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2Q16 Earnings Presentation



August 9, 2016



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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. 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 likely exit from the European Union, the strength of the markets where the Company participates, continued and 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 implementation of an enterprise resource planning system, the ultimate number of concrete ties that will be replaced pursuant to product warranty claims and an overall resolution of the related contract claims, the 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, the impact of acquisitions and other strategic investments 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, 2015, 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.

Non-GAAP Financial Measures

This earnings presentation discloses the following non-GAAP measures:

- Earnings before interest, taxes, depreciation, and amortization ("EBITDA");
- EBITDA adjusted for asset impairments ("Adjusted EBITDA");
- Adjusted diluted earnings per share; and
- Segment gross profit.

Management believes that these non-GAAP financial measures are useful to investors in the assessment of our operations as well as the use of our assets without regard to financing methods, capital structure, historical cost basis, and the significant asset impairment. Additionally, EBITDA is a financial measurement that management and the board of directors use in the determination of certain compensation programs.

Segment gross profit measures provide investors and other users information to evaluate the performance of the Company's segments on a more comparable basis to market trends and peers. In addition, segment gross profit represents key metrics utilized by segment managers to monitor selling prices and quantities as well as production and service costs to better evaluate key profitability drivers and trends that may develop due to industry and competitive conditions.

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.

Financial Highlights

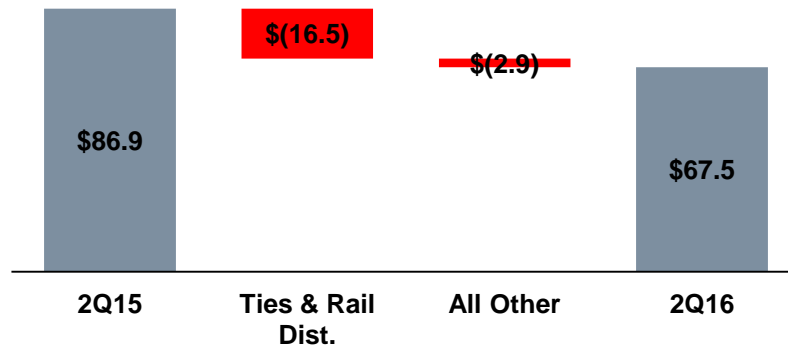
Metrics	2Q16	2Q15	Variance
Sales	\$136.0 million	\$171.4 million	\$(35.4) million, (20.7)%
Gross Profit Margin	20.5%	21.6%	(120) Bps
Adjusted EBITDA ⁽¹⁾	\$7.5 million	\$16.7 million	\$(9.2) million, (55.1)%
Adjusted Net (Loss) Income per Diluted Share ⁽¹⁾	\$(0.11)	\$0.52	\$(0.63)
Operating Cash Flow	\$11.7 million	\$5.5 million	\$6.2 million

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

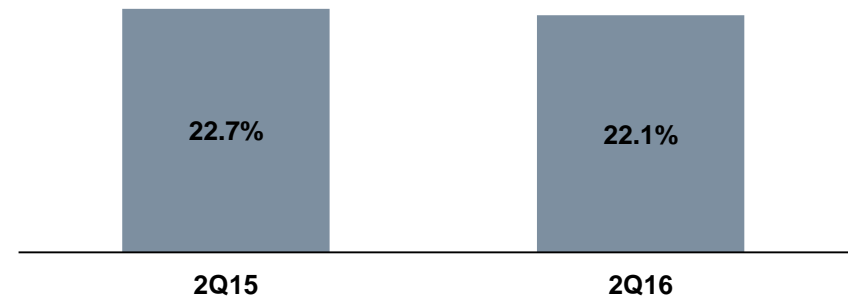
Rail Products and Services

2Q16 Results

Sales (\$ in millions)



Non-GAAP Gross Profit Margin ⁽¹⁾



Commentary

- Sales decreased by 22.3% due to declines in Concrete ties, Rail Distribution, and Rail Technologies
 - Reduced sales to Union Pacific Railroad accounted for \$5.2 million of the decline
- Strong cost controls protected margins despite soft sales
 - Non-GAAP gross profit margin of 22.1% decreased by 60 basis points due to reduced sales volumes, partially offset by manufacturing efficiencies and cost reductions

Market Outlook

2Q16 Trends / Outlook:

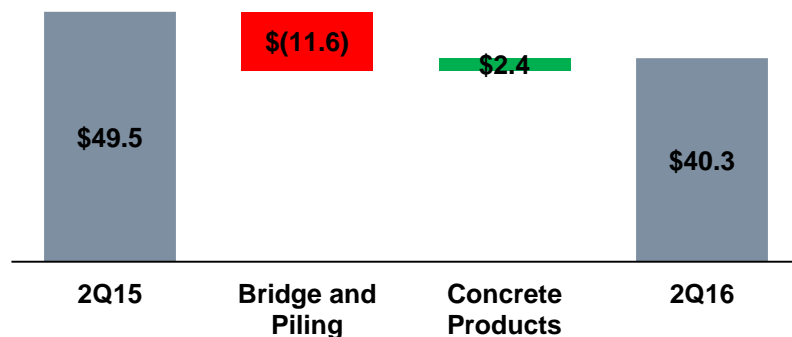
- Greater than expected decrease in N.A. freight rail spend coupled with consumption of inventory
- Slow start in Europe, although outlook still positive overall
- Transit projects continue to be funded globally
- TEW acquisition launching new automation solutions that improve safety and reliability

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

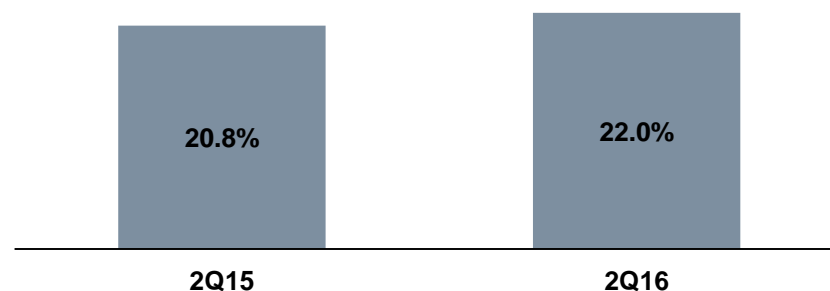
Construction Products

2Q16 Results

Sales (\$ in millions)



Non-GAAP Gross Profit Margin ⁽¹⁾



Commentary

- Sales decreased by 18.5% due to declines in piling and fabricated bridge products, partially offset by an increase in pre-cast concrete products
- Non-GAAP gross profit margin of 22.0% increased by 120 basis points driven by an increase in margins for pre-cast concrete products
- Piling gross profit margins slightly better year over year

Market Outlook

2Q16 Trends / Outlook:

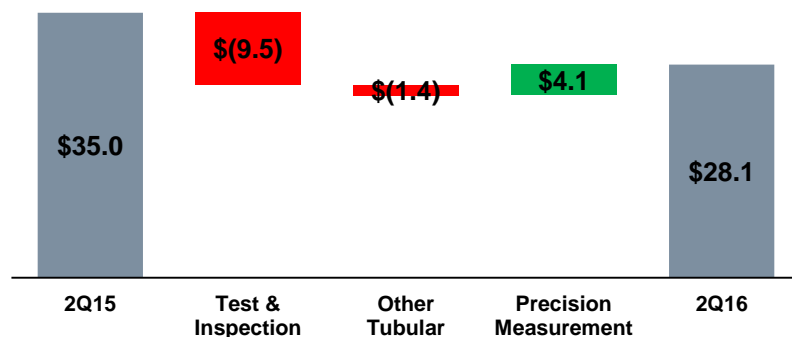
- Booked two significant bridge projects
- Continue to see weak order activity in piling products
- Rebound in steel prices expected to benefit our commodity piling business

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

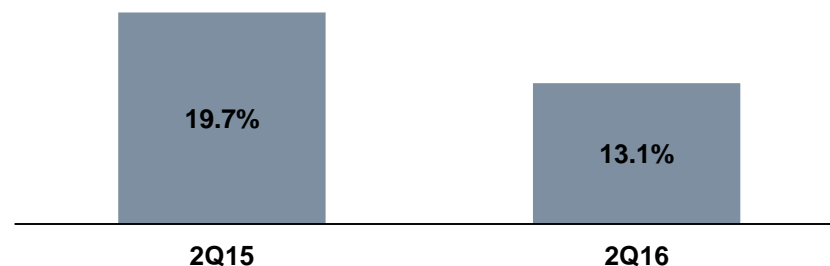
Tubular and Energy Services

2Q16 Results

Sales
(\$ in millions)



Non-GAAP Gross Profit Margin ⁽¹⁾



Commentary

- Sales decreased by 19.6% due to reduced sales across all product categories, with the exception of precision measurement systems
- Testing and inspection services sales relatively flat for 5 months
- Non-GAAP gross profit margin of 13.1% decreased by 660 basis points driven by lower margins in the test and inspection business, partially offset by improved margins in coated products

Market Outlook

2Q16 Trends / Outlook

- Continued weakness in upstream oil and gas market remains a challenge
- Encouraged by improving backlog for precision measurement systems and test and inspection services
- Restructuring initiatives have right-sized test and inspection business to drive margin expansion in market recovery

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

Key Takeaways

- Challenged macro environment impacted sales and profitability
- Ongoing restructuring initiatives provided margin protection despite soft sales
- Substantial restructuring at Test & Inspection Services preparing for recovery
- Several restructuring actions taken across company with \$7 million in annualized savings
- Solid performance and key opportunities in pre-cast concrete products, precision measurement systems and rail automation solutions

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Financial Overview



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Consolidated Income Statement

(\$ in millions, except per share)	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015		Delta	
	\$	%	\$	%	\$	%
Sales	\$136.0	-	\$171.4	-	\$(35.4)	(20.7)%
Gross Profit	27.8	20.5%	37.1	21.6%	(9.3)	(25.0)%
SG&A	23.3	17.1%	24.3	14.2%	(1.0)	(4.0)%
Amortization Expense	2.8	2.1%	3.5	2.0%	(0.7)	(19.3)%
Asset Impairments	128.9	94.8%	-	-	128.9	100.0%
Interest Expense	1.7	1.2%	1.3	0.8%	0.4	28.3%
Other Expense	0.5	0.4%	0.2	0.1%	0.3	122.1%
Pre-tax (Loss) Income	(129.4)	N/M	7.8	4.6%	(137.2)	N/M
Net (Loss) Income	(92.0)	N/M	5.4	3.1%	(97.4)	N/M
Diluted (Loss) EPS	\$(8.96)		\$0.52		\$(9.48)	N/M
EBITDA	\$(121.4)	N/M	\$16.7	9.7%	\$(138.1)	N/M
Adjusted Net (Loss) Income ⁽¹⁾	\$(1.1)	N/M	\$5.4	3.1%	\$(6.9)	N/M
Adjusted Diluted (Loss) EPS ⁽¹⁾	\$(0.11)		\$0.52		\$(0.63)	N/M
Adjusted EBITDA ⁽¹⁾	\$7.5	5.5%	\$16.7	9.7%	\$(9.2)	(55.1)%

(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 June 30, 2016		Three Months Ended June 30, 2015		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$67.5	49.6%	\$86.9	50.7%	\$(19.4)	(22.3)%
Construction Products	40.3	29.7%	49.5	28.9%	(9.2)	(18.5)%
Tubular Products and Energy Services	28.1	20.7%	35.0	20.4%	(6.9)	(19.6)%
Total	\$136.0		\$171.4		\$(35.4)	(20.7)%

Gross Profit (\$ in millions)	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015		Delta	
	\$	% Margin	\$	% Margin	\$	%
Non-GAAP Rail Products and Services ⁽¹⁾	\$14.9	22.1%	\$19.7	22.7%	\$(4.8)	(24.5)%
Non-GAAP Construction Products ⁽¹⁾	8.9	22.0%	10.3	20.8%	(1.4)	(13.6)%
Non-GAAP Tubular Products and Energy Services ⁽¹⁾	3.7	13.1%	6.9	19.7%	(3.2)	(46.4)%
LIFO income (expense)	0.5	0.3%	0.4	0.2%	0.1	11.3%
Other	(0.2)	(0.1)%	(0.2)	(0.1)%	-	-
Total	\$27.8	20.5%	\$37.1	21.6%	\$(9.3)	(25.0)%

(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.

Balance Sheet

(\$ in millions)	June 30, 2016	December 31, 2015
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	\$32.8	\$33.3
Accounts receivable – net	81.4	78.5
Inventories – net	95.2	96.4
Other current assets	12.0	6.3
Total current assets	221.3	214.5
Property, plant and equipment – net	108.6	126.7
Other assets:		
Goodwill	24.0	81.7
Other intangibles – net	70.4	134.9
Other assets	45.7	8.8
Total assets	\$470.0	\$566.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$86.4	\$81.6
Accrued warranty	8.7	8.8
Current maturities of long-term debt	1.3	1.3
Total current liabilities	96.5	91.6
Long-term debt	167.0	167.4
Other long-term liabilities	22.4	24.8
Total stockholders' equity	184.1	282.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$470.0	\$566.7

Note: Figures may not foot due to rounding.

Cash Flows

(\$ in millions)	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net income and non-cash items	\$10.6	\$23.3
Receivables	(2.8)	6.5
Inventory	(0.2)	(7.8)
Payables	3.8	(13.1)
Working capital subtotal	11.4	8.9
All other	(4.8)	(10.8)
Operating cash flow	6.6	(1.9)
Capital expenditures	(5.1)	(8.2)
Dividends	(0.8)	(0.8)
Acquisitions	-	(193.9)
Debt proceeds / (payments) – net	(0.4)	192.0
All other	(0.8)	(3.7)
Net decrease in cash	(0.5)	(16.5)
Cash balance, end of period	\$32.8	\$35.6

Note: Figures may not foot due to rounding.

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	\$	%
Rail Products and Services	\$61.9	\$75.7	\$(13.8)	(18.2)%
Construction Products	53.2	47.2	6.0	12.7%
Tubular Products and Energy Services	25.0	40.3	(15.3)	(38.0)%
Total	\$140.1	\$163.2	\$(23.1)	(14.1)%

Note: Figures may not foot due to rounding.

Backlog Summary

(\$ in millions)	Backlog		Delta	
	June 30, 2016	June 30, 2015	\$	%
Rail Products and Services	\$62.6	\$113.7	\$(51.1)	(45.0)%
Construction Products	66.6	72.8	(6.2)	(8.4)%
Tubular Products and Energy Services	20.0	21.3	(1.3)	(5.8)%
Total	\$149.2	\$207.8	\$(58.5)	(28.2)%

Note: Figures may not foot due to rounding.

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Appendix



Non-GAAP Reconciliations



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Non-GAAP Financial Measures: Adjusted EBITDA

(\$ in millions)	Three Months Ended	
	June 30, 2016	June 30, 2015
Net (loss) income as reported	\$(92.0)	\$5.4
Interest expense, net	1.6	1.3
Income tax (benefit) expense	(37.4)	2.5
Depreciation	3.6	4.2
Amortization	2.8	3.5
EBITDA	(121.4)	16.7
Asset impairments	128.9	-
Adjusted EBITDA	\$7.5	\$16.7

Note: Figures may not foot due to rounding.

Non-GAAP Financial Measures: Segment Gross Profit

(\$ in millions)

Three months ended June 30, 2016	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Sales	\$ 67.5	\$ 40.3	\$ 28.1	\$ 136.0
Non-GAAP Segment Gross Profit	14.9	8.9	3.7	27.5
Segment and Allocated Selling & Administrative	10.7	4.9	4.3	20.0
Amortization Expense	1.0	0.0	1.8	2.8
Asset Impairments	28.3	-	100.6	128.9
Reportable Segment Profit (Loss)	\$ (25.2)	\$ 3.9	\$ (103.0)	\$ (124.2)
Non-GAAP Segment Gross Profit Percentage	22.1%	22.0%	13.1%	20.2%
Reportable Segment Profit (Loss) Percentage	(37.3)%	9.8%	(365.9)%	(91.3)%
Three months ended June 30, 2015	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Sales	\$ 86.9	\$ 49.5	\$ 35.0	\$ 171.4
Non-GAAP Segment Gross Profit	19.7	10.3	6.9	36.9
Segment and Allocated Selling & Administrative	12.3	5.1	4.1	21.5
Amortization Expense	1.0	0.0	2.4	3.5
Asset Impairments	-	-	-	-
Reportable Segment Profit	\$ 6.4	\$ 5.2	\$ 0.4	\$ 11.9
Non-GAAP Segment Gross Profit Percentage	22.7%	20.8%	19.7%	21.5%
Reportable Segment Profit Percentage	7.4%	10.4%	1.0%	7.0%

Note: Figures may not foot due to rounding.

Adjusted Earnings Per Share

(\$ in millions, except per share data)

Adjusted Diluted (Loss) Earnings Per Share Reconciliation	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net (loss) income, as reported	\$ (92.0)	\$ 5.4	\$ (94.8)	\$ 9.6
Asset impairments, net of tax benefits of \$38.0	90.9	-	90.9	-
Adjusted net (loss) income	<u>\$ (1.1)</u>	<u>\$ 5.4</u>	<u>\$ (3.9)</u>	<u>\$ 9.6</u>
Average number of common shares outstanding - Diluted	10,263	10,370	10,248	10,385
Diluted (loss) earnings per common share, as reported	<u>\$ (8.96)</u>	<u>\$ 0.52</u>	<u>\$ (9.25)</u>	<u>\$ 0.93</u>
Diluted (loss) earnings per common share, as adjusted	<u>\$ (0.11)</u>	<u>\$ 0.52</u>	<u>\$ (0.38)</u>	<u>\$ 0.93</u>

Note: Figures may not foot due to rounding.