




Q2 2018 Earnings Presentation
July 31, 2018

LBFoster

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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 reports on Form 10-Q thereafter.

All information in this presentation speaks only as of July 31, 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 these non-GAAP financial measures are useful to investors in the assessment of the use of our assets without regard to financing methods, capital structure, or historical cost basis, and assist investors in understanding the underlying operating performance of the Company on a more comparable basis to market trends and peers. Additionally, EBITDA is a financial measurement that management and the board of directors use 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 are included within this presentation.






Financial Overview

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Executive Summary

- Strong new orders and backlog activity continued in the second quarter, driven by rail and energy market spending and new projects
  - New orders and backlog levels both significantly increased over the prior quarter and prior year period
- Second quarter 2018 sales increased $28.0 million, or 19.3%, over the prior year
  - Driven by 32.5% and 29.1% increases in the Rail and Tubular segments, respectively
- Debt was reduced by $3.4 million during the quarter
  - Debt has been reduced $30.9 million for the six months ended June 30, 2018
  - Our interest rate spread was reduced 75 basis points during the second quarter of 2018
- Lower Net Debt to EBITDA[1]
  - Net Debt to EBITDA ratio ended at 2.28x for the trailing twelve months

(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

Financial Highlights

Metrics	Q2 2018	Q2 2017	Variance
Sales	$172.9 million	$144.9 million	$28.0 million, 19.3%
Gross Profit Margin	18.8%	19.1%	(30) bps
Earnings per Diluted Share	$0.47	$0.29	$0.18
EBITDA[1]	$12.0 million	$10.6 million	$1.4 million, 13.2%
Operating Cash Flow	$5.3 million	$19.2 million	$(13.9) million
New Orders	$187.5 million	$128.4 million	$59.1 million, 46.0%
Backlog	$231.3 million	$176.0 million	$55.3 million, 31.4%

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

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Consolidated Income Statement - Second Quarter

($ in millions, except per share)	Three Months Ended June 30, 2018		Three Months Ended June 30, 2017		Delta	
	$	% of Sales	$	% of Sales	$	%
Sales	$ 172.9	—	$ 144.9	—	$ 28.0	19.3%
Gross profit	32.5	18.8%	27.7	19.1%	4.8	17.2%
SG&A	23.4	13.5%	20.6	14.2%	2.8	13.6%
Amortization expense	1.8	1.0%	1.7	1.2%	0.1	4.7%
Interest expense, net	1.6	0.9%	2.1	1.5%	(0.5)	(23.4)%
Other expense (income)	0.1	0.1%	(0.2)	(0.1)%	0.3	178.5%
Pre-tax income	5.6	3.2%	3.5	2.4%	2.1	60.4%
Net income	**$ 4.9**	**2.9%**	**$ 3.0**	**2.1%**	**$ 1.9**	**63.4%**
Diluted earnings per share	**$ 0.47**		**$ 0.29**		**$ 0.18**	
EBITDA[(1)]	**$ 12.0**	**6.9%**	**$ 10.6**	**7.3%**	**$ 1.4**	**13.2%**

(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

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Consolidated Income Statement - First Six Months

($ in millions, except per share)	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017		Delta	
	$	% of Sales	$	% of Sales	$	%
Sales	$ 295.3	—	$ 263.6	—	$ 31.8	12.1%
Gross profit	54.5	18.5%	49.0	18.6%	5.6	11.3%
SG&A	43.8	14.8%	39.8	15.1%	4.0	10.1%
Amortization expense	3.6	1.2%	3.5	1.3%	0.1	3.1%
Interest expense, net	3.5	1.2%	4.2	1.6%	(0.7)	(15.8)%
Other (income) expense	(0.5)	(0.2)%	0.0	—%	(0.5)	(1,235.7)%
Pre-tax income	4.1	1.4%	1.5	0.6%	2.6	172.9%
Net income	**$ 2.9**	**1.0%**	**$ 0.6**	**0.2%**	**$ 2.3**	**384.7%**
Diluted earnings per share	**$ 0.28**		**$ 0.06**		**$ 0.22**	
EBITDA(1)	**$ 17.1**	**5.8%**	**$ 15.7**	**5.9%**	**$ 1.4**	**9.0%**

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

Sales ($ in millions)	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017			Delta		
		$	% of Total		$	% of Total		$	%
Rail Products and Services	$	91.9	53.1%	$	69.3	47.9%	$	22.5	32.5%
Construction Products		42.2	24.4%		45.5	31.4%		(3.3)	(7.2)%
Tubular and Energy Services		38.8	22.5%		30.0	20.7%		8.8	29.1%
Total	**$**	**172.9**		**$**	**144.9**		**$**	**28.0**	**19.3%**

Segment Profit (Loss) ($ in millions)	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017			Delta		
		$	% Margin		$	% Margin		$	%
Rail Products and Services	$	5.3	5.8%	$	3.6	5.2%	$	1.7	48.3%
Construction Products		2.9	6.8%		5.1	11.2%		(2.2)	(44.0)%
Tubular and Energy Services		4.5	11.7%		(0.1)	(0.4)%		4.6	3,650.8%
Segment profit		12.7	7.4%		8.6	5.9%		4.2	48.5%
Corporate/Unallocated		(7.1)	(4.1)%		(5.1)	(3.5)%		(2.0)	40.3%
Pre-tax income	**$**	**5.6**	**3.2%**	**$**	**3.5**	**2.4%**	**$**	**2.1**	**60.4%**

Note: Figures may not foot due to rounding

Balance Sheet

($ in millions)	June 30, 2018	December 31, 2017 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13.3	$ 37.7
Accounts receivable – net	96.3	76.6
Inventories – net	101.3	97.5
Other current assets	12.5	9.3
Total current assets	**223.4**	**221.1**
Property, plant and equipment – net	89.5	96.1
Other assets:		
Goodwill	19.6	19.8
Other intangibles – net	53.7	57.4
Other assets	1.4	2.2
Total assets	**$ 387.6**	**$ 396.6**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 105.1	$ 84.2
Accrued warranty	8.7	8.7
Current maturities of long-term debt	0.6	0.7
Total current liabilities	**114.4**	**93.5**
Long-term debt	98.4	129.3
Other long-term liabilities	25.6	27.3
Total stockholders' equity	**149.2**	**146.5**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 387.6**	**$ 396.6**

Note: Figures may not foot due to rounding

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Cash Flows

($ in millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income and non-cash items	$ 13.2	$ 11.1
Receivables	(20.1)	(10.0)
Inventory	(4.5)	(0.5)
Payables and deferred revenue	23.7	17.7
Working capital subtotal	**(0.9)**	**7.3**
All other	(4.4)	11.6
Operating cash flow	**7.9**	**29.9**
Capital expenditures	(1.8)	(4.6)
Debt (payments) / proceeds – net	(30.9)	(21.6)
All other	0.4	1.4
Net (decrease) / increase in cash	**(24.4)**	**5.1**
Cash balance, end of period	**$ 13.3**	**$ 35.5**

Note: Figures may not foot due to rounding

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New Order Summary - Second Quarter

($ in millions)	New Orders Entered		Delta	
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	$	%
Rail Products and Services	$ 116.6	$ 55.5	$ 61.1	110.2%
Construction Products	39.2	41.4	(2.2)	(5.4)%
Tubular and Energy Services	31.6	31.5	0.1	0.3%
Total	**$ 187.5**	**$ 128.4**	**$ 59.0**	**46.0%**

Note: Figures may not foot due to rounding

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New Order Summary - First Six Months

($ in millions)	New Orders Entered		Delta	
	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	$	%
Rail Products and Services	$ 212.7	$ 142.6	$ 70.1	49.2%
Construction Products	84.9	85.8	(0.9)	(1.0)%
Tubular and Energy Services	65.9	62.8	3.1	4.9%
Total	**$ 363.5**	**$ 291.2**	**$ 72.3**	**24.8%**

Note: Figures may not foot due to rounding

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Backlog Summary

	Backlog		
($ in millions)	June 30, 2018	December 31, 2017	June 30, 2017
Rail Products and Services	$ 126.9	$ 68.9	$ 78.5
Construction Products	82.4	71.3	75.5
Tubular and Energy Services	22.0	26.7	22.0
Total	**$ 231.3**	**$ 166.9**	**$ 176.0**

Note: Figures may not foot due to rounding

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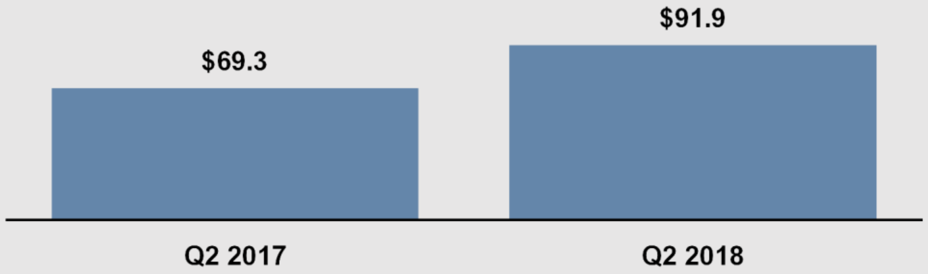
Business Review

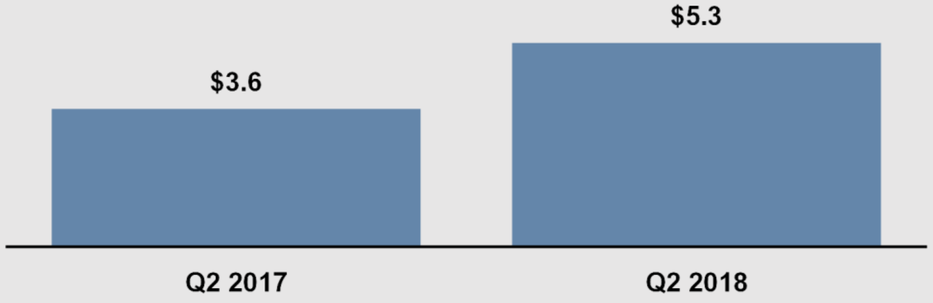
Rail Products and Services

Q2 2018 Results

Sales
($ in millions)



Segment Profit
($ in millions)



Commentary

- Sales increased by 32.5% with increases in both North American and European rail divisions
  - NA Rail increase driven by:
    - Strength in transit rail projects
  - Volume increases for Rail Technologies worldwide
    - European Rail Technologies rail business favorably impacted by transit market including services for London's Crossrail
- Non-GAAP gross profit increased $2.4 million, or 17.4%
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

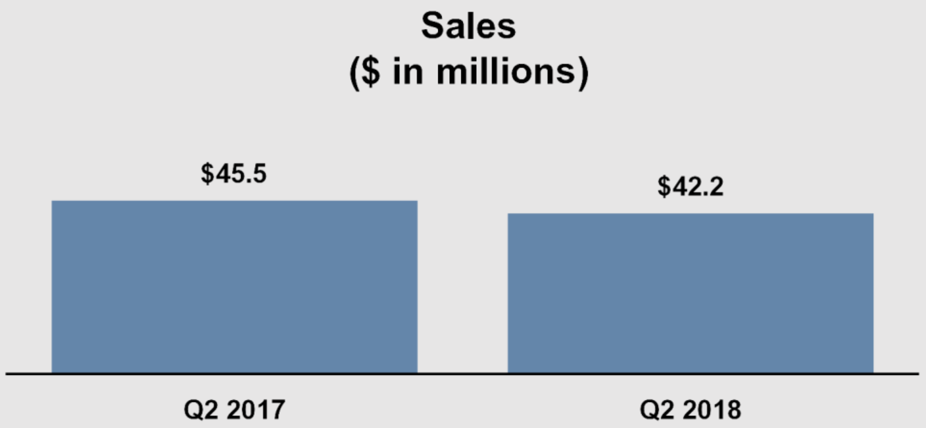
Market Outlook

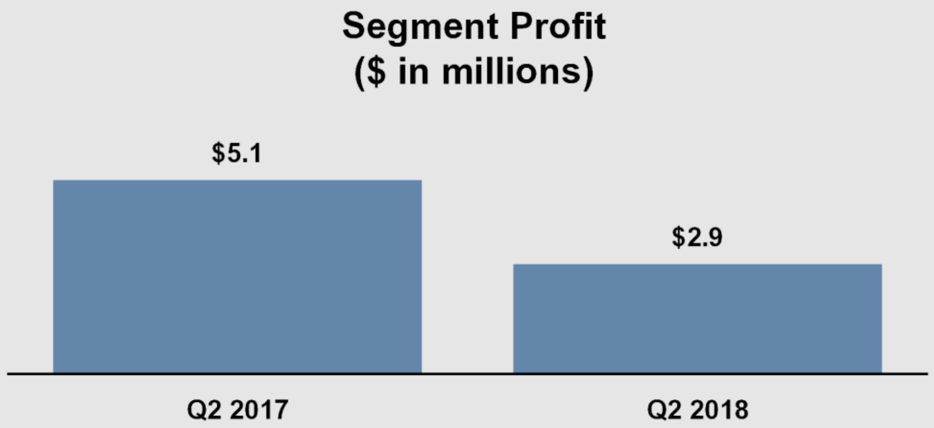
Q2 2018 Trends / Outlook

- Q2 2018 orders increased from Q2 2017 by 110.2% and backlog remained strong, 61.7% higher than June 30, 2017
  - Bookings for transit projects were very strong in Q2 2018
  - Orders and backlog also improved over Q1 2018
- Significant spending continues for network expansion and modernization of transit systems worldwide
- North American freight rail traffic continues to improve and Q2 Class 1 total car loads have increased 2.3% over the prior year

Construction Products

Q2 2018 Results





Commentary

- Sales decreased 3.3 million, or 7.2%, as compared to the prior year period
  - Piling sales - decline in commodity piling orders continue to impact 2018
  - Improved Precast Concrete Products sales helped offset a portion of the decline
  - Fabricated Bridge sales were flat compared to the prior year period
- Segment profit decreased largely due to non-GAAP gross profit margin reduction of 310 basis points compared to the prior year

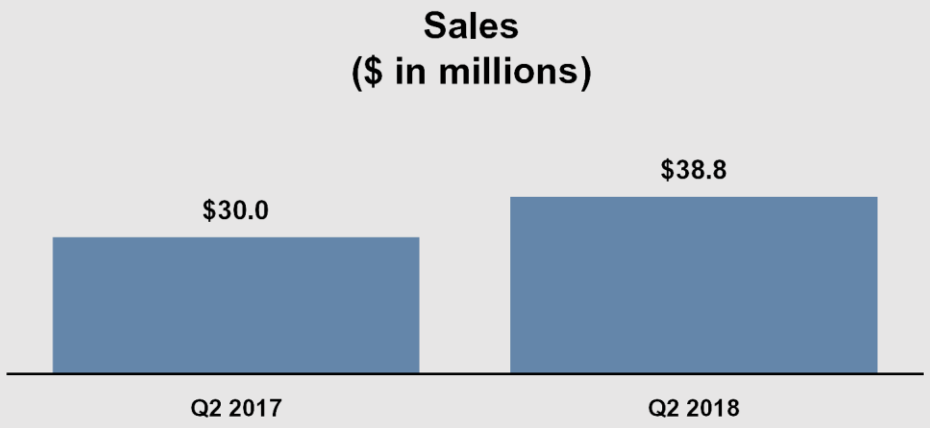
Market Outlook

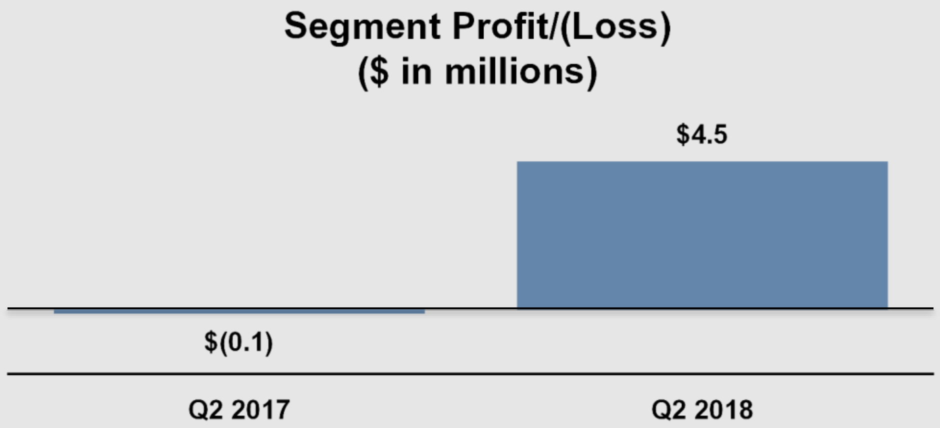
Q2 2018 Trends / Outlook

- New orders for Construction Products decreased 5.4% over the prior year period
  - The decline in new orders was attributable to Piling, as Fabricated Bridge and Precast Concrete Products increased over the prior year
- Backlog increased 9.1% over the prior year period and 15.5% since December 31, 2017
- Despite lower sales in the second quarter, the Company remains encouraged by strong backlog within the quarter

Tubular and Energy Services

Q2 2018 Results





Commentary

- Sales increased 29.1% 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 order entry and backlog in the current quarter
- Non-GAAP gross profit margin improved 750 basis points, an increase of $4.4 million
- Cost containment activities continued as SG&A as a percentage of sales declined year over year

Market Outlook

Q2 2018 Trends / Outlook

- New orders increased 0.3% compared to Q2 2017, improving our backlog to $22.0 million
  - Segment new orders for six months ended June 30, 2018 have increased 4.9% 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
  - Working to secure next major project as we move into the second half of 2018






Appendix

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Non-GAAP Financial Measures: EBITDA

($ in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
Net income as reported	$ 4.9	$ 3.0	$ 2.9	$ 0.6
Interest expense, net	1.6	2.1	3.5	4.2
Income tax expense	0.7	0.5	1.2	0.9
Depreciation	2.9	3.2	5.9	6.5
Amortization	1.8	1.7	3.6	3.5
EBITDA	**$ 12.0**	**$ 10.6**	**$ 17.1**	**$ 15.7**

Note: Figures may not foot due to rounding

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Non-GAAP Financial Measures: Segment Gross Profit

($ in millions)	Three months ended June 30, 2018			
	Rail Products and Services	**Construction Products**	**Tubular and Energy Services**	**Total**
Segment profit	$ 5.3	$ 2.9	$ 4.5	$ 12.7
Segment and allocated selling and administrative	10.2	4.2	4.3	18.7
Amortization expense	1.0	0.0	0.8	1.8
Non-GAAP segment gross profit	$ 16.5	$ 7.1	$ 9.7	$ 33.2

($ in millions)	Three months ended June 30, 2017			
	Rail Products and Services	**Construction Products**	**Tubular and Energy Services**	**Total**
Segment profit (loss)	$ 3.6	$ 5.1	$ (0.1)	$ 8.6
Segment and allocated selling and administrative	9.6	3.9	4.6	18.0
Amortization expense	0.9	0.0	0.8	1.7
Non-GAAP segment gross profit	$ 14.0	$ 9.0	$ 5.2	$ 28.3

Note: Figures may not foot due to rounding

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Non-GAAP Financial Measures: Segment Gross Profit

($ in millions)	Six months ended June 30, 2018			
	Rail Products and Services	**Construction Products**	**Tubular and Energy Services**	**Total**
Segment profit	$ 7.4	$ 2.9	$ 6.4	$ 16.7
Segment and allocated selling and administrative	19.1	8.2	7.9	35.2
Amortization expense	1.9	0.1	1.6	3.6
Non-GAAP segment gross profit	$ 28.4	$ 11.1	$ 15.9	$ 55.4

($ in millions)	Six months ended June 30, 2017			
	Rail Products and Services	**Construction Products**	**Tubular and Energy Services**	**Total**
Segment profit (loss)	$ 4.4	$ 6.8	$ (0.8)	$ 10.4
Segment and allocated selling and administrative	19.0	8.2	8.7	35.9
Amortization expense	1.8	0.1	1.6	3.5
Non-GAAP segment gross profit	$ 25.2	$ 15.1	$ 9.4	$ 49.7

Note: Figures may not foot due to rounding

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