



Q3 2018 Earnings Presentation

November 1, 2018

LBFoster®

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. The Company has based these forward-looking statements on 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: economic conditions and regulatory changes caused by the United Kingdom's pending exit from the European Union; 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, including as a result of any interpretations, regulatory actions, and amendments to the Tax Cuts and Jobs Act; 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; environmental matters, including any costs associated with any remediation and monitoring; risks inherent in litigation; 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; 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, 2017, and as updated and amended in our Quarterly Reports on Form 10-Q thereafter.

All information in this presentation speaks only as of November 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 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 as it adjusts 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 use in their financial and operational decision-making and in the determination of certain compensation programs.

Segment gross 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 and segment gross profit are included within this presentation.



Financial Overview

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Executive Summary

- Strong new orders and backlog activity continued in the third quarter, driven by rail market spending and civil construction activity
 - New orders and backlog levels both significantly increased over the prior year period
- Third quarter 2018 sales increased \$35.6 million, or 27.1%, over the prior year
 - Driven by 36.1%, 35.5%, and 6.2% increases in the Rail, Tubular, and Construction segments, respectively
- Gross profit increased \$3.2 million over the prior year quarter to \$29.6 million
 - Gross profit margin percentage decreased primarily from increased volumes within our distribution businesses
- Debt was reduced by \$22.6 million during the third quarter of 2018
 - Debt has been reduced by \$53.5 million for the nine months ended September 30, 2018
- Reduction of Net Debt to EBITDA¹
 - Net Debt to EBITDA ratio ended at 1.76x for the trailing twelve months

Financial Highlights

Metrics	Q3 2018	Q3 2017	Variance
Sales	\$167.1 million	\$131.5 million	\$35.6 million, 27.1%
Gross Profit Margin	17.7%	20.1%	(240) bps
Earnings per Diluted Share	\$0.47	\$0.31	\$0.16
EBITDA¹	\$10.6 million	\$9.9 million	\$0.7 million, 6.6%
Operating Cash Flow	\$14.5 million	\$(2.4) million	\$16.9 million
New Orders	\$186.0 million	\$145.5 million	\$40.5 million, 27.8%
Backlog	\$251.6 million	\$189.6 million	\$62.0 million, 32.7%

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

Consolidated Income Statement - Third Quarter

L.B. Foster Company (FSTR)
Q3 2018 Earnings Presentation
Webcast November 1, 2018

(\$ in millions, except per share)	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 167.1	—	\$ 131.5	—	\$ 35.6	27.1%
Gross profit	29.6	17.7%	26.4	20.1%	3.2	12.3%
SG&A	21.7	13.0%	20.2	15.4%	1.4	7.1%
Amortization expense	1.8	1.1%	1.8	1.3%	—	(0.1)%
Interest expense, net	1.3	0.8%	2.0	1.5%	(0.7)	(34.2)%
Other expense (income)	0.2	0.1%	(0.6)	(0.5)%	0.8	126.1%
Pre-tax income	4.7	2.8%	3.0	2.3%	1.7	56.8%
Net income	\$ 5.0	3.0%	\$ 3.2	2.5%	\$ 1.7	54.3%
Diluted earnings per share	\$ 0.47		\$ 0.31		\$ 0.16	
EBITDA⁽¹⁾	\$ 10.6	6.3%	\$ 9.9	7.5%	\$ 0.7	6.6%

(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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(\$ 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) 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

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Webcast November 1, 2018

Sales (\$ in millions)	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 84.5	50.6%	\$ 62.1	47.2%	\$ 22.4	36.1%
Construction Products	41.5	24.8%	39.1	29.7%	2.4	6.2%
Tubular and Energy Services	41.0	24.6%	30.3	23.1%	10.8	35.5%
Total	\$ 167.1		\$ 131.5		\$ 35.6	27.1%

Segment Profit (\$ in millions)	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 5.3	6.3%	\$ 3.2	5.1%	\$ 2.1	66.7%
Construction Products	1.6	3.9%	3.8	9.8%	(2.2)	(58.3)%
Tubular and Energy Services	4.3	10.4%	2.1	6.9%	2.2	105.1%
Segment profit	11.2	6.7%	9.1	6.9%	2.1	22.6%
Corporate/Unallocated	(6.5)	(3.9)%	(6.1)	(4.6)%	(0.3)	5.7%
Pre-tax income	\$ 4.7	2.8%	\$ 3.0	2.3%	\$ 1.7	56.8%

Balance Sheet

L.B. Foster Company (FSTR)
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Webcast November 1, 2018

(\$ 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

Cash Flows

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Q3 2018 Earnings Presentation
Webcast November 1, 2018

(\$ 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

New Order Summary - Third Quarter

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	\$	%
Rail Products and Services	\$ 66.3	\$ 69.4	\$ (3.1)	(4.5)%
Construction Products	75.7	39.1	36.6	93.5%
Tubular and Energy Services	44.1	37.0	7.0	19.0%
Total	\$ 186.0	\$ 145.5	\$ 40.5	27.8%

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

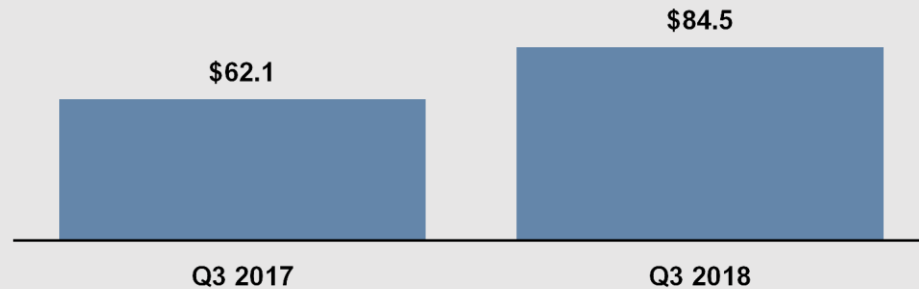


Business Review

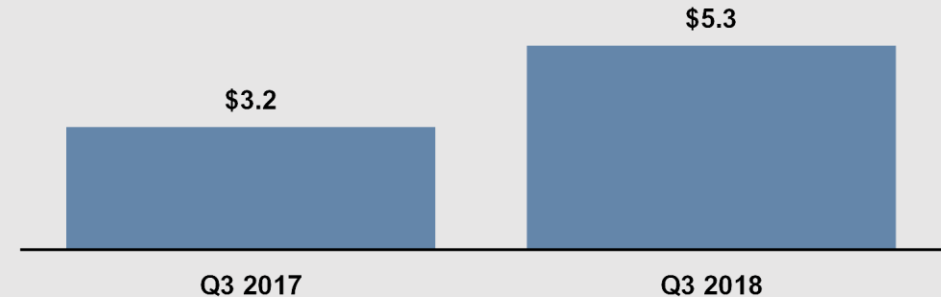
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Q3 2018 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales increased by 36.1% with increases in both North American and European rail regions
 - NA Rail increase driven by:
 - Strength in transit rail projects
 - New rail tonnage up 11.0% over the prior year quarter
 - Volume increases for Rail Technologies worldwide
 - European Rail Technologies rail business favorably impacted by transit market including services for London's Crossrail
- Cost containment activities continued as SG&A as a percentage of sales declined year over year
- Non-GAAP segment gross profit increased \$2.7 million, or 19.3%

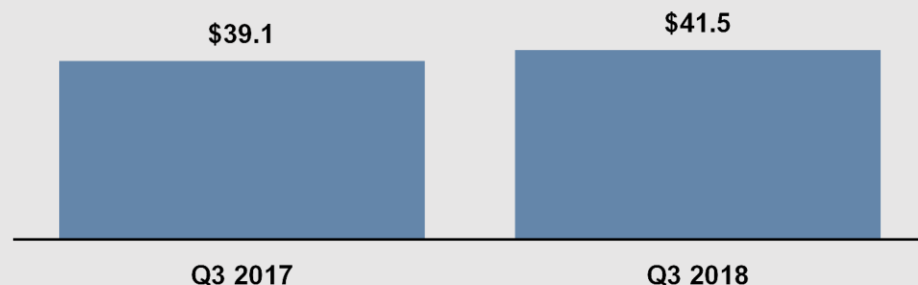
Market Outlook

Q3 2018 Trends / Outlook

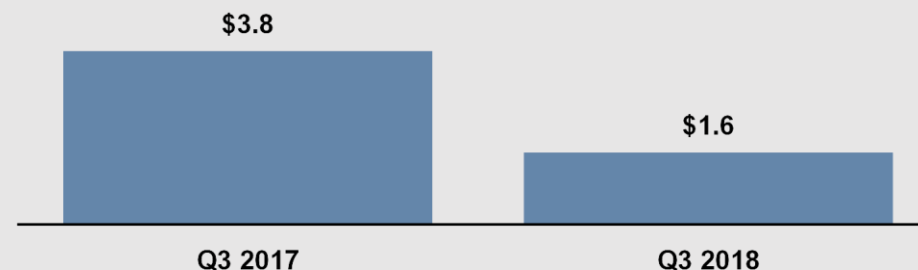
- Q3 2018 orders decreased from Q3 2017 by 4.5% and backlog remained strong, 26.9% higher than September 30, 2017
 - Bookings for European transit projects remained strong in Q3 2018
 - Backlog of \$108.8 million favorably positions the segment moving into Q4 2018
- Significant spending continues for 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

Q3 2018 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales increased \$2.4 million, or 6.2%, as compared to the prior year period
 - Piling sales were favorable for Q3 2018 compared to the prior year quarter
 - Fabricated Bridge sales declined compared to the prior year period
 - Primarily related to the lack of a mega project in the current year
- Segment profit decreased largely due to non-GAAP segment gross profit margin reduction of 660 basis points compared to the prior year
 - Competitive pricing, distribution product mix, and an unexpected production interruption contributed to the reduction non-GAAP segment gross profit margin in the 2018 period

Market Outlook

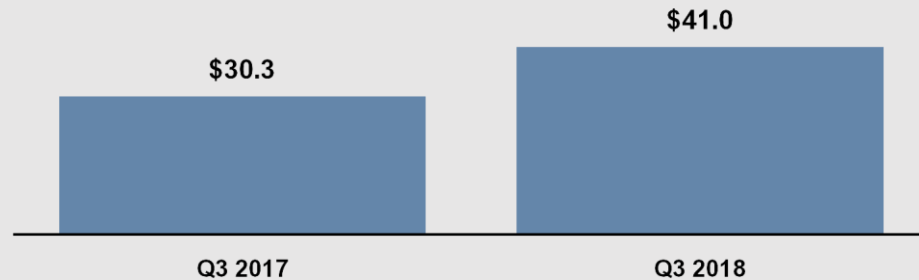
Q3 2018 Trends / Outlook

- New orders for Construction Products increased 93.5% over the prior year period
 - The increase in new orders was primarily supported by Piling and to a lesser extent, 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

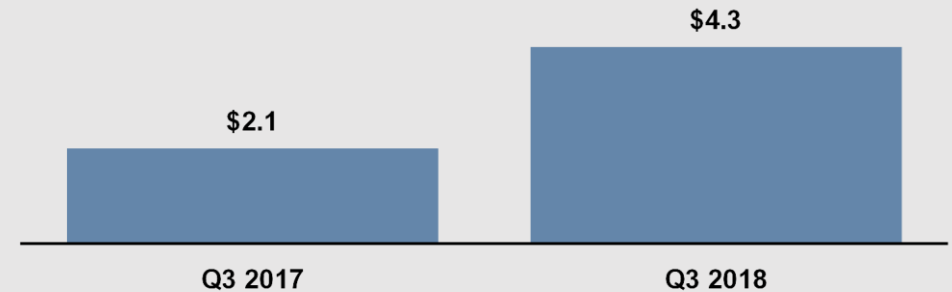
Tubular and Energy Services

Q3 2018 Results

Sales
(\$ in millions)



Segment Profit
(\$ in millions)



Commentary

- Sales increased 35.5% 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
 - Increased Measurement Solutions sales almost doubled the prior year levels
- Cost containment activities continued as SG&A as a percentage of sales declined year over year
- Non-GAAP segment gross profit increased by \$2.7 million, supported by margin improvement of 110 basis points compared to the prior year quarter

Market Outlook

Q3 2018 Trends / Outlook

- New orders increased 19.0% compared to Q3 2017, improving our backlog to \$25.1 million
 - 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
 - Major project was booked during Q3 2018



Appendix

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Non-GAAP Financial Measures: EBITDA

(\$ in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income as reported	\$ 5.0	\$ 3.2	\$ 7.9	\$ 3.8
Interest expense, net	1.3	2.0	4.8	6.1
Income tax (benefit) expense	(0.2)	(0.2)	1.0	0.7
Depreciation	2.8	3.2	8.7	9.7
Amortization	1.8	1.8	5.3	5.2
EBITDA	\$ 10.6	\$ 9.9	\$ 27.7	\$ 25.6

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Segment Gross Profit

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(\$ in millions)	Three Months Ended September 30, 2018			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Segment profit	\$ 5.3	\$ 1.6	\$ 4.3	\$ 11.2
Segment and allocated selling and administrative	10.3	4.2	4.1	18.5
Amortization expense	0.9	0.0	0.8	1.8
Non-GAAP segment gross profit	\$ 16.5	\$ 5.8	\$ 9.2	\$ 31.5

(\$ in millions)	Three Months Ended September 30, 2017			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Segment profit	\$ 3.2	\$ 3.8	\$ 2.1	\$ 9.1
Segment and allocated selling and administrative	9.7	4.2	3.5	17.4
Amortization expense	0.9	0.0	0.8	1.8
Non-GAAP segment gross profit	\$ 13.8	\$ 8.0	\$ 6.4	\$ 28.3

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Segment Gross Profit

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Q3 2018 Earnings Presentation
Webcast November 1, 2018

(\$ in millions)	Nine Months Ended September 30, 2018			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Segment profit	\$ 12.7	\$ 4.5	\$ 10.7	\$ 27.9
Segment and allocated selling and administrative	29.4	12.3	12.0	53.7
Amortization expense	2.9	0.1	2.4	5.4
Non-GAAP segment gross profit	\$ 44.9	\$ 16.9	\$ 25.0	\$ 86.8

(\$ in millions)	Nine Months Ended September 30, 2017			
	Rail Products and Services	Construction Products	Tubular and Energy Services	Total
Segment profit	\$ 7.6	\$ 10.6	\$ 1.3	\$ 19.5
Segment and allocated selling and administrative	28.7	12.4	12.2	53.3
Amortization expense	2.7	0.1	2.4	5.2
Non-GAAP segment gross profit	\$ 39.0	\$ 23.1	\$ 15.8	\$ 78.0

Note: Figures may not foot due to rounding