



INVESTOR PRESENTATION MARCH 2018

LBFoster®

Investor Presentation Released March 19, 2018

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, regulator 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.

The forward-looking statements in this presentation are made as of the date of the presentation, and 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 federal securities laws.

The information in this presentation is unaudited, except where noted otherwise.

This presentation also includes non-GAAP measures. Please refer to the Appendices for reconciliations of such non-GAAP measures to the most directly comparable GAAP measures. Management believes that the use of non-GAAP measures assists investors in understanding the underlying operating performance of the Company and its segments.

Discussion Points

- Financial Information
- Company Profile
- Market Outlook
- Value Creation



FINANCIAL INFORMATION

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Financial Highlights

Metrics	FY 2017	FY 2016	Variance
Sales	\$536.4 million	\$483.5 million	\$52.9 million, 10.9%
Gross Profit Margin	19.2%	18.7%	50 Bps
Earnings (Loss) per Diluted Share	\$0.39	\$(13.79)	\$14.18
Adjusted EBITDA ¹	\$36.0 million	\$18.5 million	\$17.4 million, 94.0%
Operating Cash Flow	\$39.4 million	\$18.4 million	\$21.0 million
Backlog	\$166.9 million	\$147.5 million	\$19.4 million, 13.2%
Net Debt ²	\$92.3 million	\$129.2 million	\$(36.9) million, (28.6)%
Net Debt to Adjusted EBITDA ¹ Ratio	2.6x	7.0x	(4.4)x, (63.2)%

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

² Net debt is a non-GAAP measure consisting of total debt less cash and cash equivalents.

Financial Summary

Years Ended December 31, 2014 through 2017

(\$Millions, except EPS)

	2014 (a)	2015 (a)	2016 (a)	2017
Sales	\$607.2	\$624.5	\$483.5	\$536.4
Gross Profit	121.6	133.7	90.4	103.3
Gross Profit %	20.0%	21.4%	18.7%	19.2%
Adjusted EBITDA ⁽¹⁾	51.6	60.6	18.5	36.0
Adjusted EBITDA %	8.5%	9.7%	3.8%	6.7%
Diluted EPS	\$2.48	\$(4.33)	\$(13.79)	\$0.39
Operating Cash Flow	\$66.7	\$56.2	\$18.4	\$39.4

Notes

a) Amounts include the following items for the years indicated:

2014 – concrete warranty and related costs, negative impact to: a) Gross Profit of \$9.4M; b) Adjusted EBITDA⁽¹⁾ of \$8.7M; c) Diluted EPS of \$0.54/share.

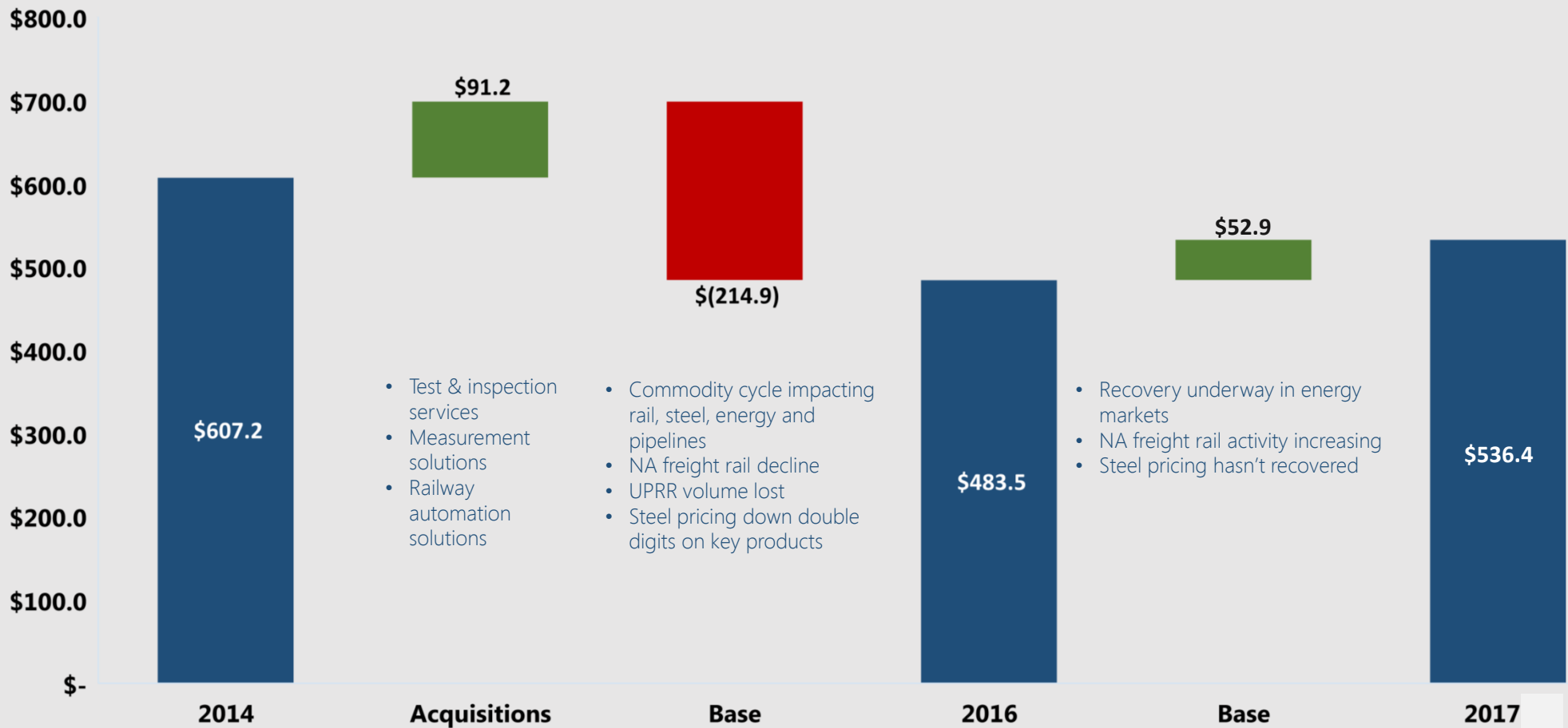
2015 – asset impairments, negative impact to Dilutive EPS of \$6.14/share.

2016 – asset impairments, income tax adjustments for valuation allowances and unremitted foreign earnings; impact to Diluted EPS of \$13.10/share.

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

Sales Bridge – 2014 to 2017

(\$ in Millions)





COMPANY PROFILE

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Markets We Serve

Transportation Infrastructure

Adjacent Markets around Core

- Rail Products and Services
 - Track infrastructure products
 - Wheel rail interface solutions
 - Condition monitoring
- Highways, Bridges, Ports
 - Piling products
 - Fabricated Bridge Decking

Automotive

Precast Solutions

Automation Solutions

Energy Infrastructure

Adjacent Markets around Core

- Energy Delivery Path
 - Safe deployment of tubulars
 - Corrosion protection coatings – pipelines
 - Test & inspection services
 - Reclamation and refurbishing
 - Measurement & control for transport of liquids and gas
 - Precision measurement systems
 - Additive and Injection systems

Measurement Devices

Liquid Coatings

Water Well Tubulars

Organic growth programs focus on core markets as well as expansion into adjacent markets

Globalization and Mobility Drive Transportation and Energy

<u>Trends</u>	<u>Drivers</u>	<u>Impact on FSTR</u>	
Increasing use of public transportation	Congested highways, pollution	Transit capacity demand	↑
Import/export growth	Global markets, trade and lower cost	Construction of ports and intermodal rail	↑
Efficiently moving people and freight constantly, around the world	Globalization, search for best supply chains and cost	Need for transportation investment and energy consumption	↑
North American transition from a net importer to a net exporter of energy	Lower cost unconventional sources of oil, gas & natural gas liquids	Investment for export based infrastructure	↑
Abundance/cost of gas/environmental regulations	Natural gas is a faster growing energy source replacing coal	Increasing natural gas drilling and transport, but less coal by rail	—
Increase in renewable energy sources	Clean energy	Unfavorable for hydrocarbons and coal	↓

Current Business Profile

Markets We Serve	Energy	Transportation	
Segment	Tubular and Energy Services	Rail Products and Services	Construction Products
% Revenue (2017)	<p>22% Revenue (2017)</p>	<p>48% Revenue (2017)</p>	<p>30% Revenue (2017)</p>
Segment Overview	<ul style="list-style-type: none"> • Protective Coatings for tubulars • Precision Measurement Systems for pipelines • Upstream Test & Inspection for tubulars • Threading Products 	<ul style="list-style-type: none"> • Rail Products & Services for track infrastructure • Rail Technologies for managing friction, wear, and comfort • Precast Concrete Ties • Diagnostics, Controls and Displays 	<ul style="list-style-type: none"> • Piling Products for highways, bridges, and ports • Fabricated Bridge Products • Precast Concrete Products
Product Overview			

Acquisitions Aimed at Expanding Served Markets

	Acquisitions	Rationale
Energy	<ul style="list-style-type: none"> IOS (Test & Inspection Services) Chemtec (Precision Measurement Systems) 	<ul style="list-style-type: none"> Exposure to growing shale development with service and solutions Expected higher margin service business (IOS) with little capital needs Offers new markets and access to larger measurement market (about \$750M) within our existing customer base
	<ul style="list-style-type: none"> Ball Winch 	<ul style="list-style-type: none"> High margin custom coatings for small pipeline applications and fittings Complements and expands business through addition of custom coatings business
Transportation	<ul style="list-style-type: none"> Carr Concrete 	<ul style="list-style-type: none"> Ability to compete in East Coast market Expand product offerings across entire precast business
	<ul style="list-style-type: none"> TEW 	<ul style="list-style-type: none"> Enhanced our product application and automation solutions capabilities Further expansion into international rail markets
	<ul style="list-style-type: none"> FWO 	<ul style="list-style-type: none"> Expansion of electronic track lubrication and maintenance business into Germany

Infrastructure for Energy – Current & Future Focus



Precision Measurement

1. Custody transfer systems
2. Precision metering systems for liquids and gas
3. Pigging operations
4. Additive and injection systems
5. Terminal operations systems

Critical measurement and control systems for transport and movement of liquids and gas

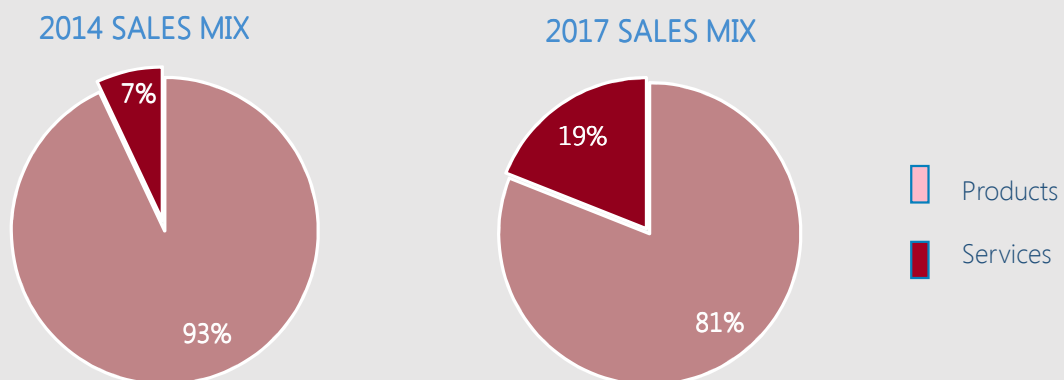
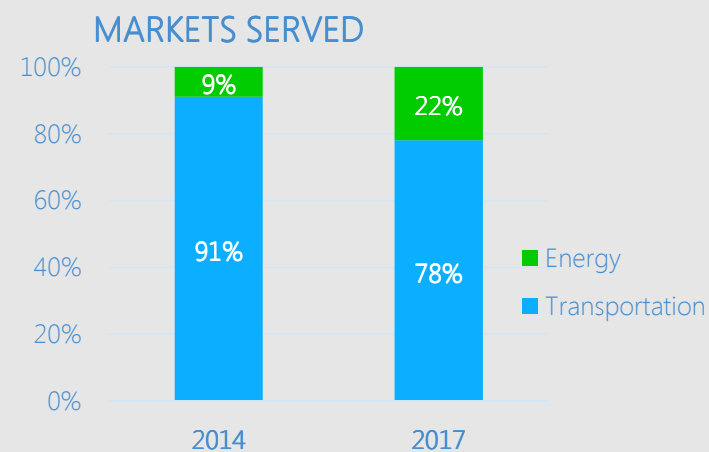
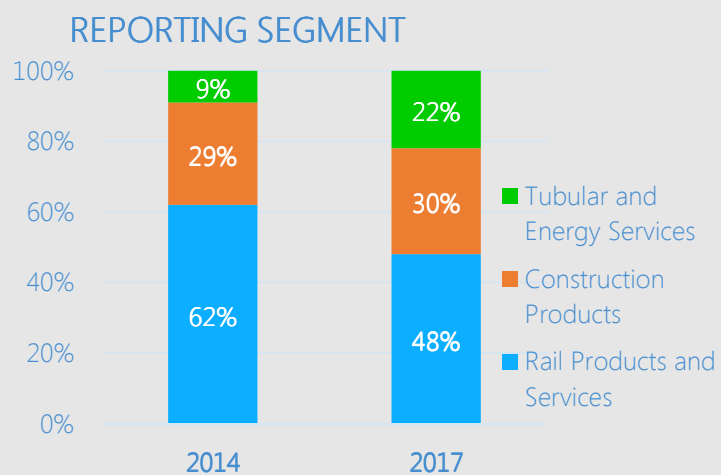
Safe Deployment of Tubulars

1. Corrosion protection for pipeline
2. Ultrasonic MRI inspection and test
3. Hydrostatic testing
4. Field testing and inspection for drill pipe and pipelines
5. Premium connections & couplings

Critical drilling and pipeline applications

Applications around these two groups of businesses have substantial opportunity

Diversified Revenue Base





MARKET OUTLOOK

AS OF MARCH 19, 2018

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Current¹ Market Outlook - Transportation

- North American freight rail recovering
 - Coal car loads stabilizing
 - Commodity car loads stable and continued growth in intermodal expected
 - Operating and capital spending aimed at improving operating ratio and increasing resiliency
- North American and European transit markets continue to see rising demand balanced by budget pressures
 - End markets remain attractive
 - Opportunity for growth from product penetration and geographic expansion
 - Automation solutions pose unique offering to grow faster and expand into adjacent markets
- Fabricated Bridge business is well positioned but will cycle with projects
- Piling for transportation could accelerate with infrastructure spending bill

¹ As of March 19, 2018

Current¹ Domestic Market Outlook – Energy

- Energy market improving as developers lower cost to produce
 - Upstream segment driven by expanding rig count and longer laterals per well, which is increasing tubular demand
 - Pockets of pipeline infrastructure still needed, especially for gas & natural gas liquids (NGL's)
 - Opportunity to export liquids and gas bring new potential
 - E&P developers spending within free cash flow, while maintaining liquidity
 - Our manufacturing and service centers are adding to existing capabilities to attract new customers
 - Gas measurement, proprietary threading capability, smart sampling with measurement, liquid coatings
- Washington initiatives could impact our market outlook:
 - Infrastructure spending bill
 - Tariffs on steel imports

¹ As of March 19, 2018



VALUE CREATION

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Plan to Create Value Going Forward

Invest in divisions with superior organic growth opportunity

- Friction management technology with after-market services
- Smart samplers, injection systems and gas measurement skids
- Automation solutions for railway and other applications
- New precast concrete products

Capitalize on recent market dynamics

Increase profitability & cash flow

- Costs have been reduced to align with lower volume
- Expect margin improvement from hardest-hit divisions in 2016
- Further working capital opportunity
- Minimal capital needed for modernization
- Business system enhances operational excellence

Continue shift toward higher margin business models

- Investing in service business models such as tubular services, specialty coating and friction management
- Sales mix: increasing in value-add solutions such as railway automation, smart measurement systems, controls and displays
- Exited low margin businesses:
2016/2017
 - Brazil (switch to distribution model)
 - Coating Field Services
 - Car Repair (Rail)

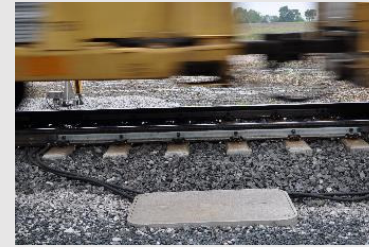
Creating Value through Innovation



Friction Management for Rail Applications



LIDAR used to Detect Debris at Crossings



Wheel Impact Load Detection



Smart Sampler for Precise Measurement



Traceability on Key Oilfield Tubular Integrity Tests



Single Driver Control/Display



Passenger Display Solutions



Biodegradable Grease Solutions



Corrosion Protection for Critical Applications

Operating Free Cash Flow Creates Value for our Shareholders

	2012	2013	2014	2015	2016	2017
Operating Cash Flow	\$27.0	\$13.9	\$66.7	\$56.2	\$18.4	\$39.4
Capital Spending	\$7.2	\$9.7	\$17.1	\$14.9	\$7.7	\$6.1

Facility modernization
ERP system investment
Acquisition program support

- Significant modernization progress made during 2013 – 2015
 - Several projects aimed to drive improvement in operating efficiency
- Targeting capital spending at 15% - 25% of operating cash flow to maximize free cash flow

Long Term Goals

- Total Company EBITDA margins above 10%
- Net Debt to EBITDA Ratio in a range between 1.0 to 2.0x (assuming no acquisitions)
- Restore dividend



THANK YOU

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APPENDIX

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Consolidated Income Statement

(\$ in millions, except per share) Audited	Twelve Months Ended December 31, 2017		Twelve Months Ended December 31, 2016		Delta	
	\$	%	\$	%	\$	%
Sales	\$ 536.4	—	\$ 483.5	—	\$ 52.9	10.9%
Gross profit	103.3	19.2%	90.4	18.7%	12.9	14.3%
SG&A	80.5	15.0%	86.0	17.8%	(5.5)	(6.3)%
Amortization expense	7.0	1.3%	9.6	2.0%	(2.6)	(27.0)%
Asset impairments	—	—%	135.9	28.1%	(135.9)	(100.0)%
Interest expense, net	8.1	1.5%	6.3	1.3%	1.7	27.6%
Other income	(0.4)	(0.1)%	(0.2)	—%	(0.1)	60.1%
Pre-tax income (loss)	8.0	1.5%	(147.2)	(30.4)%	155.2	105.5%
Net income (loss)	\$ 4.1	0.8%	\$ (141.7)	(29.3)%	\$ 145.8	102.9%
Diluted earnings (loss) per share	\$ 0.39		\$ (13.79)		\$ 14.18	
EBITDA⁽¹⁾	\$ 36.0	6.7%	\$ (117.4)	(24.3)%	\$ 153.3	130.6%
Adjusted EBITDA⁽¹⁾	\$ 36.0	6.7%	\$ 18.5	3.8%	\$ 17.4	94.0%

(1) See non-GAAP reconciliation tables within this appendix regarding non-GAAP measures used herein.
Note: Figures may not foot due to rounding

Balance Sheet

(\$ in millions)

	December 31, 2017		December 31, 2016	
	Audited		Audited	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	37.7	\$	30.4
Accounts receivable – net		76.6		66.6
Inventories – net		97.5		83.2
Other current assets		9.3		19.4
Total current assets		221.1		199.6
Property, plant, and equipment – net		96.1		104.0
Other assets:				
Goodwill		19.8		18.9
Other intangibles – net		57.4		63.5
Other assets		2.2		7.0
Total assets	\$	396.6	\$	393.0
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	\$	84.2	\$	61.8
Accrued warranty		8.7		10.2
Current maturities of long-term debt		0.7		10.4
Total current liabilities		93.5		82.3
Long-term debt		129.3		149.2
Other long-term liabilities		27.3		28.3
Total stockholders' equity		146.5		133.3
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	396.6	\$	393.0

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)

	Twelve Months Ended December 31, 2017		Twelve Months Ended December 31, 2016	
	Audited		Audited	
Net income (loss) and non-cash items	\$	23.7	\$	24.3
Receivables		(9.2)		12.0
Inventory		(12.6)		10.5
Payables and deferred revenue		17.0		(15.0)
Working capital subtotal		(4.8)		7.4
All other		20.5		(13.3)
Operating cash flow		39.4		18.4
Capital expenditures		(6.1)		(7.7)
Dividends		—		(1.2)
Debt (payments) / proceeds – net		(29.6)		(9.2)
All other		3.6		(3.2)
Net increase / (decrease) in cash		7.3		(2.9)
Cash balance, end of period	\$	37.7	\$	30.4

Note: Figures may not foot due to rounding

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016	\$	%
Rail Products and Services	\$ 263.9	\$ 225.7	\$ 38.3	17.0%
Construction Products	157.7	171.5	(13.8)	(8.0)%
Tubular and Energy Services	130.5	85.1	45.4	53.4%
Total	\$ 552.1	\$ 482.3	\$ 69.8	14.5%

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		Delta	
	December 31, 2017	December 31, 2016	\$	%
Rail Products and Services	\$ 68.9	\$ 62.7	\$ 6.1	9.7%
Construction Products	71.3	72.0	(0.6)	(0.9)%
Tubular and Energy Services	26.7	12.8	14.0	109.6%
Total	\$ 166.9	\$ 147.5	\$ 19.4	13.2%

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EBITDA

(\$ in millions)	Twelve Months Ended December 31,			
	2014	2015	2016	2017
Net income (loss), as reported	\$ 25.7	\$ (44.4)	\$ (141.7)	\$ 4.1
Interest expense, net	(0.0)	4.2	6.3	8.1
Income tax expense (benefit)	13.4	(6.1)	(5.5)	3.9
Depreciation expense	7.9	14.4	13.9	12.8
Amortization expense	4.7	12.2	9.6	7.0
EBITDA	51.6	(19.7)	(117.4)	36.0
Asset impairments	-	80.3	135.9	-
Adjusted EBITDA	\$ 51.6	\$ 60.6	\$ 18.5	\$ 36.0

Note: Figures may not foot due to rounding