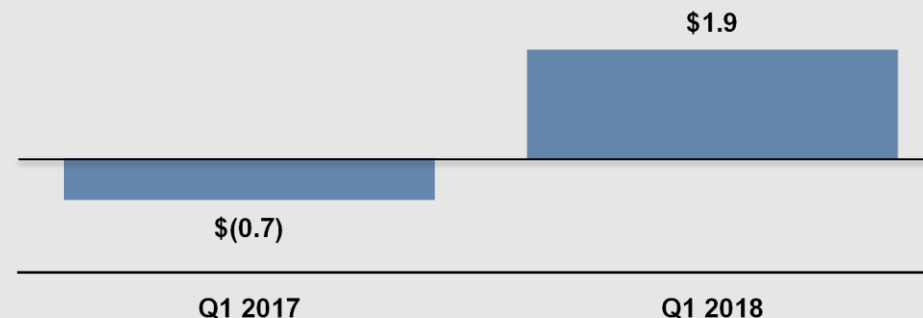
- New orders for Construction Products increased 3.0% over the prior year period
 - New orders increased 39.6% sequentially over Q4 2017
- Backlog increased 8.3% over the prior year period and 20.2% since December 31, 2017
- Despite lower sales in the first quarter, the Company remains encouraged by strong new orders and backlog within the quarter

Q1 2018 Results

Sales
(\$ in millions)



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



Commentary

- Sales increased 26.0% with increases for all product categories within the segment
 - Upstream Test and Inspection sales growth continued as the number of active wells and demand increased
 - Protective Coatings order entry and backlog continued to be strong
- Non-GAAP gross profit margin improved across all divisions, with the exception of Threaded Products, favorably impacting segment profit
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

Market Outlook

Q1 2018 Trends / Outlook

- New orders increased 9.6% compared to Q1 2017, improving our backlog to \$29.7 million
 - Segment new orders and backlog also improved over Q4 2017
- Upstream oil and gas market continues year over year improvement
- Protective Coatings volume continues to grow as pipeline projects move forward

Key Takeaways

- Strong first quarter new orders and backlog activity driven by rail and energy market spending and new projects
 - New orders and backlog levels both significantly increased over the prior quarter and prior year period
 - Increases in each of the three segments over the discrete periods
 - Highest levels of quarterly new orders and ending backlog since 2014
- First quarter 2018 sales increased \$3.8 million, or 3.2%, over the prior year
 - Driven by 26.0% and 10.1% increases in the Tubular and Rail segments, respectively
- Debt was reduced by \$27.6 million during the quarter
 - \$24.7 million was repatriated from international excess cash and applied against outstanding debt
 - Earnings are expected to reduce our interest rate spread 75 basis points beginning in the second quarter of 2018
- Lower Net Debt to EBITDA¹
 - Net Debt to EBITDA ratio ended at 2.55x for the trailing twelve months

*(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: EBITDA

(\$ in millions)	Three Months Ended	
	March 31, 2018	March 31, 2017
Net loss as reported	\$ (2.0)	\$ (2.4)
Interest expense, net	1.9	2.1
Income tax expense	0.5	0.4
Depreciation	2.9	3.3
Amortization	1.8	1.8
EBITDA	\$ 5.1	\$ 5.1

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Segment Gross Profit

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(\$ in millions)	Three months ended March 31, 2018			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Reportable Segment Profit	\$ 2.0	\$ 0.0	\$ 1.9	\$ 4.0
Segment and Allocated Selling & Administrative	8.9	4.0	3.6	16.4
Amortization Expense	1.0	—	0.8	1.8
Non-GAAP Segment Gross Profit	\$ 11.9	\$ 4.0	\$ 6.2	\$ 22.2

(\$ in millions)	Three months ended March 31, 2017			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Reportable Segment Profit (Loss)	\$ 0.8	\$ 1.7	\$ (0.7)	\$ 1.8
Segment and Allocated Selling & Administrative	9.4	4.3	4.1	17.9
Amortization Expense	0.9	—	0.8	1.8
Non-GAAP Segment Gross Profit	\$ 11.2	\$ 6.0	\$ 4.2	\$ 21.4

Note: Figures may not foot due to rounding