



Q4 2019 Earnings Presentation

February 25, 2020

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. 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 exit from the European Union; shifting federal and foreign regulatory policies, including tariffs; the risk of doing business in international markets; global health epidemics; 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, ransomware, "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 February 25, 2020, 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”)
- Adjusted segment profit
- Adjusted net income
- Adjusted earnings per share
- 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 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. Additionally, adjusted EBITDA, adjusted net income, and adjusted EPS include certain adjustments to EBITDA and reported GAAP net income (loss) and diluted EPS. In 2019, the Company made adjustments to exclude the impact of relocation and closure costs, pension settlement expense, and the income tax benefit from the release of the U.S. deferred tax asset valuation allowance. In 2018, the Company made adjustments to exclude the impact of the Union Pacific Railroad Concrete Tie Settlement expense. The Company made these adjustments to EBITDA, net income, and EPS because it believes that the adjusted items are unusual, non-recurring, unpredictable, or non-cash and their exclusion may enhance investors’ ability to assess the Company’s performance. The Company also 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 considers it 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, adjusted EBITDA, adjusted net income, adjusted EPS, and net debt are included with this presentation.



Financial Overview

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Executive Summary

- Full year 2019 net sales, gross profit, and earnings exceeded 2018 results
- New orders increased by 31.5% for the fourth quarter when compared to the prior year quarter
 - As of December 31, 2019, backlog was \$230.1 million, a 4.4% increase over the prior year end
- Fourth quarter 2019 sales decreased by \$15.2 million, or 9.2%, from the prior year quarter driven by
 - Weakness in the energy upstream services market; and
 - Timing of transit projects and reduced London Crossrail service activity
- Included in the 2019 results are relocation and closure costs of \$3.5 million, U.S. pension settlement expense of \$2.2 million, and deferred tax asset valuation allowance income tax benefit of \$29.6 million
- Full year 2019 adjusted earnings per share¹ and adjusted EBITDA¹ increased 38.5% and 10.2%, respectively, over the prior year
- Cash provided by operations was \$16.0 million for the three months ended December 31, 2019 and \$29.3 million for the year ended December 31, 2019
- Net debt¹ decreased by \$13.6 million as of December 31, 2019 when compared to September 30, 2019
- Reduction of net debt to EBITDA¹ ratio when compared to the prior year, ending below 1.0x as of December 31, 2019

Financial Highlights

L.B. Foster Company (FSTR)
Q4 2019 Earnings Presentation
Webcast February 25, 2020

Metrics	Q4 2019	Q4 2018	Variance	Full Year 2019	Full Year 2018	Variance
Sales	\$149.4 million	\$164.5 million	\$(15.2) million, (9.2)%	\$655.1 million	\$627.0 million	\$28.1 million, 4.5%
Gross Profit	\$27.4 million	\$30.6 million	\$(3.2) million, (10.5)%	\$121.4 million	\$117.2 million	\$4.2 million, 3.6%
Gross Profit Margin	18.3%	18.6%	(30) bps	18.5%	18.7%	(20) bps
Adjusted Earnings per Diluted Share¹	\$0.08	\$0.21	\$(0.13)	\$1.62	\$1.17	\$0.45
Adjusted EBITDA¹	\$9.6 million	\$11.4 million	\$(1.8) million, (15.7)%	\$45.6 million	\$41.4 million	\$4.2 million, 10.2%
Operating Cash Flow	\$16.0 million	\$3.5 million	\$12.5 million	\$29.3 million	\$26.0 million	\$3.3 million
New Orders	\$182.5 million	\$138.7 million	\$43.7 million, 31.5%	\$671.1 million	\$688.2 million	\$(17.2) million, (2.5)%
Backlog	\$230.1 million	\$220.4 million	\$9.6 million, 4.4%			

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

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	\$	%
Rail Products and Services	\$ 93.4	\$ 73.9	\$ 19.5	26.4 %
Construction Products	47.3	25.1	22.2	88.5 %
Tubular and Energy Services	41.7	39.7	2.0	5.0 %
Total	\$ 182.5	\$ 138.7	\$ 43.7	31.5 %

(\$ in millions)	New Orders Entered		Delta	
	Year Ended December 31, 2019	Year Ended December 31, 2018	\$	%
Rail Products and Services	\$ 334.4	\$ 352.8	\$ (18.4)	(5.2)%
Construction Products	180.1	185.8	(5.7)	(3.1)%
Tubular and Energy Services	156.6	149.7	6.9	4.6 %
Total	\$ 671.1	\$ 688.2	\$ (17.2)	(2.5)%

Note: Figures may not foot due to rounding.

Backlog Summary

(\$ in millions)	Backlog		Delta	
	December 31, 2019	December 31, 2018	\$	%
Rail Products and Services	\$ 103.7	\$ 97.4	\$ 6.2	6.4 %
Construction Products	92.3	95.4	(3.1)	(3.3)%
Tubular and Energy Services	34.1	27.6	6.5	23.7 %
Total	\$ 230.1	\$ 220.4	\$ 9.6	4.4 %

Note: Figures may not foot due to rounding.



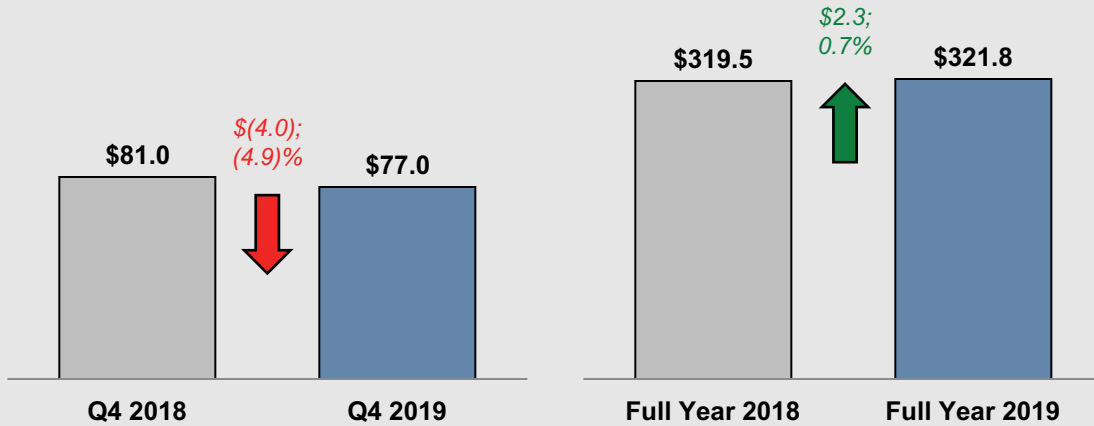
Business Review

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Rail Products and Services

Q4 and Full Year 2019 Results

Sales



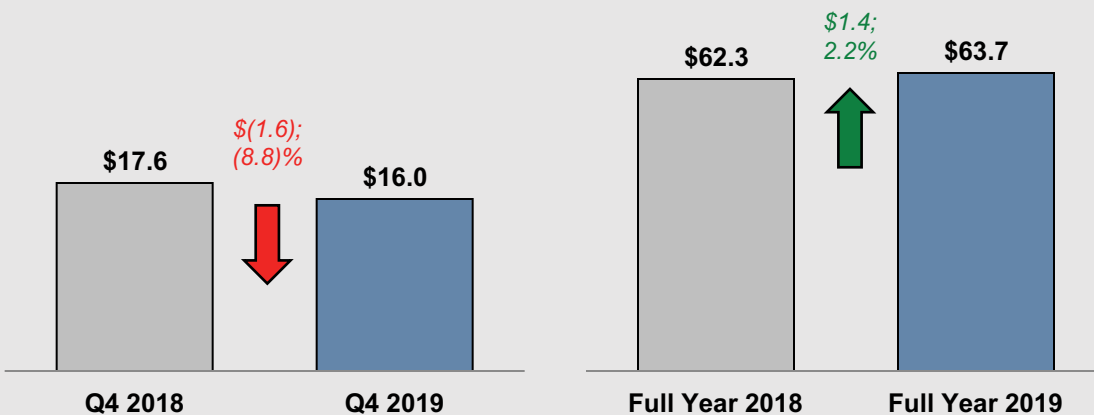
Q4 2019

- Sales, gross profit, and segment profit decreases in the fourth quarter were primarily driven by the following:
 - Delays in transit projects worldwide
 - Reduced service activity on the London Crossrail project
- Fourth quarter 2019 new orders increased 26.4% over the prior year quarter, resulting in an ending backlog that was 6.4% greater than the prior year end

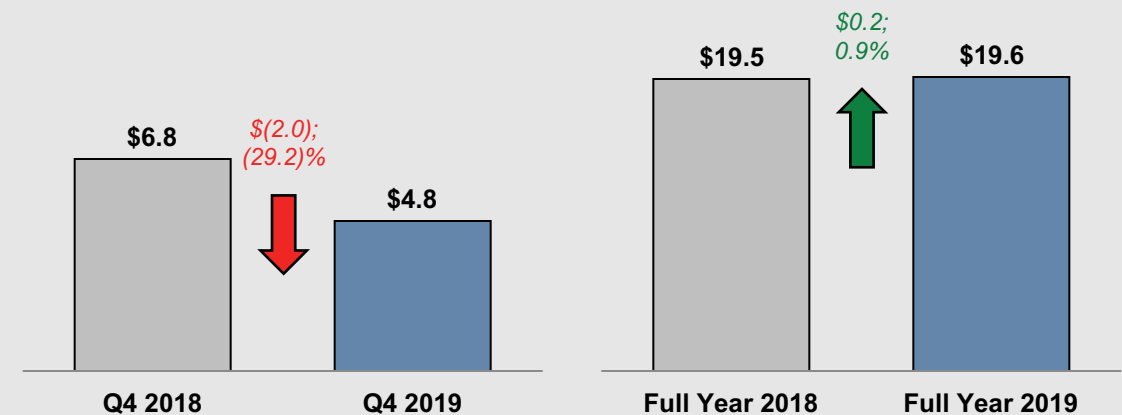
Full year 2019

- Full year 2019 sales and gross profit increases were primarily related to the following:
 - Rail Products increases driven by transit projects and insulated joint volumes
 - Friction Management products and services increases helped to offset the reduced activity on the London Crossrail project
- Gross profit margin for the full year 2019 increased by 30 basis points when compared to the prior year

Gross Profit



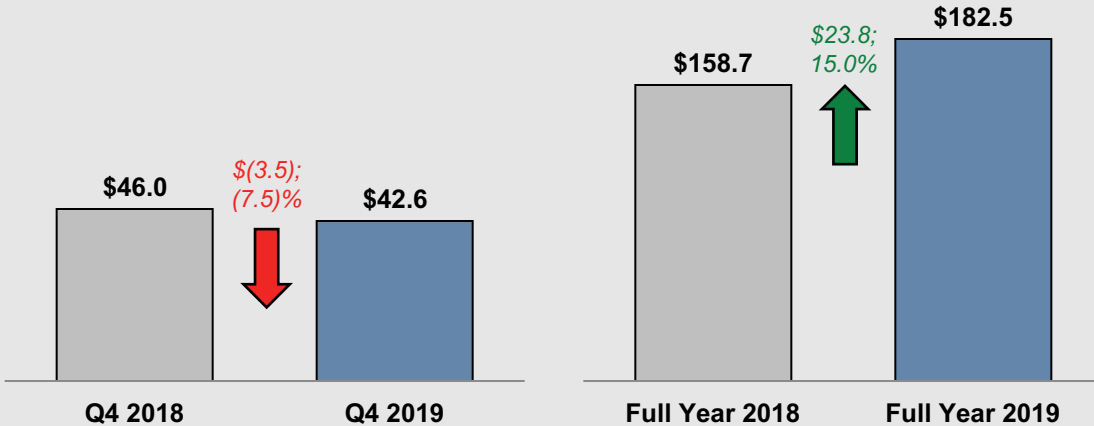
Segment Profit



Note: Figures may not foot due to rounding.

Q4 and Full Year 2019 Results

Sales



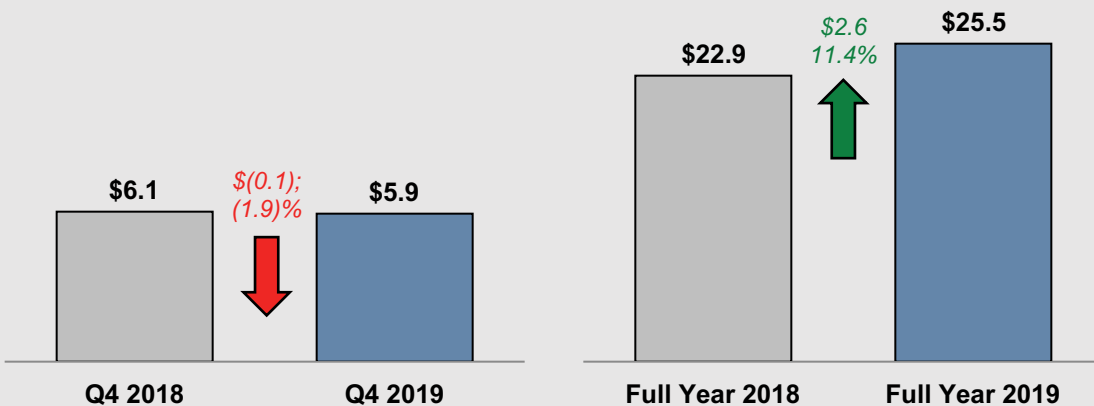
Q4 2019

- Sales, gross profit, and segment profit decreased in the fourth quarter from the prior year quarter
- Piling declined due to the significant shipments in the prior year from the strong backlog entering the quarter
- Partially offset by increases in Fabricated Bridge and Precast Concrete Products
- New orders in the fourth quarter increased by 88.5% over the prior year quarter
- Driven by a significant Precast Concrete Products project as well as strong order activity in Piling

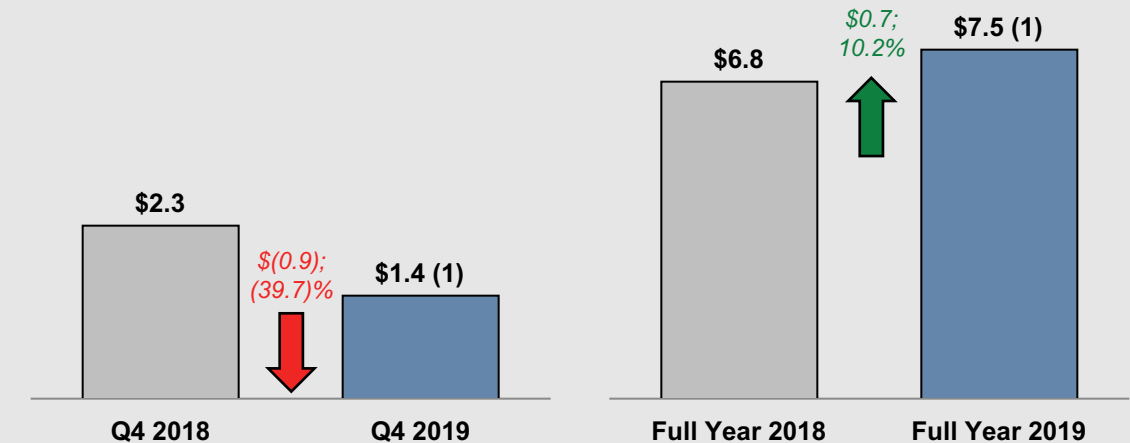
Full year 2019

- Year over year sales growth from each of the businesses within the segment
- Gross profit increase in 2019 over the prior year driven by our Fabricated Bridge and Precast Concrete Products divisions, partially offset by a decline in Piling
- Segment profit for 2019 is adjusted for relocation and closure costs of \$1.8 million
- Strategic initiative to relocate our Spokane, WA precast concrete products operations to Boise, ID

Gross Profit



Adjusted Segment Profit¹

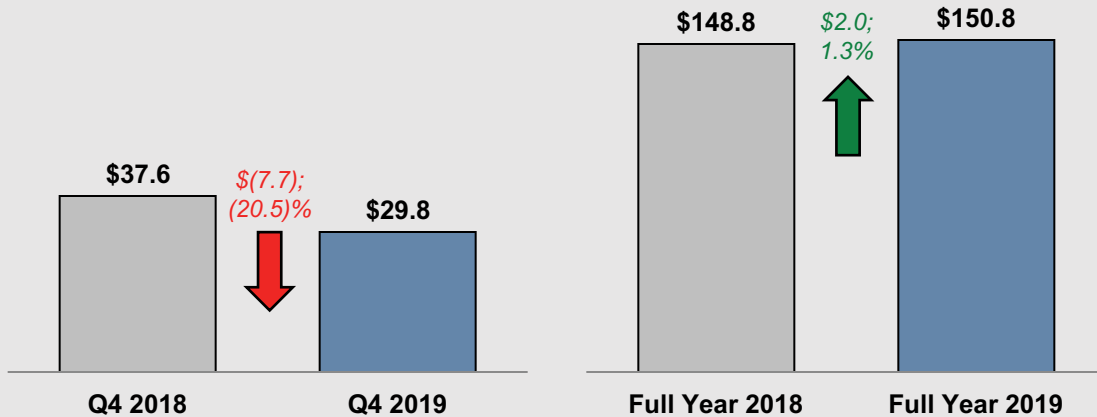


(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.
Note: Figures may not foot due to rounding.

Tubular and Energy Services

Q4 and Full Year 2019 Results

Sales



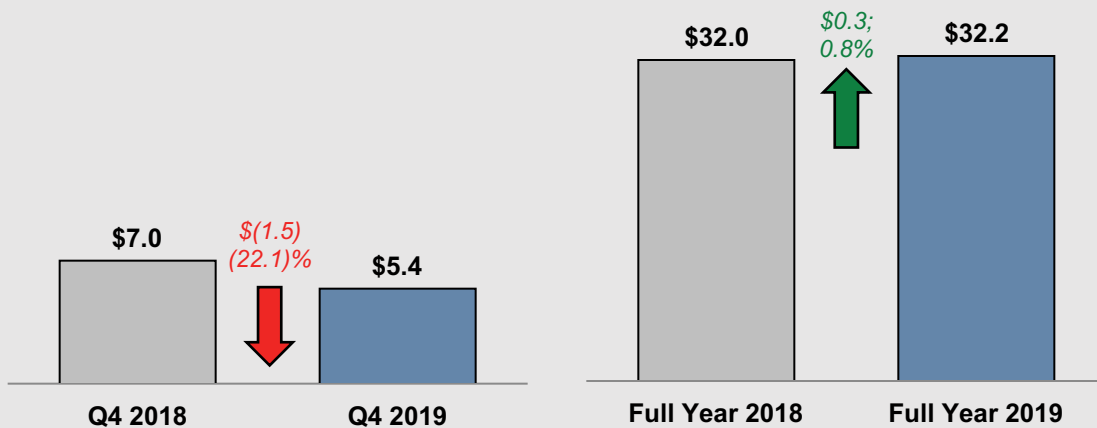
Q4 2019

- Fourth quarter 2019 sales, gross profit, and segment profit decreased from the prior year quarter
- The decreases were primarily driven by softened demand in the upstream market, impacting our test and inspection services
- New order activity increased by 5.0% compared to the prior year quarter, which supported an ending backlog increase of 23.7% compared to the prior year end
- Primarily due to investments in energy infrastructure and increasing demand in our Protective Coatings and Measurement Systems products and services

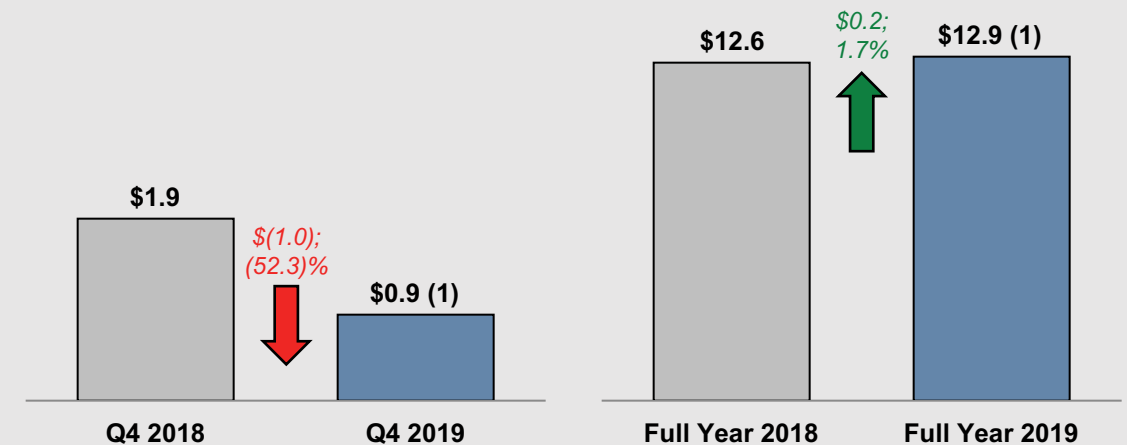
Full year 2019

- Midstream energy market activity supported the year over year increases in sales, gross profit, and adjusted segment profit
- Segment profit for 2019 is adjusted for closure costs of \$1.7 million
- Strategic initiative to shift our regional footprint to more favorable areas for our test and inspection services

Gross Profit



Adjusted Segment Profit¹



(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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Consolidated Income Statement - Fourth Quarter

L.B. Foster Company (FSTR)
Q4 2019 Earnings Presentation
Webcast February 25, 2020

(\$ in millions, except per share)	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 149.4	—	\$ 164.5	—	\$ (15.2)	(9.2)%
Gross profit	27.4	18.3 %	30.6	18.6 %	(3.2)	(10.5)%
SG&A	21.0	14.0 %	22.2	13.5 %	(1.2)	(5.6)%
Amortization expense	1.5	1.0 %	1.8	1.1 %	(0.2)	(13.8)%
Concrete Tie Settlement expense	—	— %	43.4	26.4 %	(43.4)	(100.0)%
Interest expense - net	0.9	0.6 %	1.3	0.8 %	(0.5)	(33.7)%
Other expense (income) - net	5.3	3.6 %	(0.1)	(0.1)%	5.5	**
Pre-tax loss	(1.3)	(0.9)%	(38.0)	(23.1)%	36.7	96.6 %
Net income (loss)	\$ 26.3	17.6 %	\$ (41.2)	(25.0)%	\$ 67.4	163.8 %
Diluted earnings (loss) per share	\$ 2.46		\$ (3.97)		\$ 6.43	
EBITDA⁽¹⁾	\$ 3.9	2.6 %	\$ (32.0)	(19.5)%	\$ 35.9	112.1 %
Adjusted net income⁽¹⁾	\$ 0.9	0.6 %	\$ 2.2	1.4 %	\$ (1.4)	(60.6)%
Adjusted diluted earnings per share⁽¹⁾	\$ 0.08		\$ 0.21		\$ (0.13)	
Adjusted EBITDA⁽¹⁾	\$ 9.6	6.4 %	\$ 11.4	6.9 %	\$ (1.8)	(15.7)%

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

** Results not meaningful for presentation purposes.

Note: Figures may not foot due to rounding.

Consolidated Income Statement - Full Year 2019

L.B. Foster Company (FSTR)
Q4 2019 Earnings Presentation
Webcast February 25, 2020

(\$ in millions, except per share)	Year Ended December 31, 2019		Year Ended December 31, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 655.1	—	\$ 627.0	—	\$ 28.1	4.5 %
Gross profit	121.4	18.5 %	117.2	18.7 %	4.2	3.6 %
SG&A	88.0	13.4 %	87.7	14.0 %	0.3	0.4 %
Amortization expense	6.6	1.0 %	7.1	1.1 %	(0.5)	(7.3)%
Concrete Tie Settlement expense	—	— %	43.4	6.9 %	(43.4)	(100.0)%
Interest expense - net	4.9	0.8 %	6.2	1.0 %	(1.2)	(20.1)%
Other expense (income) - net	4.5	0.7 %	(0.5)	(0.1)%	5.0	**
Pre-tax income (loss)	17.4	2.7 %	(26.7)	(4.3)%	44.1	165.1 %
Net income (loss)	\$ 42.6	6.5 %	\$ (31.2)	(5.0)%	\$ 73.7	236.6 %
Diluted earnings (loss) per share	\$ 4.00		\$ (3.01)		\$ 7.01	
EBITDA⁽¹⁾	\$ 39.9	6.1 %	\$ (2.0)	(0.3)%	\$ 41.9	**
Adjusted net income⁽¹⁾	\$ 17.2	2.6 %	\$ 12.2	2.0 %	\$ 5.0	40.6 %
Adjusted diluted earnings per share⁽¹⁾	\$ 1.62		\$ 1.17		\$ 0.45	
Adjusted EBITDA⁽¹⁾	\$ 45.6	7.0 %	\$ 41.4	6.6 %	\$ 4.2	10.2 %

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

** Results not meaningful for presentation purposes.

Note: Figures may not foot due to rounding.

Segment Results

Sales (\$ in millions)	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018		Delta	
	\$	% of Total	\$	% of Total	\$	%
Rail Products and Services	\$ 77.0	51.5 %	\$ 81.0	49.2 %	\$ (4.0)	(4.9)%
Construction Products	42.6	28.5 %	46.0	28.0 %	(3.5)	(7.5)%
Tubular and Energy Services	29.8	20.0 %	37.6	22.8 %	(7.7)	(20.5)%
Total	\$ 149.4		\$ 164.5		\$ (15.2)	(9.2)%

Segment Profit (Loss) (\$ in millions)	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018		Delta	
	\$	% Margin	\$	% Margin	\$	%
Rail Products and Services	\$ 4.8	6.3 %	\$ 6.8	8.4 %	\$ (2.0)	(29.2)%
Construction Products ⁽¹⁾	(0.4)	(0.9)%	2.3	5.0 %	(2.7)	(115.9)%
Tubular and Energy Services ⁽¹⁾	(0.8)	(2.6)%	1.9	5.2 %	(2.7)	(139.0)%
Segment profit	3.7	2.5 %	11.1	6.7 %	(7.4)	(66.9)%
Corporate/Unallocated ⁽²⁾	(5.0)	(3.3)%	(49.1)	(29.8)%	44.1	89.8 %
Pre-tax loss	\$ (1.3)	(0.9)%	\$ (38.0)	(23.1)%	\$ 36.7	96.6 %

(1) 2019 segment loss includes relocation and closure costs of \$1.8 and \$1.7 for Construction Products and Tubular and Energy Services, respectively.

(2) 2018 includes Union Pacific Railroad Concrete Tie Settlement expense of \$43.4.

Note: Figures may not foot due to rounding.

Balance Sheet

(\$ in millions)	December 31, 2019	December 31, 2018
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 14.2	\$ 10.3
Accounts receivable – net	78.6	86.1
Inventories – net	119.3	124.5
Other current assets	4.6	5.8
Total current assets	216.7	226.7
Property, plant, and equipment – net	82.3	86.9
Operating lease right-of-use assets – net	13.3	—
Other assets:		
Goodwill	19.6	19.3
Other intangibles – net	43.5	49.8
Other assets	29.8	0.5
TOTAL ASSETS	\$ 405.2	\$ 383.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 113.8	\$ 123.6
Current maturities of long-term debt	2.9	0.6
Total current liabilities	116.7	124.2
Long-term debt	55.3	74.4
Other long-term liabilities	63.3	62.5
Total non-current liabilities	118.6	136.9
Total stockholders' equity	169.9	122.1
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 405.2	\$ 383.2

Note: Figures may not foot due to rounding.

Cash Flows

(\$ in millions)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income and non-cash items	\$ 37.2	\$ 34.4
Receivables	7.9	(11.4)
Inventory	6.7	(23.4)
Payables and deferred revenue	(10.9)	20.7
Working capital subtotal	3.7	(14.1)
All other	(11.6)	5.7
Operating cash flow	29.3	26.0
Capital expenditures	(8.8)	(5.3)
Debt payments – net	(16.8)	(55.0)
All other	0.2	6.9
Net increase (decrease) in cash	3.9	(27.4)
Cash balance, end of period	\$ 14.2	\$ 10.3

Note: Figures may not foot due to rounding.

Non-GAAP Financial Measures: Adjusted EBITDA

L.B. Foster Company (FSTR)
Q4 2019 Earnings Presentation
Webcast February 25, 2020

(\$ in millions)	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net income (loss)	\$ 26.3	\$ (41.2)	\$ 42.6	\$ (31.2)
Interest expense, net	0.9	1.3	4.9	6.2
Income tax (benefit) expense	(27.5)	3.2	(25.2)	4.5
Depreciation expense	2.8	2.8	11.1	11.5
Amortization expense	1.5	1.8	6.6	7.1
Total EBITDA	\$ 3.9	\$ (32.0)	\$ 39.9	\$ (2.0)
Relocation and closure costs	3.5	—	3.5	—
U.S. pension settlement expense	2.2	—	2.2	—
Concrete Tie Settlement expense	—	43.4	—	43.4
Adjusted EBITDA	\$ 9.6	\$ 11.4	\$ 45.6	\$ 41.4

Note: Figures may not foot due to rounding.

Non-GAAP Financial Measures: Adjusted Income

L.B. Foster Company (FSTR)
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(in millions, except per share)	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net income (loss), as reported	\$ 26.3	\$ (41.2)	\$ 42.6	\$ (31.2)
Relocation and closure costs, net of tax of \$0.8	2.6	—	2.6	—
U.S. pension settlement expense, net of tax of \$0.6	1.6	—	1.6	—
Deferred tax asset valuation allowance reversal	(29.6)	—	(29.6)	—
Concrete Tie Settlement expense, net of tax of \$0	—	43.4	—	43.4
Adjusted net income	\$ 0.9	\$ 2.2	\$ 17.2	\$ 12.2
Average number of common shares outstanding - Diluted, as reported	10.7	10.4	10.6	10.4
Diluted earnings (loss) per common share, as reported	\$ 2.46	\$ (3.97)	\$ 4.00	\$ (3.01)
Average number of common shares outstanding - Diluted, as adjusted	10.7	10.5	10.6	10.5
Diluted earnings per common share, as adjusted	\$ 0.08	\$ 0.21	\$ 1.62	\$ 1.17

Note: Figures may not foot due to rounding.

Non-GAAP Financial Measures: Adjusted Segment Profit

(\$ in millions, except per share)	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Construction segment profit, as reported	\$ (0.4)	\$ 2.3	\$ 5.7	\$ 6.8
Relocation and closure costs	1.8	—	1.8	—
Construction segment profit, as adjusted	\$ 1.4	\$ 2.3	\$ 7.5	\$ 6.8
<hr/>				
Tubular segment profit, as reported	\$ (0.8)	\$ 1.9	\$ 11.1	\$ 12.6
Closure costs	1.7	—	1.7	—
Tubular segment profit, as adjusted	\$ 0.9	\$ 1.9	\$ 12.9	\$ 12.6

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)	December 31, 2019	September 30, 2019	December 31, 2018
Total debt	\$ 58.2	\$ 73.0	\$ 75.0
Less: cash and cash equivalents	(14.2)	(15.4)	(10.3)
Net debt	\$ 44.0	\$ 57.6	\$ 64.7

Note: Figures may not foot due to rounding.