



# Q3 2019 Earnings Presentation

## October 29, 2019

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# 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. L.B. Foster Company (“Company”) has based these forward-looking statements on management's 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: a resumption of the economic slowdown we experienced in previous years in the markets we serve; a decrease in freight or passenger rail traffic; economic conditions and regulatory changes caused by the United Kingdom's pending exit from the European Union and the possibility of a “no-deal Brexit;” shifting federal and foreign regulatory policies, including tariffs; 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, the adequacy of internal and external sources of funds to meet financing needs, cyber-security risks such as data security breaches, malware, “hacking,” and identity theft, a failure of which could disrupt our business and result in damage to our systems, increase costs and losses, or reputational damages; environmental matters, including any costs associated with any remediation and monitoring; 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, 2018, and as updated and amended in our Quarterly Reports on Form 10-Q thereafter.

All information in this presentation speaks only as of October 29, 2019, 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”)
- Earnings before interest, taxes, depreciation, amortization, and certain charges (“adjusted EBITDA”)
- Net debt

Management believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company’s business since EBITDA enhances investors’ ability to compare historical periods by adjusting for the impact of financing methods, tax law and strategy changes, and depreciation and amortization. In addition, EBITDA is a financial measurement that management and the Company’s Board of Directors uses in its financial and operational decision-making and in the determination of certain compensation programs. Additionally, adjusted EBITDA which includes certain adjustments to EBITDA. In 2018, the Company made adjustments to exclude in impact of the Union Pacific Railroad concrete tie settlement agreement. The Company views net debt, which is total debt less cash and cash equivalents, as an important metric of the operational and financial health of the organization and useful to investors as an indicator of our ability to incur additional debt and to service our existing debt.

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 and net debt are included within this presentation.





# Financial Overview

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# Executive Summary

- Full year 2019 net sales and earnings are anticipated to outpace 2018
- Third quarter 2019 sales decreased by \$12.8 million, or 7.7%, over the prior year quarter
  - Driven by 19.8% and 4.1% declines in the Rail Products and Services and Tubular and Energy Services segments, respectively
    - Due to timing of transit projects and London Crossrail volume
  - Partially offset by a 13.6% increase in Construction Products segment sales
    - Increases in all business units within the segment
- Cash provided by operations was \$22.7 million for the three months ended September 30, 2019
- Net debt<sup>1</sup> decreased by \$21.5 million as of September 30, 2019 when compared to June 30, 2019
- Reduction of net debt to EBITDA<sup>1</sup> compared to the prior year quarter
  - September 30, 2019 net debt to adjusted EBITDA<sup>1</sup> ratio ended at 1.2x for the trailing twelve months
- Fourth quarter 2019 sales and EBITDA<sup>1</sup> expected to exceed third quarter 2019
  - Anticipated cash flow generated from operations to further service our outstanding debt
  - We expect a number of large project bookings in fourth quarter

# Financial Highlights

Metrics	Q3 2019	Q3 2018	Variance	YTD 2019	YTD 2018	Variance
<b>Sales</b>	\$154.3 million	\$167.1 million	\$(12.8) million, (7.7)%	\$505.7 million	\$462.4 million	\$43.2 million, 9.4%
<b>Gross Profit</b>	\$27.7 million	\$31.3 million	\$(3.6) million, (11.5)%	\$94.0 million	\$86.6 million	\$7.4 million, 8.6%
<b>Gross Profit Margin</b>	17.9%	18.7%	(80) bps	18.6%	18.7%	(10) bps
<b>Earnings per Diluted Share</b>	\$0.29	\$0.61	\$(0.32)	\$1.53	\$0.95	\$0.58
<b>EBITDA<sup>1</sup></b>	\$8.6 million	\$12.3 million	\$(3.7) million, (30.0)%	\$36.1 million	\$30.1 million	\$6.0 million, 19.9%
<b>Operating Cash Flow</b>	\$22.7 million	\$14.5 million	\$8.2 million	\$13.3 million	\$22.4 million	\$(9.1) million
<b>New Orders</b>	\$144.2 million	\$186.0 million	\$(41.9) million, (22.5)%	\$488.6 million	\$549.5 million	\$(60.9) million, (11.1)%
<b>Backlog</b>	\$194.1 million	\$251.6 million	\$(57.5) million, (22.9)%			

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

# Q4 and Full Year 2019 Outlook

- Starting backlog at \$194.1 million
- Several large projects expected to be secured during the fourth quarter
- Additional cash flow generated from operating activities anticipated in the fourth quarter

	Q4 2019	FY 2019
<b>Sales</b>	\$155.0 - \$170.0 million	\$660.0 - \$675.0 million
<b>EBITDA<sup>1</sup></b>	Exceeding \$8.6 million	Exceeding \$45.0 million

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

# New Order Summary

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(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	\$	%
Rail Products and Services	\$ 64.3	\$ 66.3	\$ (2.0)	(3.0)%
Construction Products	46.4	75.7	(29.3)	(38.7)%
Tubular and Energy Services	33.5	44.1	(10.6)	(24.0)%
<b>Total</b>	<b>\$ 144.2</b>	<b>\$ 186.0</b>	<b>\$ (41.9)</b>	<b>(22.5)%</b>

(\$ in millions)	New Orders Entered		Delta	
	Trailing Twelve Months Ended September 30, 2019	Trailing Twelve Months Ended September 30, 2018	\$	%
Rail Products and Services	\$ 314.9	\$ 330.9	\$ (16.0)	(4.8)%
Construction Products	157.9	193.4	(35.6)	(18.4)%
Tubular and Energy Services	154.6	140.6	14.0	9.9 %
<b>Total</b>	<b>\$ 627.3</b>	<b>\$ 665.0</b>	<b>\$ (37.6)</b>	<b>(5.7)%</b>

Note: Figures may not foot due to rounding



# Backlog Summary

(\$ in millions)	Backlog		
	September 30, 2019	December 31, 2018	September 30, 2018
Rail Products and Services	\$ 88.1	\$ 97.4	\$ 108.8
Construction Products	86.6	95.4	117.7
Tubular and Energy Services	19.4	27.6	25.1
<b>Total</b>	<b>\$ 194.1</b>	<b>\$ 220.4</b>	<b>\$ 251.6</b>

Note: Figures may not foot due to rounding



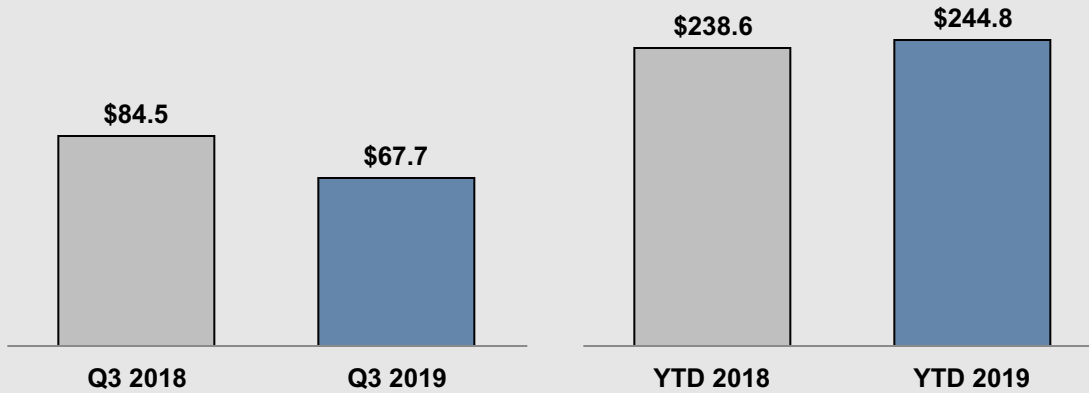
# Business Review

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# Rail Products and Services

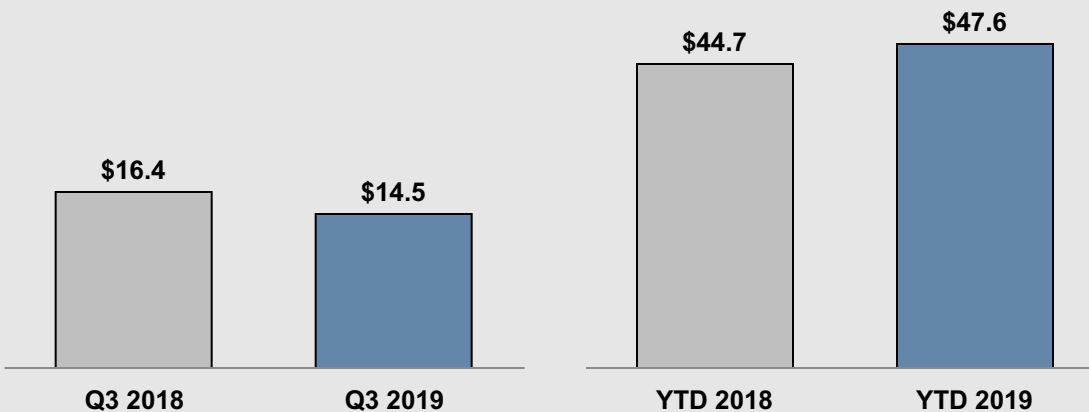
## Q3 2019 Results

### Sales

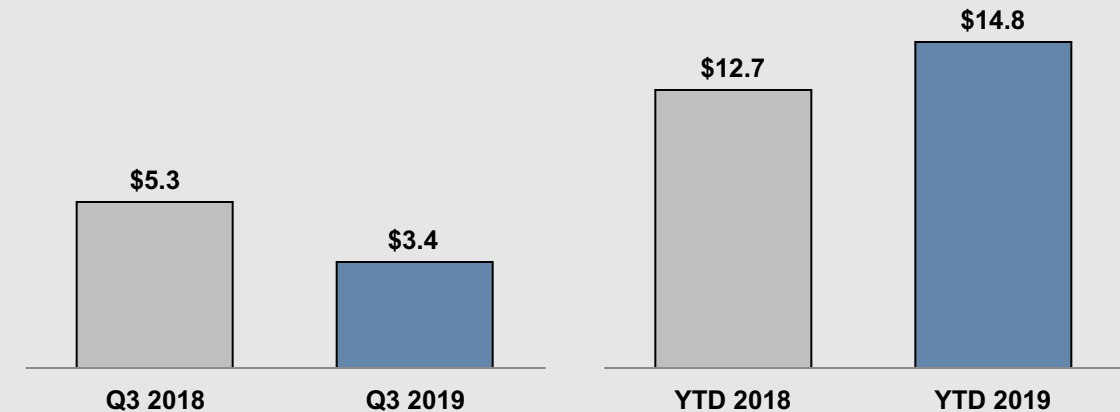


- Sales decrease in the third quarter was driven by the following:
  - Delays in transit projects worldwide
  - Reduced service activity on the London Crossrail project
- Gross profit decline was a result of lower new rail shipments and reduced service activity for the London Crossrail
- Gross profit margin remained strong through the third quarter of 2019
  - Gross profit margin increased by 200 and 70 basis points compared to the three and nine months ended September 30, 2018, respectively
- Segment SG&A expense remained flat in the third quarter and increased \$685 in the nine month period when compared to the prior year periods
- Year-to-date 2019 new orders decreased by 13.6% compared to the prior year period, resulting in an ending backlog that was 19.1% below the prior year
  - Delays in transit projects in North America and Europe

### Gross Profit



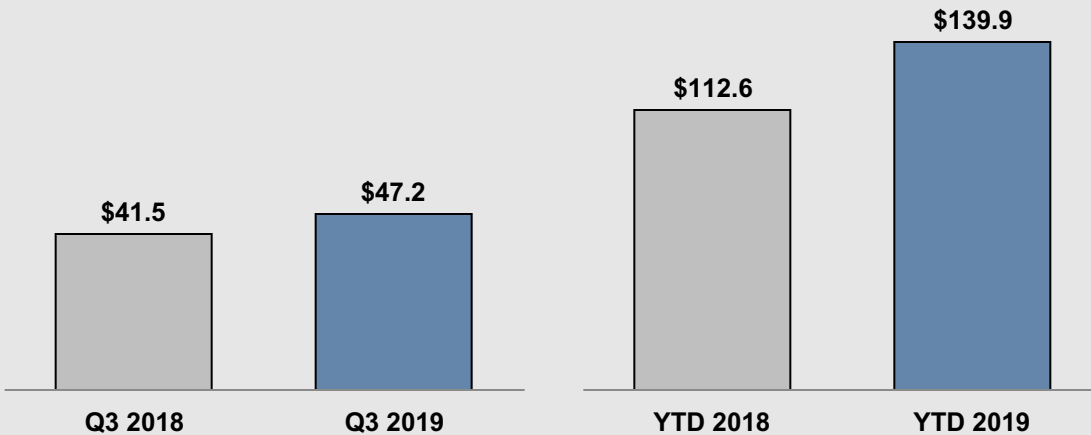
### Segment Profit



# Construction Products

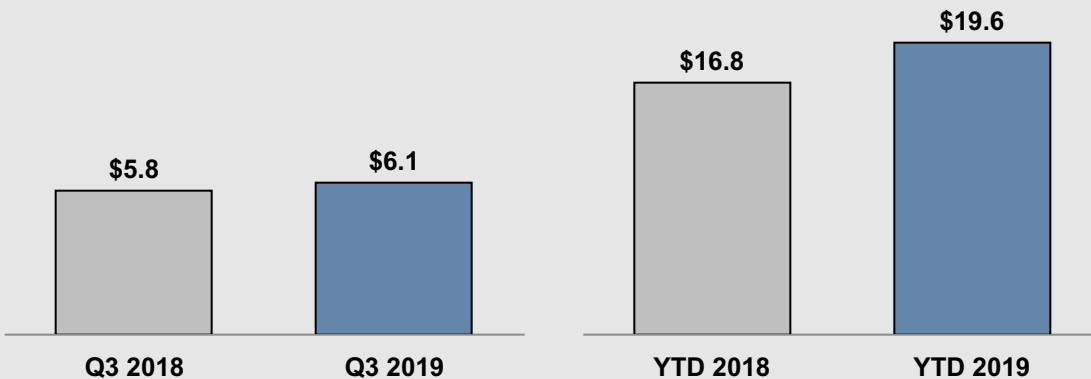
## Q3 2019 Results

### Sales

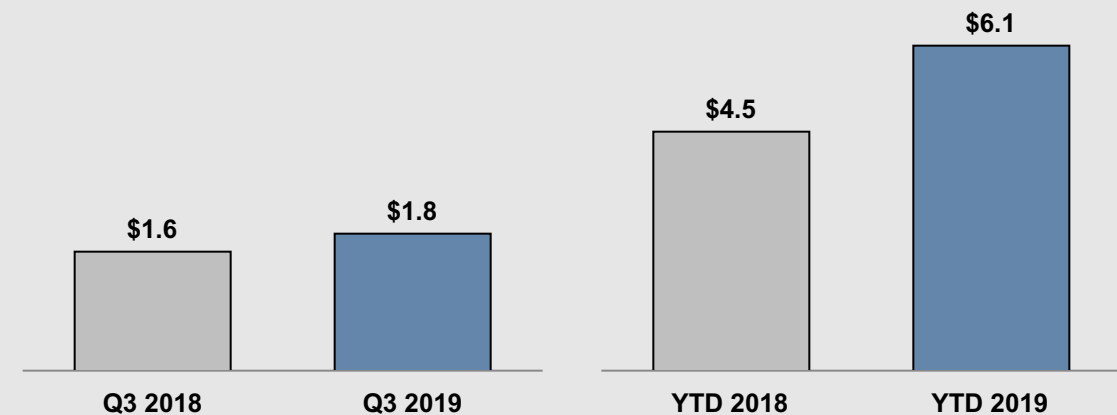


- Sales increased in each division within the segment for the quarter and year to date
- Piling was favorably impacted by continued activity on the Port Everglades project (PEP) and Fabricated Bridge increased demand for its steel decking and railing products
- Concrete buildings primarily drove the sales increase within Precast Concrete Products
- Gross profit margin decreased by 100 basis points compared to the prior year quarter primarily from increased contribution by lower margin distribution sales
- New orders for the 2019 decreased by 38.7% compared to the prior year quarter, which contributed to backlog ending 26.4% lower than the prior year period
- PEP booked in the third quarter 2018

### Gross Profit



### Segment Profit

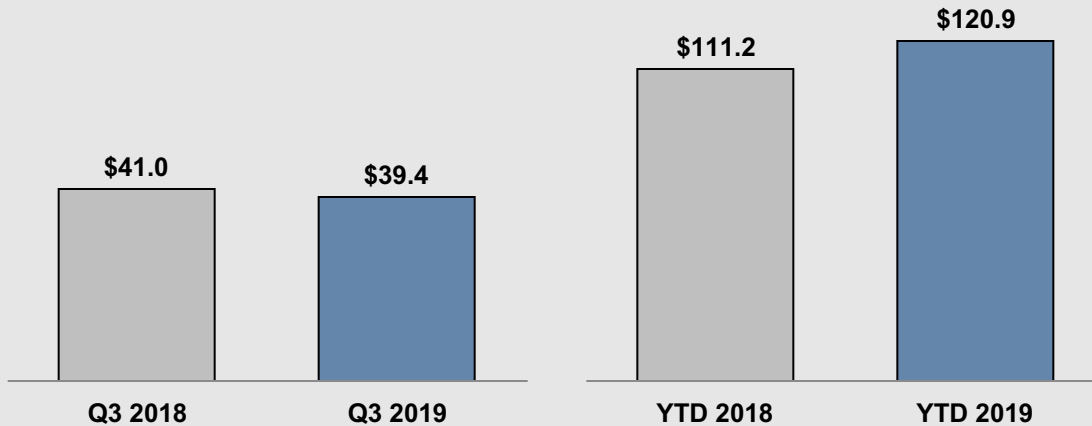




# Tubular and Energy Services

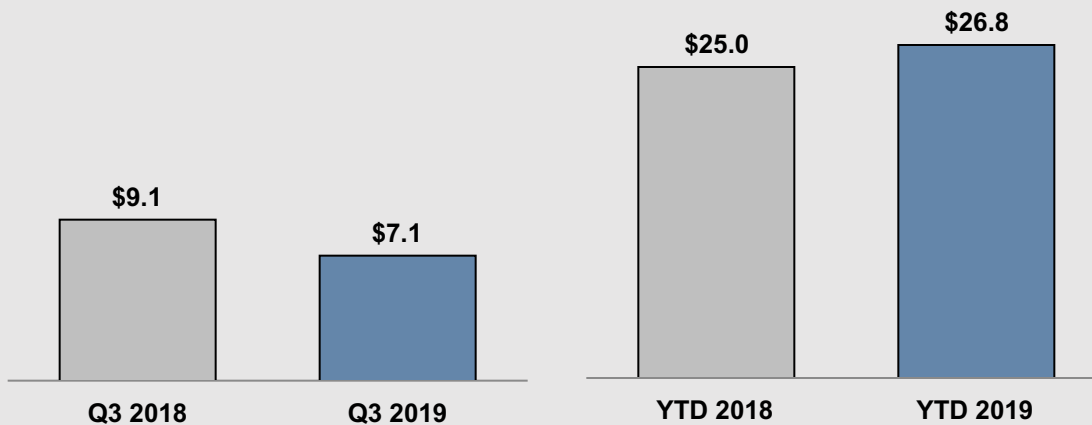
## Q3 2019 Results

### Sales

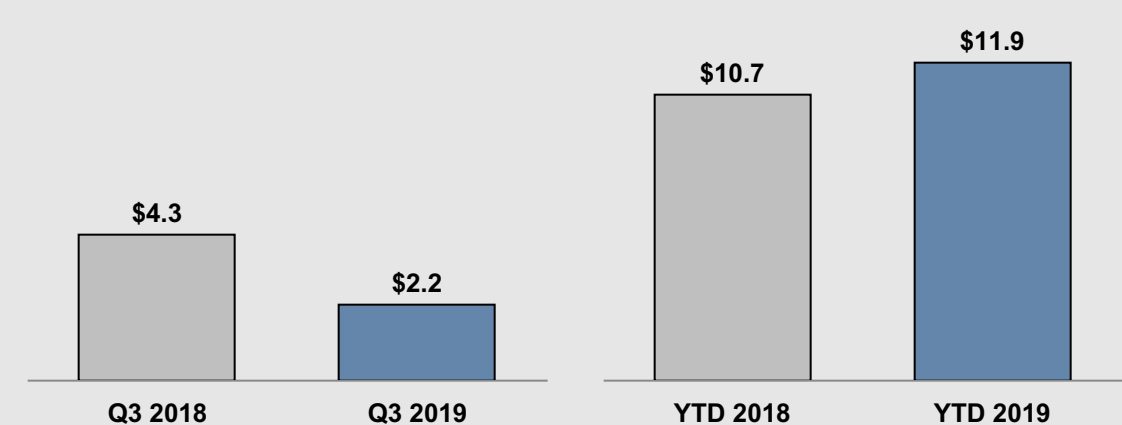


- Sales decreased by 4.1% over the prior year quarter
- The sales decrease was primarily driven by softened demand within the upstream market, impacting our test and inspection services
- Gross profit decreased by 22.0% primarily a result reduced service volume
- Gross profit margin decreased by 410 basis points from the prior year quarter which was primarily related to Test, Inspection, and Threading Services
- Third quarter segment SG&A expense remained flat year over year
- New order activity decreased by 24.0% compared to the prior year quarter leading to an ending backlog decrease of 22.8% compared to the prior year period
- New order decrease is primarily attributable to upstream served market demand and midstream project delays

### Gross Profit



### Segment Profit





# Appendix

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# Consolidated Income Statement - Third Quarter

L.B. Foster Company (FSTR)  
Q3 2019 Earnings Presentation  
Webcast October 29, 2019

(\$ in millions, except per share)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 154.3	—	\$ 167.1	—	\$ (12.8)	(7.7)%
Gross profit	27.7	17.9 %	31.3	18.7 %	(3.6)	(11.5)%
SG&A	22.3	14.4 %	21.7	13.0 %	0.6	2.8 %
Amortization expense	1.7	1.1 %	1.8	1.1 %	(0.1)	(6.1)%
Interest expense - net	1.1	0.7 %	1.3	0.8 %	(0.2)	(16.7)%
Other (income) expense - net	(0.4)	(0.3)%	0.2	0.1 %	(0.6)	(368.2)%
Pre-tax income	3.1	2.0 %	6.4	3.8 %	(3.3)	(51.5)%
<b>Net income</b>	<b>\$ 3.1</b>	<b>2.0 %</b>	<b>\$ 6.4</b>	<b>3.8 %</b>	<b>\$ (3.3)</b>	<b>(52.2)%</b>
<b>Diluted earnings per share</b>	<b>\$ 0.29</b>		<b>\$ 0.61</b>		<b>\$ (0.32)</b>	
<b>EBITDA<sup>(1)</sup></b>	<b>\$ 8.6</b>	<b>5.6 %</b>	<b>\$ 12.3</b>	<b>7.4 %</b>	<b>\$ (3.7)</b>	<b>(30.0)%</b>

(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 - First Nine Months

L.B. Foster Company (FSTR)  
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Webcast October 29, 2019

(\$ in millions, except per share)	Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 505.7	—	\$ 462.4	—	\$ 43.2	9.4 %
Gross profit	94.0	18.6 %	86.6	18.7 %	7.4	8.6 %
SG&A	67.0	13.3 %	65.5	14.2 %	1.5	2.4 %
Amortization expense	5.0	1.0 %	5.3	1.2 %	(0.3)	(5.2)%
Interest expense - net	4.0	0.8 %	4.8	1.0 %	(0.8)	(16.2)%
Other income - net	(0.8)	(0.2)%	(0.3)	(0.1)%	(0.5)	157.2 %
Pre-tax income	18.7	3.7 %	11.3	2.4 %	7.4	66.1 %
<b>Net income</b>	<b>\$ 16.3</b>	<b>3.2 %</b>	<b>\$ 10.0</b>	<b>2.2 %</b>	<b>\$ 6.3</b>	<b>63.4 %</b>
<b>Diluted earnings per share</b>	<b>\$ 1.53</b>		<b>\$ 0.95</b>		<b>\$ 0.58</b>	
<b>EBITDA<sup>(1)</sup></b>	<b>\$ 36.1</b>	<b>7.1 %</b>	<b>\$ 30.1</b>	<b>6.5 %</b>	<b>\$ 6.0</b>	<b>19.9 %</b>

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# Segment Results

Sales (\$ in millions)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 67.7	43.9 %	\$ 84.5	50.6 %	\$ (16.8)	(19.8)%
Construction Products	47.2	30.6 %	41.5	24.9 %	5.6	13.6 %
Tubular and Energy Services	39.4	25.5 %	41.0	24.5 %	(1.7)	(4.1)%
<b>Total</b>	<b>\$ 154.3</b>		<b>\$ 167.1</b>		<b>\$ (12.8)</b>	<b>(7.7)%</b>

Segment Profit (\$ in millions)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 3.4	5.0 %	\$ 5.3	6.3 %	\$ (1.9)	(35.5)%
Construction Products	1.8	3.9 %	1.6	3.9 %	0.2	15.3 %
Tubular and Energy Services	2.2	5.7 %	4.3	10.4 %	(2.1)	(49.1)%
<b>Segment profit</b>	<b>7.5</b>	<b>4.9 %</b>	<b>11.2</b>	<b>6.7 %</b>	<b>(3.7)</b>	<b>(32.9)%</b>
Corporate/Unallocated	(4.4)	(2.8)%	(4.8)	(2.8)%	0.4	7.8 %
<b>Pre-tax income</b>	<b>\$ 3.1</b>	<b>2.0 %</b>	<b>\$ 6.4</b>	<b>3.8 %</b>	<b>\$ (3.3)</b>	<b>(51.5)%</b>

Note: Figures may not foot due to rounding

# Balance Sheet

L.B. Foster Company (FSTR)  
Q3 2019 Earnings Presentation  
Webcast October 29, 2019

(\$ in millions)	September 30, 2019	December 31, 2018
<b>ASSETS</b>		(audited)
Current assets:		
Cash and cash equivalents	\$ 15.4	\$ 10.3
Accounts receivable – net	85.0	86.1
Inventories – net	128.7	124.5
Other current assets	6.4	5.8
<b>Total current assets</b>	<b>235.5</b>	<b>226.7</b>
Property, plant, and equipment – net	82.8	86.9
Operating lease right-of-use assets – net	13.2	—
Other assets:		
Goodwill	18.9	19.3
Other intangibles – net	44.6	49.8
Other assets	1.3	0.5
<b>TOTAL ASSETS</b>	<b>\$ 396.3</b>	<b>\$ 383.2</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 117.7	\$ 123.6
Current maturities of long-term debt	3.0	0.6
<b>Total current liabilities</b>	<b>120.7</b>	<b>124.2</b>
Long-term debt	70.0	74.4
Other long-term liabilities	66.9	62.5
<b>Total stockholders' equity</b>	<b>138.7</b>	<b>122.1</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 396.3</b>	<b>\$ 383.2</b>

Note: Figures may not foot due to rounding

# Cash Flows

L.B. Foster Company (FSTR)  
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(\$ in millions)	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income and non-cash items	\$ 32.0	\$ 25.9
Receivables	0.9	(10.6)
Inventory	(5.0)	(13.0)
Payables and deferred revenue	(2.1)	21.9
<b>Working capital subtotal</b>	<b>(6.1)</b>	<b>(1.7)</b>
All other	(12.6)	(1.7)
<b>Operating cash flow</b>	<b>13.3</b>	<b>22.4</b>
Capital expenditures	(5.0)	(3.2)
Debt payments – net	(2.0)	(53.5)
All other	(1.2)	6.2
<b>Net increase (decrease) in cash</b>	<b>5.1</b>	<b>(28.1)</b>
<b>Cash balance, end of period</b>	<b>\$ 15.4</b>	<b>\$ 9.6</b>

# Non-GAAP Financial Measures: EBITDA

L.B. Foster Company (FSTR)  
Q3 2019 Earnings Presentation  
Webcast October 29, 2019

(\$ in millions)	Three Months Ended		Nine Months Ended		Trailing Twelve Months Ended
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019
Net income, as reported	\$ 3.1	\$ 6.4	\$ 16.3	\$ 10.0	\$ (24.8)
Interest expense - net	1.1	1.3	4.0	4.8	5.4
Income tax expense	0.1	0.0	2.4	1.3	5.6
Depreciation	2.8	2.8	8.3	8.7	11.1
Amortization	1.7	1.8	5.0	5.3	6.8
<b>EBITDA</b>	<b>\$ 8.6</b>	<b>\$ 12.3</b>	<b>\$ 36.1</b>	<b>\$ 30.1</b>	<b>\$ 4.0</b>
Concrete Tie Settlement expense	—	—	—	—	43.4
<b>Adjusted EBITDA</b>	<b>\$ 8.6</b>	<b>\$ 12.3</b>	<b>\$ 36.1</b>	<b>\$ 30.1</b>	<b>\$ 47.4</b>

Note: Figures may not foot due to rounding



# Non-GAAP Financial Measures: Net Debt

L.B. Foster Company (FSTR)  
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(\$ in millions)	September 30, 2019		June 30, 2019		December 31, 2018		September 30, 2018	
Total debt	\$	73.0	\$	91.1	\$	75.0	\$	76.5
Less cash and cash equivalents		(15.4)		(12.0)		(10.3)		(9.6)
<b>Net debt</b>	<b>\$</b>	<b>57.6</b>	<b>\$</b>	<b>79.1</b>	<b>\$</b>	<b>64.7</b>	<b>\$</b>	<b>66.9</b>

Note: Figures may not foot due to rounding